CHAMPION IRON

Appendix 4E for the year ended March 31, 2020

This Appendix should be read in conjunction with the Annual Report for the year ended March 31, 2020.

1. Name of Entity
Champion Iron Limited

ACN 119 770 142

2. Reporting Period
Reporting period: For the year-end March 31, 2020
Previous corresponding period: For the year-end March 31, 2019

3. Results for Announcement to the Market

	Year Ended March 31,		Up/(Down)	% Movement	
	2020	2019			
	(in thousands)	(in thousands)	(in thousands)		
Revenue from ordinary activities	**785,086**	655,129	129,957	Up to	20%
Profit from ordinary activities after tax attributable to members	**89,426**	83,046	6,380	Up to	8%
Net profit attributable to members	**89,426**	83,046	6,380	Up to	8%

4. Dividends
No interim or final dividend has been declared for the year-end March 31, 2020 (2019: nil).

5. Net Tangible Assets per Security

	As at March 31,	
	2020	2019
	(per share)	(per share)
Net tangible assets per security	**0.81**	0.50

6. Associates and Joint Venture Entities
Associates are not considered to be material to the Company. The Company does not have joint venture entities.

7. Commentary on the Results for the Period
A commentary on the results for the period is contained within the Annual Report and the Audited Consolidated Financial Statements.

8. Status of Audit
This report is based on financial statements which have been audited.

Annual Report

For the Year Ended March 31, 2020

CHAMPION IRON

TSX: CIA - ASX: CIA

As at May 20, 2020

This annual 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.

About Champion

Champion Iron Limited (the "Company" or "Champion"), through its subsidiary Québec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec, adjacent to established iron ore producers. Bloom Lake is an open-pit truck and shovel operation, with a concentrator, and it ships iron concentrate from the site by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec.

The Company acquired the Bloom Lake assets from bankruptcy protection in April 2016 and following the release of a feasibility study on February 16, 2017, the Company recommissioned Bloom Lake in February 2018, and completed its first shipment of iron ore on April 1, 2018. In June 2019, the Company released a feasibility study for the Phase II expansion which envisions doubling Bloom Lake's overall capacity from 7.4 Mtpa to 15 Mtpa. On August 16, 2019, the Company acquired Ressources Québec's 36.8% equity interest in Québec Iron Ore Inc. and now owns 100% of Québec Iron Ore Inc., which owns Bloom Lake.

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.

FY2020 HIGHLIGHTS

SAFETY & ENVIRONMENT

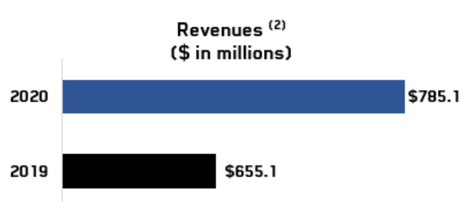
- Quebec Iron Ore Inc's ("QIO") health & safety statistics in line with open pit mining benchmarks as set by ASPM[1]
- Major infrastructure project completed with the accelerated tailings dam rising program
- Completed a 40-hectare revegetation program
- Conducted trials with new blasting compound formulated to reduce Nitrogen Oxide (NO) emissions
- No occurrences of major environmental issues

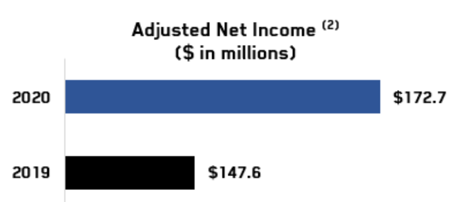
FINANCIALS

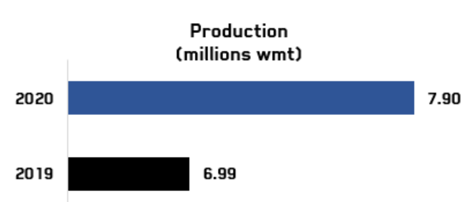
- Revenue of $785.1M, EBITDA[2] of $348.5M and net cash flow from operations of $309.6M
- Average realized price[2] of $103.6/dmt after sea freight costs
- Total cash cost[2] of $52.7/dmt and All-in sustaining cost[2] of $62.7/dmt
- Cash on hand of $298.7M[3] and long-term debt face value of $283.7M
- Significantly improved the Company's capital structure with a $185M investment by Caisse de dépôt et placement du Québec and a US$200M credit facility with strong banking syndicate to create more financial flexibility while lowering costs of borrowing

OPERATING AND GROWTH

- Record concentrate produced and sold from the Bloom Lake Mine of 7,903,700 wmt and 7,577,400 dmt, respectively
- Acquired the Government of Québec's 36.8% equity interest in the Bloom Lake Mine's operating subsidiary, QIO, for $211M
- Completed and filed the Bloom Lake Phase II Feasibility Study, that envisions doubling the mine's overall capacity from 7.4 Mtpa to 15 Mtpa of 66.2% Fe iron ore concentrate while demonstrating robust economics, including an after-tax IRR of 33.4% and an after-tax NPV of $956M
- $58M deployed to advance the Phase II expansion project as of March 31, 2020, from the initial $68M work program, which significantly de-risked the construction timeline, initially estimated at 21 months







1 ASPM : Association paritaire pour la santé et la sécurité au travail du secteur http ://aspmines.qc.ca/

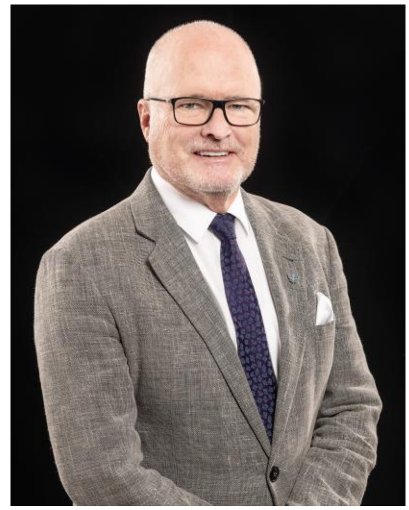
2 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

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

Letter from the Chairman

May 20, 2020

To the shareholders,



The Bloom Lake Mine, our flagship asset, was commissioned by our team in February of 2018 and achieved commercial production ahead of schedule on June 30, 2018, and we are now reporting its first full year of commercial production. The results have surpassed our initial vision to improve the production profile and reduce operating costs with the implementation of structural changes at the mine, plant and related infrastructures. Our creativity and substantial investments have yielded robust returns, as we report a new annual production record at Bloom Lake. With our team's proven capabilities and access to decades of exploitable resources, our company looks to capitalize on this momentum and pursue organic growth opportunities.

Our company is in a powerful position. With a robust balance sheet and surrounded by supporting communities and partners, Champion has accumulated a sizeable portfolio of high-grade, high-quality iron ore resources in a safe, mining-friendly jurisdiction with excellent access to all required infrastructure. Last August, our company completed the acquisition of the minority stake in Bloom Lake, previously held by the Government of Québec. We are thankful for the government's support who remain a strong shareholder of our public company, and we are proud to have delivered them a strong rate of return for their investment, following their early support in our vision to recommission Bloom Lake. This acquisition was an important milestone for our Company, as we took full ownership control of our flagship iron ore producing asset which strategically positions Champion to benefit from organic growth at Bloom Lake, including the proposed Phase II expansion project, which aims to potentially double its production.

In tandem with this acquisition, our company also completed the refinancing of its capital structure, now reflecting the stability and maturity of our business. This refinancing, which resulted in substantial cost savings for our company, received backing from sophisticated global financiers and incremental support from local organizations, including the Caisse de dépôt et placement du Québec and the Government of Québec.

Our customer base continues to expand rapidly in conjunction with the strong demand for our high-quality iron ore as the steel industry is increasingly determined to reduce its emissions worldwide. With increasing global recognition of our product's quality, our company has advanced preliminary work on Bloom Lake's Phase II expansion, which proposes to double the mine's capacity to 15M tonnes per year. As previously announced, our company has approved $68 million in funding to advance the project, following nearly US$1.2 billion in investments made by Bloom Lake's former owner. Work to date by our team at Bloom Lake has significantly reduced the risks and helped secure the timetable of the project by completing cement and civil work on time and on budget. With the strong economics proposed by the expansion, we aspire to deliver material growth to our company's shareholders, while continuing to positively impact the region and its communities.

Our company is strengthening, but our success is not only measured by the company's financials, with sales of $785.1 million in the fiscal year, contributing to a growing cash balance now standing at $298.7 million[1], but also with the talented individuals we attract. The dedication of our employees to continuously improve operations has enabled our company to deliver robust results while maintaining a long-term vision that ensures the longevity of our business. While providing our shareholders strong results is of great importance, we are equally committed to protect the health and safety of our people and respect for the land that we exploit. In keeping with these values, our company has proactively implemented a revegetation program which currently covers a 41-hectare area that was previously impacted by our operations. Substantial investments have been deployed this year to accelerate dam rising infrastructure, which maintains safe tailings freeboard and increases the flexibility of the company's tailings management systems and procedures, ahead of organic growth plans. In addition to savings of more than forty percent in green house gas emissions from the significant investments completed at site in our first year of operations, our company has initiated a detailed review of its energy consumption and is actively working on new measures to further reduce the environmental impact of our activities, including the utilization of a new blasting compound that has demonstrated encouraging results in reducing airborne emissions.

The significant challenges posed by the recent COVID-19 pandemic has dramatically changed the dynamic in many industries, including mining. Our company rapidly aligned operations with government guidelines and worked with our local communities to implement measures aiming to safeguard the health and safety of our employees, partners and communities. We are proud of our workforce who rapidly adapted to the situation as we work alongside government directives to collectively mitigate the risks related to COVID-19. It is in challenging times that corporate values are tested, and we have witnessed transparency, respect, ingenuity and pride elevated by our people.

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

In addition to my appreciation for our team's relentless commitment and significant accomplishments, it is not surprising to see our company and its people recognized by several prominent global awards, including the S&P Global Platts Global Metals Rising Star, the Ernst & Young Entrepreneur of the Year and the Québec Mineral Exploration Association Entrepreneur of the Year. With our workforce fully engaged, our company continues on its trajectory as a sustainable emerging leader in the mining industry, we are both grateful and thankful for your continued support.

Sincerely,

[s] Michael O'Keeffe

Michael O'Keeffe
Executive Chairman

Report on Operations

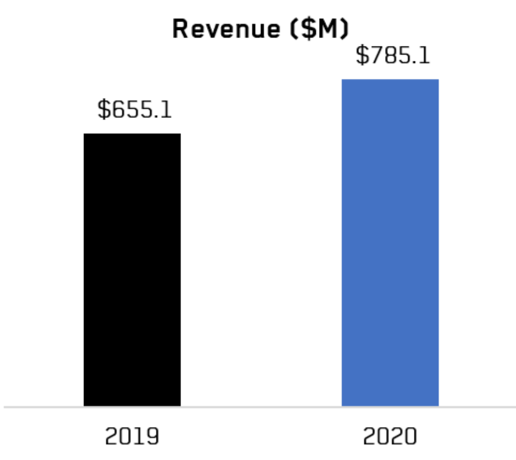
Champion's report on operations should be read in conjunction with the Directors' Report, the audited consolidated financial statements and the Management and Discussion Analysis for the year ended March 21, 2020.

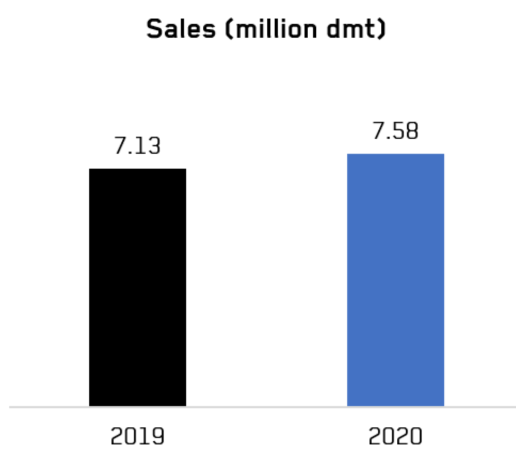
Champion's strategy

Further to the acquisition of the remaining 36.8% minority equity interest in the Bloom Lake Iron Ore Mine's ("Bloom Lake Mine" or "Bloom Lake") operating subsidiary, Québec Iron Ore Inc. ("QIO") on August 16, 2019, the Company set a historical annual production record during the recently completed fiscal year. Pursuing organic growth opportunities remains a focus, with the completion of a feasibility study with robust economics for a Phase II expansion at Bloom Lake ("Feasibility Study"), which proposes to double the mine's annual production. Substantial balance sheet improvements were undertaken, whereby the Company significantly reduced the carrying cost of its debt by refinancing QIO's long-term debt with a fully underwritten US$200 million credit facility, together with QIO's completion of a CA$185 million preferred share financing with Caisse de dépôt et placement du Québec. In tandem with production operating in line with Bloom Lake's nameplate capacity, the Company is also advancing initial work in connection with the Phase II expansion project, budgeted at $68 million, which has significantly de-risked the construction timeline which the Feasibility Study estimated at 21 months. The Company's other holdings include interests in 9 properties (each a "Property"), covering approximately 806 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of northeastern Québec, and a 100% interest in the Gullbridge-Powderhorn property ("Powderhorn") located in Northern Central Newfoundland, all of which are held by the Company's wholly-owned subsidiary, Champion Iron Mines Limited ("CIML").

Revenues

The Company entered pre-commercial production at Bloom Lake on April 1, 2018 with the shipment of its first vessel to China and achieved commercial production on June 30, 2018. Consequently, the fiscal year ended 31 March, 2020, is the first full year of commercial production for the Company; hence, sales and revenues are not directly comparable to the previous fiscal year. During the fiscal year ended March 31, 2020, the Company produced 7.9 million wet metric tonnes ("wmt") of high-grade iron ore concentrate and sold 7.6 million dry metric tonnes ("dmt"), establishing a production and sales record for the Bloom Lake Mine. The average gross realized price of the 66.2% iron ore concentrate was US$107.2/dmt for the year. Deducting an average freight cost of US$25.7/dmt to ship its concentrate from Sept-Iles, Quebec, to its customers located in China, Europe, Japan, the Middle East, South Korea and India, in addition to deducting a provisional sales adjustment of US$3.5/dmt, the Company's net realized FOB price or average realized selling price[1] was US$78.0/dmt or CA$103.6/dmt. As a result, Champion's revenue for the 2020 fiscal year totalled $785.1 million.

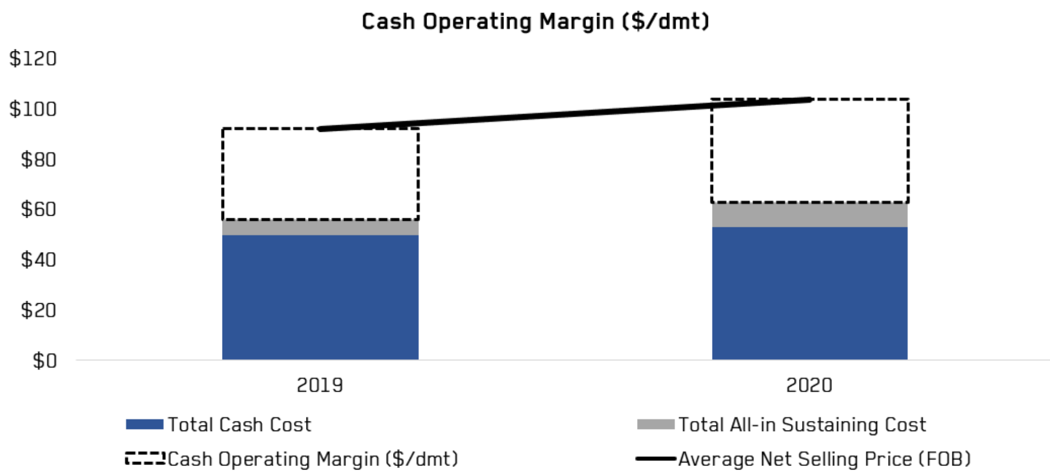




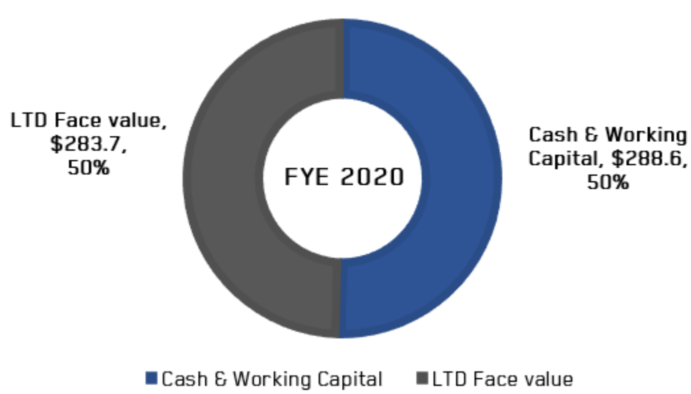
[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

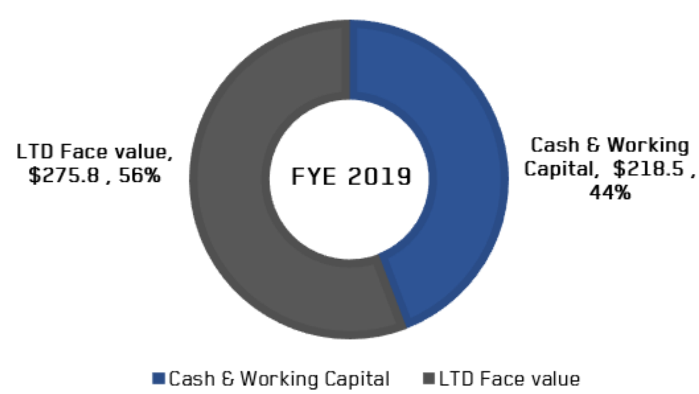
Operations

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 achieved commercial production and reached nameplate capacity during the second quarter of the 2019 fiscal year. Consequently, the 2020 fiscal period is the first full year of commercial production and results are not directly comparable with the previous fiscal year. In the fiscal year ended March 31, 2020, several factors contributed to higher operating costs including unscheduled downtimes, higher port charges and investments in operational improvements which did enable the Company to surpass its nameplate capacity. The Company also announced and completed a $28.8 million accelerated tailings investment project, which changed the timing of the expected tailings related expenditures and is expected to reduce the sustaining capital required for tailings management over the next few years. During the period, the average total cash cost[1] totalled $52.7/dmt and the all-in sustaining cost[1] totalled $62.7/dmt, resulting in a cash operating margin[1] of $40.9/dmt. Due to several investments aimed at optimizing net cash flow from operations and preparing the Company for future growth, the cash profit margin[1] at 39% was comparable to the previous fiscal year despite an increase in the net selling price, which reflects the ability of the Company to optimize its cost structure to take advantage of market fluctuations. As a result of its operational performance, the Company realized an EBITDA[1] for the year of $348.5 million.



On August 16, 2019, the Company completed the acquisition of the remaining 36.8% minority equity interest in QIO, refinanced QIO's long-term debt with a US$200 million credit facility and through QIO, completed a 185 million preferred shares investment with Caisse de dépôt et placement du Québec for proceeds of $185 million. Following these transactions, the Company now controls 100% of QIO and materially reduced the carrying cost of its long-term debt. With its refinancing and profitability during the year, the Company improved its financial position to a long-term debt face value and working capital including cash of $283.7 million and $288.6 million, respectively, as at March 31, 2020, compared to $275.8 million and $218.5 million, respectively, as at March 31, 2019.





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(Expressed in Canadian dollars, except where otherwise indicated)

Exploration Activities

Champion holds a 100% interest in the Bloom Lake property, a 100% interest in seven of the Fermont Holdings, with a 45% joint venture interest in two of the Fermont Properties, all of which in total encompass 806 km^2 in the southern Labrador Trough, together with a 100% interest in the Powderhorn property in Northern Central Newfoundland. The Powderhorn property covers 63 km^2 and is host to several Copper (Cu) and Zinc (Zn) showings and is at an early exploration stage. Exploration efforts to date at Powderhorn targeted the same volcanic units that host the Buchans Mine, a rich volcanogenic massive sulphide deposit located 60 km away. The Gullbridge Mine is a past copper producer and is located in the northern part of the Powderhorn property.

During the year ended March 31, 2020, the Company maintained all of its properties in good standing. The Company conducted a minor drilling campaign at its Bloom Lake property to improve ore characterization and completed a geophysical survey on the Roach Hill property. During the year, $691,000 was invested in exploration and evaluation compared to $9,372,000 in the previous calendar year. The exploration budget is lower compared to the previous fiscal year, during which extensive exploration work completed for the Phase II expansion project, and the drilling campaign at the Company's Powderhorn property. The Company did not enter into farm-in/farm-out arrangements during the year.

Reserves and Resources - Overview as at March 31, 2020

Measured and Indicated resources totalled 864.5 Mt while there are additional 80.4 Mt of Inferred resources in compliance with The JORC code and the Canadian NI 43-101 according to the Phase 1 feasibility study.

- Measured and indicated mineral resources totalled 317.0 Mt of concentrate averaging 66.2% Fe using a recovery of 82%.
- Proven and probable Phase 1 mineral reserves at the Bloom Lake Mine stood at 364.6 million tonnes averaging 29.7% Fe.
- Proven and probable Phase 2 mineral reserves will increase phase 1 reserves by 461.2 Mt at 28.2% Fe for a grand total of 825.8 Mt at 28.9% 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 decrease in reserves is due to ore depletion as Champion mined 21.7 dmt of iron ore since March 31, 2019.

March 31, 2020 Phase 1 Bloom Lake Mineral Resources Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Measured	392.6	30.8	0.6	0.7	0.3
Indicated	471.9	28.5	2.5	2.3	0.4
M+I Total	864.5	29.6	1.6	1.6	0.3
Inferred	80.4	25.6	1.9	1.7	0.3

March 31, 2020 Phase 1 Bloom Lake Mineral Reserves Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Proven	217.0	30.4	0.5	0.5	0.3
Probable	147.6	28.7	2.8	2.7	0.4
Total	364.6	29.7	1.4	1.4	0.3

In addition to the Bloom Lake Mine, the Company owns interests 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 2020 fiscal year to update the Resources estimates published during the period 2011 to 2014. Additional information on each claim can be found in the Reserves & Resources Statement of this Annual Report.

(Expressed in Canadian dollars, except where otherwise indicated)

Bloom Lake Phase II Feasibility Study Highlights

On August 2, 2019, the Company filed the Feasibility Study for Bloom Lake. The Feasibility Study envisions further exploiting the Bloom Lake Mine by expanding and increasing its overall capacity from 7.4 Mtpa to 15 Mtpa 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	

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 has deployed $58 million as of March 31, 2020, from the initial budget of $68 million approved by the Board of Directors on June 20, 2019, to advance the project. The approved budget was funded from cash on hand and existing debt facilities and is expected to have significantly de-risked the construction timeline of the project, initially estimated at 21 months. On March 24, 2020, the Company announced that due to the impacts of the COVID-19 pandemic, the Company's discretionary capital expenditures in connection to the Phase II expansion project had been suspended and the timeline to communicate further details of the Phase II expansion project, which was initially expected by the middle of the 2020 calendar year, would be postponed to a later time.

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[1] 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 and the National Instrument 43-101 Standards of Disclosure for Mineral projects technical report filed on August 2, 2019, and filed with the ASX on August 5, 2019, available under the Company's filings on SEDAR at www.sedar.com and on the Company's website at www.championiron.com. The Company is not aware of any new information or data that materially affects the information contained in the Feasibility Study and all material assumptions and technical parameters underpinning the estimates in the Feasibility Study continue to apply and have not materially changed.

[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 Directors of Champion Iron Limited ("Champion" or the "Company") present their report with annual audited consolidated financial statements (''Financial Statements'') of the Company comprising of the Company and its subsidiaries for the year ended March 31, 2020 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 Director's Report, 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 Directors' Report. 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 (Rounding in Financial/Directors' report) Instruments 2016/191 issued by the Australian Securities and Investments Commission. 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.

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

Certain financial performance measures with no standard meaning under IFRS are included in this Directors' Report. 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 Director's Report are: total cash cost or C1 cash cost, all-in sustaining costs ("AISC"), average realized selling price, cash operating margin and cash profit margin, earnings before interest, tax, depreciation and amortization ("EBITDA"), EBITDA margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share ("adjusted EPS") and operating cash flow per share. 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 IFRS, please refer to the "Non-IFRS Financial Performance Measures" section of this Directors' report included in note 16.

1. Description of Business

Champion was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA) and Australian Securities Exchange (ASX: CIA). Champion is a high-grade iron ore producer with its flagship asset, the Bloom Lake iron ore mine ("Bloom Lake" or "Bloom Lake Mine"), a long-life, large-scale open pit operation located in northern Québec, approximately 300 km north of Sept-Iles and 13 km by road from the town of Fermont. The Company achieved commercial production at the Bloom Lake Mine as of June 30, 2018. As at March 31, 2020, Champion is the sole owner of Bloom Lake's operating subsidiary, Quebec Iron Ore Inc. ("QIO"), further to the acquisition of Ressources Québec Inc.'s ("RQ") 36.8% equity interest in QIO on August 16, 2019.

Through its wholly-owned subsidiary Champion Iron Mines Limited ("CIML"), the Company owns interests in 9 properties (each a "Property"), covering approximately 806 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of northeastern Québec. The Company also owns 100% of the Gullbridge-Powderhorn property located in Northern Central Newfoundland.

The Company's near-term strategy is to continue with operational improvements at the Bloom Lake Mine while applying cost and capital discipline. With the Bloom Lake Mine generating positive cash flow from operations, the Company is in a position to focus on strengthening its financial position and pursue growth opportunities.

2. Financial and Operating Highlights[1]

	Three Months Ended March 31,		Year Ended March 31,		
	2020	2019	**2020**	2019	2018
Iron ore concentrate produced (wmt)	**1,891,800**	1,802,000	**7,903,700**	6,994,500	623,300
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600	—
Financial Data (in thousands of dollars, except per share amounts)					
Revenue	**175,702**	182,164	**785,086**	655,129	—
Gross profit (loss)	**64,918**	94,284	**363,717**	288,632	(4,244)
EBITDA[2]	**61,119**	86,500	**348,540**	278,172	(80,006)
EBITDA margin[2]	**35%**	47%	**44%**	42%	0%
Net income (loss)	**18,351**	28,155	**121,050**	147,599	(107,331)
Adjusted net income (loss)[2]	**18,351**	28,155	**172,691**	147,599	(107,331)
Net income (loss) attributable to Champion shareholders	**18,351**	8,820	**89,426**	83,046	(74,475)
Adjusted net income (loss) attributable to Champion shareholders[1]	**18,351**	8,820	**141,067**	83,046	(74,475)
Basic earnings (loss) per share	**0.04**	0.02	**0.20**	0.20	(0.19)
Adjusted earnings (loss) per share[2]	**0.04**	0.02	**0.32**	0.20	(0.19)
Net cash flow from operations	**84,614**	38,016	**309,567**	176,698	(131,649)
Cash and cash equivalents	**281,363**	135,424	**281,363**	135,424	7,895
Short-term investments	**17,291**	17,907	**17,291**	17,907	17,291
Total assets	**882,598**	672,017	**882,598**	672,017	401,716
Total non-current financial liabilities	**275,968**	262,864	**275,968**	262,864	196,200
Statistics (in dollars per dmt sold)					
Average realized selling price[2]	**93.1**	104.4	**103.6**	91.9	—
Total cash cost[2] (C1 cash cost)	**53.9**	48.4	**52.7**	49.4	—
All-in sustaining cost[2]	**59.8**	55.4	**62.7**	55.8	—
Cash operating margin[2]	**33.3**	49.0	**40.9**	36.1	—
Statistics (in US dollars per dmt sold)					
Average realized selling price[2]	**69.7**	77.1	**78.0**	70.0	—
Total cash cost[2] (C1 cash cost)	**40.1**	36.4	**39.6**	37.7	—
All-in sustaining cost[2]	**44.5**	41.7	**47.1**	42.5	—
Cash operating margin[2]	**25.2**	35.4	**30.9**	27.5	—

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 was achieved on June 30, 2018

2 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

3. Response to the COVID-19 Pandemic

The COVID-19 pandemic has negatively impacted the global economy and created significant economic uncertainty and disruption of financial markets. In light of the COVID-19 pandemic, the health and safety of the Company's employees, partners and communities is a priority for Champion, whereby the Company rapidly aligned operations with the government guidelines and worked with local communities to implement measures in the collective effort to contain the COVID-19 pandemic.

On March 24, 2020, the Company announced the ramp down of operations at Bloom Lake, following a directive from the Government of Québec (the "Government"), which required mining activities to be reduced to a minimum within the province. In line with Government issued directives, all discretionary work had been suspended and operations were restricted to a single production line, tailings management, water treatment and overall maintenance. On April 23, 2020, the Company announced it would gradually ramp up operations at Bloom Lake, following an announcement from the Government that effective April 15, 2020, mining activities were to be considered a "priority service" and allowed to resume normal operations, conditional on the implementation of guidelines aiming to contain the risks related to the COVID-19 pandemic.

In line with Government guidelines, Champion has implemented several measures in its efforts to mitigate risks related to the COVID-19 pandemic. Implemented safety precautions include: additional monitoring of employees' health, temperature control prior to travelling and entering Bloom Lake, isolation measures from the nearby communities, additional transportation capacity to enable adequate social distancing, amended work schedules to reduce travel volumes, additional medical support and new disinfection and distancing protocols at the mine site. The current measures in place are monitored and enhanced or revised when required by an executive committee assembled to adapt operations in response to the COVID-19 pandemic.

Despite the economic impact of the COVID-19 pandemic, iron ore prices remain robust, providing our operations an attractive operating margin environment. The Company will continue to monitor and adapt to the rapidly changing global economy impacted by the pandemic. Although we are managing our operations and liquidity to mitigate risks related to the COVID-19 pandemic, the extent to which the COVID-19 pandemic could impact our operations and cash flows will depend on future developments, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy.

4. Bloom Lake Phase II Update

On June 20, 2019, Champion announced the findings of the Feasibility Study prepared pursuant to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") (see press release dated June 20, 2019 available under the Company's filings on SEDAR at www.sedar.com and on the Company's website at www.championiron.com) that includes proven and probable mineral reserve estimates of 807 million tonnes at an average grade of 29.0% Fe. The Phase II project aims to double Bloom Lake production to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of the second plant which was partially completed by the mine's former owner. Based on the new optimized mine plan, the Bloom Lake mining rate would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a Life of Mine ("LoM") of 20 years.

The Feasibility Study proposes a 21-month construction period with estimated capital expenditures of $633.4M, including $44M in deposits. Project economics, based on US$83.9/t IODEX 65% Fe CFR China Index ("P65" or "Platts 65") iron price CFR China, indicate an after-tax 8% net present value ("NPV") of $2,384M, combining Phase I & II, and an after-tax internal rate of return ("IRR") of 33.4%. During the LoM, total cash costs[1] are projected to be $46.6/t with an average all-in sustaining cost[1] of $52.3/t.

On July 30, 2019, the Company's Board of Directors ("Board") approved an initial budget of $68M to fund and advance the Phase II expansion project during 2019 and into 2020, with the intention of securing a commissioning in 2021. During the fourth quarter of 2020, $10,864,000 was spent on the project, with $58,019,000 spent to date, whereby the following milestones have been achieved:

- Civil works related to silo and outside conveyor foundations were completed as planned;
- Electrical and mechanical works inside the plant have been completed, enabling the construction team to advance future construction milestones without being affected by weather conditions at Bloom Lake;
- Detailed engineering progressed as scheduled; and
- Approximately 50% of the spirals have been completely manufactured and have begun to be shipped. The first containers arrived in Montreal mid-April and the spirals are now in storage.

As the Company had to reduce its production capacity on March 24, 2020, to comply with public health directives from the Government in response to the COVID-19 pandemic, the Company's Phase II expansion project's discretionary capital expenditures have been suspended. In addition, although the Company had communicated its intentions to address the Phase II growth plans by the middle of the current calendar year, given the current market and global uncertainty, the Company has postponed the communication of its intention to a later time.

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

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

5. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor 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 daily 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 sales attract a premium over the IODEX 62% Fe CFR China Index ("P62") widely used as the reference price in the industry. As such, the Company quotes its products on the high-grade IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to two main factors; steel mills recognizing that higher iron ore grades offer a benefit to optimize output while also significantly decreasing CO_2 emissions.

Earlier in 2019, the global steel market experienced pressure resulting from uncertainties related to higher raw material prices including iron ore, US/China commercial tensions, the Brexit process and the Asian market growth slowdown, all of which contributed to lower profit margins for steel manufacturers. During the three-month period ended March 31, 2020, the global steel market continued to be pressured by the COVID-19 outbreak, initially in China and followed by weakness in the European steel market leading to some reduction in capacity. Despite the challenges faced by the steel market, as the world's largest steel making hub, it is reported that China has returned to profitability during the three-month period ended March 31, 2020. The premium captured by the P65 index continued to increase in the same three-month period, and can be attributed to the weakness in exports from Brazil being the world's largest export hub of high-grade iron ore, in addition to shortages in Chinese domestic mining due to the COVID-19 outbreak.

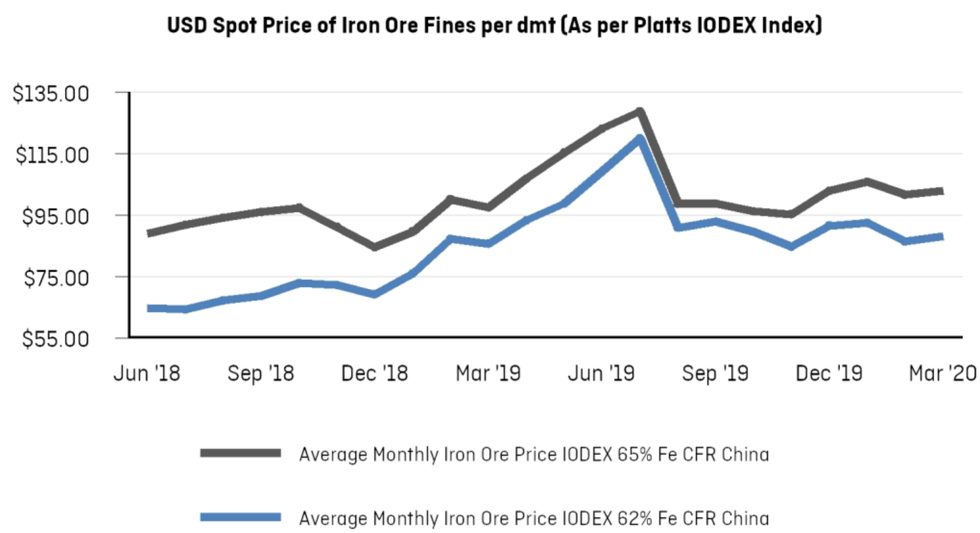
During the three-month period ended March 31, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$94.8/dmt to a high of US$109.4/dmt. The average P65 iron ore price was US$103.5/dmt for the period, an increase of 5% from the previous quarter, resulting in a premium of 16.3% over the P62 reference price of US$89.0/dmt. The Company's gross realized price for the quarter was US$96.9/dmt before adjustments related to provisional sales and ocean freight, resulting in a premium of 8.9%. Taking into account pro-forma sales adjustments and deducting sea freight costs, the Company's net realized FOB price was CA$93.1/dmt (US$69.7/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 royalties. Assuming a stable foreign exchange rate, a variation of US$1.00 to the P65 price will impact Champion's gross revenues by approximately 1%.

During the year ended March 31, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$88.4/dmt to a high of US$135.9/dmt. The average P65 iron ore price was US$106.4/dmt for the period, an increase of 16% from the previous year, resulting in a premium of 12.1% over the P62 reference price. The Company's gross realized price year-to-date was US$107.2/dmt before ocean freight and provisional sales adjustments, resulting in a premium of 13.0%, in line with the P65 Index. Taking into account the latter and deducting sea freight costs, the Company's net realized FOB price was CA$103.6/dmt (US$78.0/dmt) compared to CA$91.9/dmt (US$70.0/dmt) for the same period of the prior year.

5. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

Approximately 80% of Champion's iron ore sales contracts are structured on a provisional pricing basis, with the final sales price determined using the iron ore price indices on or after the vessel's arrival to the port at discharge. The Company recognizes revenues from iron ore sales contracts upon shipment. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the P62 forward iron ore price, subject to the estimated P65 premium over the P62 price at the expected settlement date. Once the vessel arrives at its destination, the impact of the iron ore price movements, compared to the marked to market price at the time of departure, is accounted for as a provisional pricing adjustment to revenue. As at March 31, 2020, Champion had 0.9 million tonnes of iron ore sales that remained subject to provisional pricing, with the final price to be determined in the following reporting periods (March 31, 2019: 1.0 million tonnes).



5. 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 Tubarao to Qindao route which encompasses 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 the Far East. There is no index for the route between the port of Sept-Iles, Canada and China. The route from Sept-Iles to the Far East 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 Tubarao to Qingdao route captured in the C3 rate. Based on this 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.

The Brumadinho dam rupture in Brazil in January 2019 changed this dynamic as the second largest producer of iron ore globally experienced significant production curtailment following the tragic event. While some operations affected by these events remain curtailed or closed pending approvals by Brazilian authorities, some operations have resumed production contributing to an increase in exports from Brazil and likely an increase in the C3 route index in the second half of 2019. Another likely contributor to the C3 index increase in the second half of 2019 was the longer than expected fitting of scrubbers on the shipping fleet, which reduced available vessel capacity. In early 2020, the ascending C3 index reversed to a negative trajectory as several items likely contributed to a material reduction in the C3 route index including: the Chinese New Year holidays reducing demand for iron ore imports, heavy rains in Brazil negatively impacting exports of iron ore and a significant drop in bunker prices which are a main component of the cost for dry bulk vessel operators. Such dynamic resulted in a disconnect in the historical relationship between iron ore prices and the C3 route index where iron ore prices remained elevated while the C3 route index experienced a significant correction.

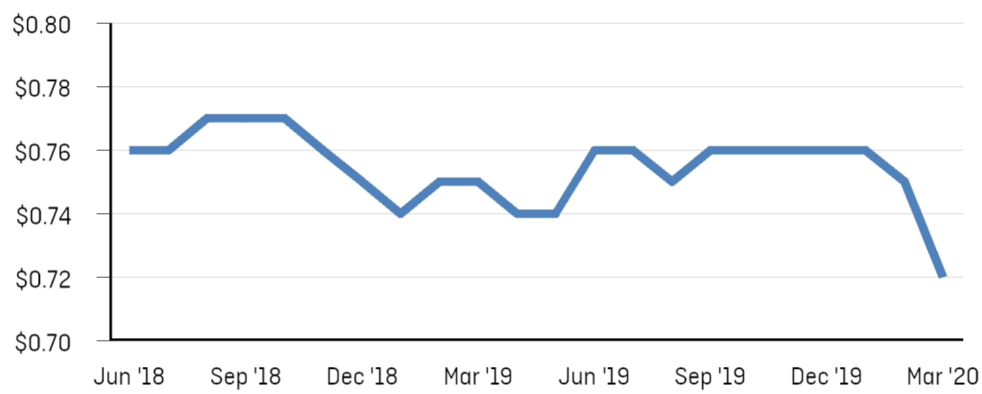
Due to its distance from main shipping hubs, Champion typically fixes vessels four to eight weeks prior to the desired laycan period. This translates into a natural delay between the freight paid and the C3 route index price. The effects of these delays are eventually evened out as Champion ships its high-grade concentrate uniformly throughout the year.

5. 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, the Loan Facility and previous 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. Despite such a natural hedge, 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 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. Assuming a stable selling price, a variation of CA$0.01 against the U.S. dollar will impact Champion gross revenues by approximately 1%.

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.

Exchange rates are as follows:

	CAD / USD $			
	FY2020		FY2019	
	Average	**Closing**	Average	Closing
Q1	**1.3377**	**1.3087**	1.2911	1.3168
Q2	**1.3204**	**1.3243**	1.3070	1.2945
Q3	**1.3200**	**1.2988**	1.3204	1.3642
Q4	**1.3449**	**1.4187**	1.3295	1.3363
Year-end as at March 31	**1.3308**	**1.4187**	1.3118	1.3363

6. Bloom Lake Mine Operating Activities[1]

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Operating Data				
Waste mined (wmt)	**3,180,100**	3,481,500	**13,742,400**	13,679,900
Ore mined (wmt)	**5,413,100**	4,975,500	**20,817,400**	19,711,700
Strip ratio	**0.6**	0.7	**0.7**	0.7
Ore milled (wmt)	**4,880,000**	4,754,200	**19,749,800**	18,493,800
Head grade Fe (%)	**31.7**	30.6	**32.1**	31.5
Recovery (%)	**82.3**	80.4	**82.6**	79.5
Product Fe (%)	**66.5**	66.3	**66.4**	66.4
Iron ore concentrate produced (wmt)	**1,891,800**	1,802,000	**7,903,700**	6,994,500
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
Financial Data (in thousands of dollars)				
Revenues	**175,702**	182,164	**785,086**	655,129
Cost of sales	**101,721**	84,431	**399,368**	351,946
Other expenses	**12,862**	11,233	**37,178**	25,011
Net finance cost	**5,148**	19,386	**85,351**	50,010
Net income	**18,351**	28,155	**121,050**	147,599
EBITDA[2]	**61,119**	86,500	**348,540**	278,172
Statistics (in dollars per dmt sold)				
Average realized selling price[2]	**93.1**	104.4	**103.6**	91.9
Total cash cost (C1 cash cost)[2]	**53.9**	48.4	**52.7**	49.4
All-in sustaining cost[2]	**59.8**	55.4	**62.7**	55.8
Cash operating margin[2]	**33.3**	49.0	**40.9**	36.1

Operational Performance

During the three-month period ended March 31, 2020, 8.6 million tonnes of material were mined, an improvement of 2% over the same quarter of the prior year. The increase is mainly due to higher equipment availability, following investments made in the mining equipment rebuild program since the start of operations in February 2018.

The plant processed 4,880,000 tonnes of ore during the fourth quarter of 2020, compared to 4,754,200 tonnes in the comparable prior year period. The increased production reflects improvements and operational innovations implemented during the first half of the fiscal year ended March 31, 2020, as well as a planned 3-day shutdown to replace the inner discharge grates with new ones engineered to sustain a higher throughput. It is anticipated that future discharge grates replacement will occur at the same time as the scheduled bi-annual major shutdowns, during the first and third quarters of Champion's fiscal year ending March 31, 2021.

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 was achieved on June 30, 2018.

2 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

6. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

The Company improved its average recovery rate to 82.3% during the fourth quarter of 2020, compared to a rate of 80.4% in the same period of the prior year. The increase in recovery rate is attributable to better throughput stability, following the operational innovations implemented during the first half of the fiscal year ended March 31, 2020. The 2020 fourth quarter recovery rate was negatively affected by 0.3% due to a successful production test of 132,000 wmt of 67.98% Fe high-grade iron ore (with a combined silica plus alumina content of 2.57%), which impacted ore recovery. This commercial production test, assuming confirmed qualification as Direct Reduction ("DR") concentrate feed, could position the Company to qualify for sales to producers of DR pellets, which can be converted by direct reduced iron ("DRI") producers and utilized in electric arc furnaces, representing a growing subset of global steelmaking capacity. This commercial production test positions the Company to potentially procure new customers and confirm that Bloom Lake is one of the few producing deposits globally that could transition its product offering in response to potential shifts in steelmaking methods in the coming years.

Based on the foregoing, Bloom Lake produced 1,891,800 wmt of 66.5% Fe high-grade iron ore concentrate during the three-month period ended March 31, 2020, an increase of 5% compared to 1,802,000 wmt in the same period of the prior year.

The Company mined 34,559,800 tonnes of material during the year ended March 31, 2020, compared to 33,391,600 tonnes in the prior year. The increase is attributable to the improvement in mining equipment reliability and increased productivity resulting from the mining equipment rebuild program, offset by the lower in-pit crusher availability during the year.

During the year, unscheduled downtimes affecting the in-pit crusher and the performance of the inner discharge grates negatively impacted production. However, the ingenuity deployed by the operational team to prevent these unscheduled downtimes from reoccurring and the decision to invest in operational improvements yielded positive results, as the plant was able to produce above its nameplate capacity. The plant processed 19,749,800 tonnes of ore during the year ended March 31, 2020, an increase of 7% over the prior year, while the recovery rate improved from 79.5% to 82.6%, in line with the Company's target. Based on the foregoing, Bloom Lake produced a total of 7,903,700 wmt of Fe 66.4% high-grade iron ore concentrate during the year ended March 31, 2020, setting a new historical annual record since Bloom Lake was first commissioned in 2010.

7. Financial Performance

A. Revenues

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
(in U.S. dollars per dmt sold)				
Index P62	**89.0**	82.7	**94.9**	71.5
Premium over P62	**7.9**	14.5	**12.3**	20.4
Gross realized price	**96.9**	97.2	**107.2**	91.9
Freight and other costs	**(25.8)**	(21.6)	**(25.7)**	(23.4)
Provisional pricing adjustments	**(1.4)**	1.5	**(3.5)**	1.5
Net realized FOB price	**69.7**	77.1	**78.0**	70.0
CAD Net Realized FOB Price	**93.1**	104.4	**103.6**	91.9

During the three-month period ended March 31, 2020, a total of 1,888,200 tonnes of high-grade iron ore concentrate were sold at a CFR China gross realized price of US$96.9/dmt, before provisional sales adjustments and shipping costs. The gross sales price of US$96.9/dmt represents a premium of 9% over the benchmark P62 price, compared to a premium of 18% for the comparative period. The gross sales price reflects the timing of the sales as well as the forward price at the expected settlement date for 654,000 tonnes shipped during the period. The premium variation reflects the shortage of high-grade material in the market in early 2019 as some major producers experienced operational challenges. Despite the variation in the premium, the gross realized price of US$96.9/dmt remains stable compared to US$97.2/dmt in the previous year as the world's largest steel making hub, China, retains a strong appetite for seaborn iron ore concentrate as its steel industry's profitability remained resilient during the three-month period ended March 31, 2020.

The variation in sea freight costs during the quarter compared to the same period last year reflects the impact of a major producer's challenges in early 2019 to global freight rates, which lowered the Company's sea freight costs in the last quarter of the fiscal year ended March 31, 2019. The freight costs variation with the C3 index is mainly due to the timing of vessels' bookings as well as to the premium paid during the winter season for vessels travelling to and from the port at Pointe-Noire, Québec.

During the three-months ended March 31, 2020, a final price was established for 533,000 tonnes which were in transit at the end of the third quarter ended December 31, 2019. In addition, 278,000 tonnes shipped prior to December 31, 2019 still remained under pricing evaluation as of March 31, 2020. Accordingly, revenues associated with these 811,000 tonnes, which were accounted for in the third quarter, were reduced by US$2,581,000. Based on the foregoing, the average net realized FOB price for the fourth quarter ended March 31, 2020 was negatively impacted by US$1.4/dmt.

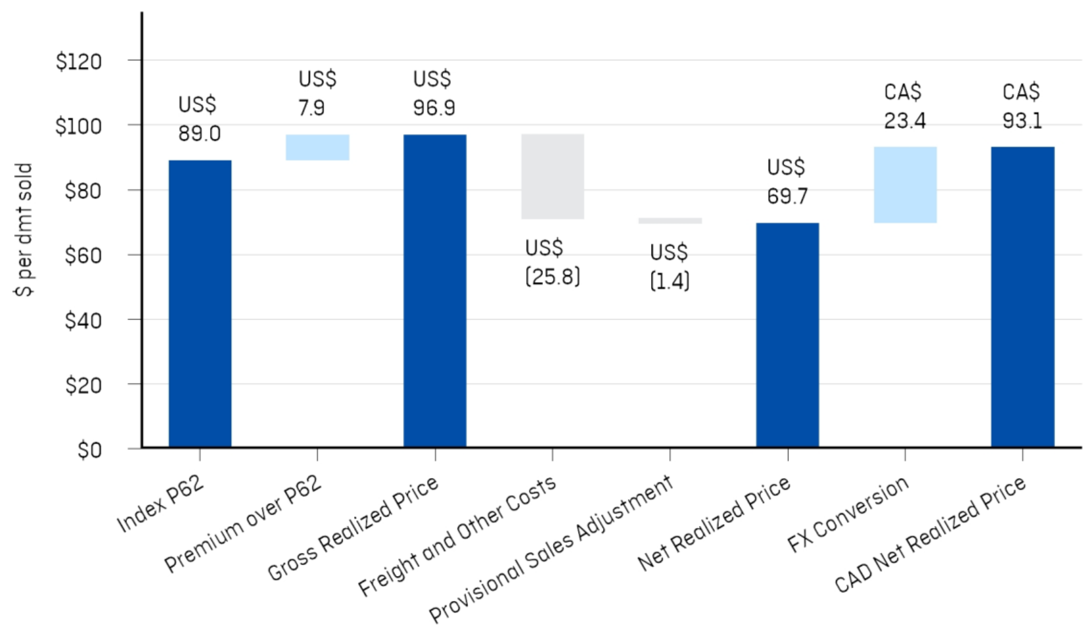
Deducting sea freight costs of US$25.8/dmt together with the provisional sales adjustment of US$1.4, the Company obtained an average net realized price of US$69.7 per tonne (CA$93.1 per tonne) for its high-grade iron ore delivered to the end customer, benefiting from an average foreign exchange rate of CA$1.3449/US$. As a result, revenues totalled $175,702,000 for the period compared to $182,164,000 in the same prior year period.

7. Financial Performance (continued)

A. Revenues (continued)

For the year ended March 31, 2020, the Company sold over 7,577,400 tonnes of iron ore concentrate shipped in 43 vessels to customers located in China, Europe, Japan, the Middle East, South Korea and India. While the P65 indicative price of high-grade iron ore fluctuated between US$88.4/dmt to a high of US$135.9/dmt during the year ended March 31, 2020, the Company sold its product at an average gross realized price of US$107.2/dmt, before shipping and adjustments related to provisional sales. The gross sales price of US$107.2/dmt represents a premium of 13% over the benchmark P62 price. Deducting sea freight costs of US$25.7/dmt and the provisional sales adjustment of US$3.5/dmt, the Company obtained an average realized price of US$78.0 per tonne (CA$103.6 per tonne) for its high-grade iron ore delivered to the customer. As a result, revenues totalled $785,086,000 for the year ended March 31, 2020, compared to $655,129,000 for the prior year. Although the sales increase is mainly attributable to the selling price, the volume impact totalling $41 million illustrates the benefit the Company yielded by investing in production reliability and having the ability to increase its throughput capacity when the price of high-grade iron ore is elevated.

Q4 FY2020 Net Realized Selling Price from P62 to Average Realized Price



7. Financial Performance (continued)

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, 2020, the total cash cost[1] or C1 cash cost[1] per tonne totalled $53.9/dmt, compared to $48.4/dmt in the same period of the previous year. The C1 cash-cost[1] for the quarter was impacted by various factors, including scheduled downtimes (refer to note 6, Operational Performance) and a lower recovery rate associated with the production test of 132,000 wmt of 67.98% Fe high-grade iron ore with a silica plus alumina content of 2.57%. Higher costs from SFPPN port operations continue to negatively impact the cash cost during the period. Since the beginning of the restart of the SFPPN's operations in 2018, SFPPN costs have increased beyond the indexation rate and faster than the operational efficiency improvements. Further to the appointment of a new SFPPN CEO, who has many years of experience managing railroad and port facilities, the Company and SFPPN's Board are confident that SFPPN's operational efficiency will improve. The Company would benefit from corrective actions implemented by SFPPN that reduce port operations costs.

For the year ended March 31, 2020, the Company produced high-grade iron ore at a total cash cost[1] of $52.7/dmt compared to $49.4/dmt for the previous year. The C1 cash cost[1] for the year includes the negative impact of the unscheduled downtimes and costs incurred to prevent them from reoccurring. The production cost also encompasses expenditures to deploy initiatives aimed at improving plant reliability and throughput stability. These improvements enabled the Company to surpass its nameplate capacity and maximize operating cash flows during periods of elevated prices, as it led to a positive volume sales impact of $41 million, year over year.

C. Gross Profit

The gross profit for the three-month period ended March 31, 2020 totalled $64,918,000 compared to $94,284,000 for the same period of the prior year. The variation is attributable to higher production costs and investments made to increase throughput and surpass nameplate capacity.

The gross profit for the year ended March 31, 2020 totalled $363,717,000, compared to $288,632,000 for the prior year. The increase is largely driven by the 13% increase in the realized price together with the decision made by the Company earlier in the year to invest in maintenance and plant reliability in order to maximize cash flows while the iron ore price is elevated. Accordingly, for the year-ended March 31, 2020, the Company is benefiting from a 39% cash profit margin[1] per tonne, which has remained unchanged from the prior year cash profit margin[1] of 39%.

D. Other Expenses

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

The variation of the other expenses and income for the three-month period ended March 31, 2020, compared to the same period the previous year, is essentially due to the completion of the transition from a development company cost structure to an operating organization. In addition, expenses were incurred during the period to deploy the Company's contingency plan with respect to the COVID-19 pandemic and to progress the Company's redomiciliation process. Although the Board has decided to terminate the scheme of arrangement in connection with the redomiciliation, due to market volatility and the global uncertainty associated with the COVID-19 pandemic, the Board may consider redomiciliation from Australia to Canada at a later point. Should this decision be enacted, efforts previously deployed on the terminated transaction could represent future savings. Higher CSR expenses reflect the Company's increased focus on sustainability. This amount also includes the full impact of the agreement with the First Nations as these expenses were partially incurred in the prior year.

The variation of the other expenses and income for the year ended March 31, 2020, compared to the previous year, is essentially due to restart costs incurred in the first quarter of the prior year, as well as Champion's transition from a development stage company to an iron ore producer. The increase in share-based payments reflects the higher stock price, period over period, combined with the issuance of annual equity awards in relation to the performance achieved during the fiscal year ended March 31, 2019.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

7. Financial Performance (continued)

E. Net Finance Costs

Net finance costs totalled $5,148,000 for the three-month period ended March 31, 2020, compared to $19,386,000 for the same period in the prior year. The main components of the net finance costs include the interests on long-term debt as well as the foreign exchange on accounts receivable and long-term debt. For the quarter, the decrease in net finance costs is mainly attributable to the positive impact of the refinancing which closed on August 16, 2019. The new credit facility bears an annualized interest rate at 4.8%, compared to a rate of 10% for the previous credit facilities. The previous credit facilities also included embedded derivative instruments which had to be revalued on a quarterly basis. Following the refinancing, these derivatives were extinguished. The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. Due to the fact that the Canadian dollar was significantly depreciated as of March 31, 2020 compared to the U.S. dollar, the Company sustained an unrealized foreign exchange loss on its long-term debt which could not be compensated by the gain on its accounts receivable and U.S. dollar cash on hand. Consequently, the Company recorded a non-cash exchange loss of $3 million during the current quarter.

The increase in net finance costs for the year ended March 31, 2020, when compared to the prior year, is mainly due to the impact of the repayment of the previous credit facilities on August 16, 2019, representing a loss of $57,274,000. Most of the $57,274,000 loss are non-cash items including the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities. Also, higher net finance costs are partially offset by the reduction in interest of $12,023,000, following the refinancing transaction, which reflects the lower cost of debt. Finally, it is also partially offset by a favourable non-cash change in fair value of derivative financial instruments of $8,700,000, which were all extinguished as a result of the refinancing.

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. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available for which the losses can be used against. QIO, Champion's operating subsidiary, is subject to Québec mining tax at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the Québec Mining Tax Act, divided by revenues. The progressive tax rates based on the mining profit margin are as follows:

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

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.58% for the year-ended March 31, 2020 (2019: 26.68%).

During the fourth quarter of 2020, current income and mining taxes expenses totalled $19,027,000 compared to $8,286,000 for the same period of the comparative year. The deferred income tax expenses totalled $9,530,000 and $27,224,000 for the respective periods. The higher current income and mining taxes expenses for the fourth quarter of 2020, compared to the same period last year, is mainly due to higher taxable profit as the Company no longer has available tax losses.

The increase in the total income and mining taxes expenses for the fourth quarter of 2020, compared to the previous quarter ending December 31, 2019 is attributable to a foreign exchange loss on long-term debt amounting to $21,600,000 recorded in the fourth quarter of 2020, half of which is not tax deductible and the other half gives rise to an unrecognized tax benefit.

During the year ended March 31, 2020, current income tax and mining taxes expenses amounted to $89,657,000, compared to $34,017,000 for the prior year. The deferred income and mining taxes expenses amounted to $30,481,000 and $31,995,000 for the fiscal years 2020 and 2019, respectively. The effective tax rate ("ETR") for 2020 was 50% compared to 31% in 2019. The 2020 ETR is higher than the 2019 ETR mainly due to the recognition, in 2019, of unrecognized tax benefits in QIO further to reaching commercial production. There was no recognition of previously unrecognized tax benefits in 2020. Part of the increase in the 2020 ETR, compared to 2019, is also attributable to higher mining tax arising from higher mining tax profits.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

7. Financial Performance (continued)

G. Net Income & EBITDA[1]

For the three-month period ended March 31, 2020, the Company generated net income of $18,351,000, entirely attributable to the Company's shareholders. This net income correlates directly with the lower quarterly gross profit. In the comparative prior year period, the Company reported net income of $28,155,000.

During the fourth quarter ended March 31, 2020, the Company generated an EBITDA[1] of $61,119,000, representing an EBITDA margin[1] of 35%, compared to an EBITDA[1] of $86,500,000, representing an EBITDA margin[1] of 47% in the same period of the prior year. The variation period over period is essentially due to the lower average realized selling price and the higher total cash cost per tonne.

For the year ended March 31, 2020, the Company generated an EBITDA[1] of $348,540,000, representing an EBITDA margin[1] of 44%, compared to an EBITDA[1] of $278,172,000, representing an EBITDA margin[1] of 42% for the prior year. This increase in EBITDA[1] is mainly attributable to the increase in the average realized selling price.

For the year ended March 31, 2020, the Company generated net income of $121,050,000 (earnings per share of $0.20), compared to net income of $147,599,000 (earnings per share of $0.20) for the year ended March 31, 2019. The repayment of the previous credit facilities with Sprott and CDPI, concluded in the second quarter of the fiscal year ended March 31, 2020, resulted in non-cash financing costs associated with the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities. Mainly excluding this non-recurring non-cash transactions, the Company would have generated an adjusted net income[1] of $172,691,000 and an adjusted EPS[1] of $0.32 for the year ended March 31, 2020.

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 three-month period ended March 31, 2020, the Company realized an AISC[1] of $59.8/dmt, compared to $55.4/dmt in the same period last year. Deducting the AISC[1] of $59.8/dmt from the average realized selling price[1] of $93.1/dmt, the Company generated a cash operating margin[1] of $33.3/dmt for each tonne of high-grade iron ore concentrate sold during the fourth quarter ended March 31, 2020, compared to $49.0/dmt in the same period of the previous year. The variation relates to higher cash cost per tonne sold resulting from scheduled downtime which affected the operations during the quarter.

For the year ended March 31, 2020, the Company realized an AISC[1] of $62.7/dmt compared to $55.8/dmt for the previous year. In addition to the C1 cash costs[1] increase, the Company made the decision at the beginning of the fiscal year to accelerate tailings containment dam rising construction work, in order to ensure safe tailings deposition. The conservative decision made by the Company to bring forward the tailings investment did not modify the total amount that would have been invested on the tailings facility over the next few years, only its timing. Given the magnitude of the project, the construction period was extended until late fall in order to complete the required works. The accelerated tailings investment project is now complete, and it is anticipated that this will reduce the sustaining capital dedicated to tailings management over the next few years. Additionally, the Company continued investing in its mining equipment rebuilding program, required to increase mining equipment fleet availability and maintain a higher strip ratio, in connection with the Phase II expansion project. Despite a higher AISC[1], the cash operating margin[1] totalled at $40.9/dmt compared to $36.1/dmt in the same prior year period, reflecting the ability of the Company's cost structure to take advantage of market fluctuations.

I. Non-Controlling Interest

Following Champion's acquisition of Ressources Québec Inc.'s 36.8% equity interest in QIO, the Company's non-controlling interest ("NCI") no longer exists. The net income attributable to the NCI was based on the financial results of QIO. The NCI attributed to the minority interest during the period was calculated up to the closing date of the acquisition on August 16, 2019.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

8. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Operations	**42,247**	70,091	**220,452**	230,960
Changes in non-cash operating working capital	**42,367**	(32,075)	**89,115**	(54,262)
Net cash flow from operating activities	**84,614**	38,016	**309,567**	176,698
Net cash flow from financing activities	**42,754**	(45,108)	**(14,890)**	20,501
Net cash flow from investing activities	**(23,374)**	(27,927)	**(152,892)**	(72,930)
Net increase (decrease) in cash and cash equivalents	**103,994**	(35,019)	**141,785**	124,269
Effects of exchange rate changes on cash and cash equivalents	**7,094**	2,622	**4,154**	3,260
Cash and cash equivalents, beginning of year	**170,275**	167,821	**135,424**	7,895
Cash and cash equivalents, end of year	**281,363**	135,424	**281,363**	135,424
Operating cash flow per share[1]	**0.18**	0.09	**0.70**	0.42

Operating

During the three-month period ended March 31, 2020, the Company generated operating cash flows of $42,247,000 before working capital compared to $70,091,000 in the same period of the prior year. The operational cash flows for the three-month period ended March 31, 2020 reflect the reduced EBITDA[1] margin, when compared to the prior year period, which was affected by higher production costs. Changes in working capital were mainly impacted by the timing of customer receipts and the timing of payments to supplier. The operating cash flow per share[1] for the three-month period ended March 31, 2020 was $0.18, compared to $0.09 in the corresponding period of the previous year.

During the year ended March 31, 2020, the Company's operating cash flows before working capital items totalled $220,452,000, compared to $230,960,000 for the prior year. The variation is mainly attributable to a higher 2020 operating income offset by payments of prior year interests and mining taxes. After working capital, the operating cash flow per share[1] for the period totaled $0.70, compared to $0.42 for the prior year.

Financing

In line with its conservative cash management principles, the Company fully drew its available US$20,000,000 Revolving Facility on March 31, 2020, increasing its liquidity position to face global uncertainty associated with the COVID-19 pandemic. During the three-month period ended March 31, 2020, compensation options and warrants were also exercised for proceeds totalling $15,261,000. In the corresponding prior year period, 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.

During the year ended March 31, 2020, the Company completed the re-financing of the previous credit facilities, the acquisition of RQ's equity interest in QIO and the issuance of preferred shares to CDPI. The previous debt facilities consisted of two term loans with CDPI (US$ 100 Million) and Sprott (US$ 80 Million), both of which have been fully reimbursed for CA$234,464,000. A draw down on the new term credit facility of US$200,000,000 (CA$267,522,000) including the US$20 million Revolving Facility was also completed. The new term facility with Scotiabank and Société Générale as joint lead arrangers significantly reduced the Company's debt costs from 10.0% to 4.8% and provides the Company with more flexibility with less covenants.

The acquisition of RQ's 36.8% equity interest in QIO was completed for consideration of $211,000,000. Following the acquisition, the Company is no longer subject to an NCI in its flagship asset, the Bloom Lake Mine. During the year-ended March 31, 2020, the Company issued new preferred shares to CDPI for proceeds of $181,795,000, net of transaction costs, and reimbursed the Glencore convertible debenture that was part of the previous capital structure for a total cost of $31,980,000. The Company's financing activities during the year also included the receipt of the proceeds from exercised options, compensation options and warrants.

1 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

8. Cash Flows (continued)

Financing (continued)

In the comparative prior year period, the Company's financing activities consisted mainly of drawdowns of $74,195,000 associated with the previous US$180,000,000 credit facilities. In addition, the Company made the first capital 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. Finally, the Company fully repaid the $37,472,000 note payable associated with financing the Bloom Lake railcar fleet. The remaining financing activities for the year included proceeds from the exercise of stock options and the payment of borrowing costs and capitalized interest.

Investing

The Company's investments relate to capital expenditures.

Purchase of property, plant and equipment

During the three-month period ended March 31, 2020 and year ended March 31, 2020, the Company invested $23,185,000 and $152,817,000, respectively, in additions to property, plant and equipment, compared to $23,541,000 and $62,942,000, respectively, in the same periods of the prior year. The following table summarizes the investments:

	Three Months Ended March 31,		**Year Ended March 31,**	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Tailings lifts	**1,426**	3,008	**28,787**	17,057
Stripping activities	**636**	3,388	**10,700**	12,121
Mining equipment rebuild	**2,546**	—	**17,937**	—
Other sustaining capital expenditures	**—**	—	**—**	2,657
Subtotal sustaining capital expenditures	**4,608**	6,396	**57,424**	31,835
Phase II	**10,864**	—	**58,019**	—
Other capital development expenditures at Bloom Lake	**7,713**	17,145	**37,374**	31,107
Total	**23,185**	23,541	**152,817**	62,942

The tailings lifts investments reflect the decision made by the Company to accelerate tailings containment dam rising construction work in order to ensure safe tailings deposition. As the project was finalized late in the fall of 2019, tailings lifts expenditures will decrease over the next few years. The tailing lifts expenditures for the quarter ended March 31, 2020, represent costs associated with the demobilization of the contractor. Stripping activities reflect the mine plan deployed in anticipation of the start of the Phase II expansion project while the Company's mining equipment rebuild program is in line with the work planned.

The investment in the Bloom Lake Phase II expansion project represents work currently in progress, funded from the $68,000,000 approved earlier in the fiscal year. The Company took advantage of the summer and the early fall construction season to complete the civil and concrete works required on the silo and associated conveyors. In addition, the mechanical and electrical work inside the plant was completed to enable secure winter works and detailed engineering continued to progress as planned. The completion of these elements is contributing to decrease the risks associated with the expansion project.

The other capital development expenditures mainly relate to the cost to complete the Phase II Feasibility Study, as well as infrastructure upgrades at the mine and service equipment capacity improvements required to maintain a strip ratio in line with the Phase II mine plan.

Exploration and evaluation

For the year ended March 31, 2020, $691,000, was invested in exploration and evaluation compared to $9,372,000 for the previous year. The decrease is mainly related to the reduction of exploration expenditures, where the Company conducted a drilling program at its Powderhorn property in the previous year, while it elected to not conduct any significant exploration programs during the current year.

9. Financial Position

As at March 31, 2020, the Company held $281,363,000 in cash and cash equivalents along with $17,291,000 in short-term investments. With the existing cash balance and the forecasted cash flows from operations, the Company is well positioned to fund all its cash requirements for the next twelve months, which relate primarily to the following activities:

- Mine operating costs
- Sustaining capital expenditures
- Payment of mining and income taxes

The first capital repayment of the Company's long-term debt is scheduled for June 30, 2021 while dividends on preferred shares are capitalizable quarterly at Champion's discretion.

	As at March 31, 2020	As at March 31, 2019
(in thousands of dollars)		
Cash and cash equivalents	**281,363**	135,424
Short-term investments	**17,291**	17,907
Cash on hand	**298,654**	153,331
Other current assets	**102,895**	161,352
Total Current Assets	**401,549**	314,683
Property, plant and equipment	**371,540**	224,123
Exploration and evaluation assets	**75,525**	81,508
Other non-current assets	**33,984**	51,703
Total Assets	**882,598**	672,017
Total Current Liabilities	**112,919**	114,608
Long-term debt	**275,968**	193,038
Derivative liability	**—**	43,819
Rehabilitation obligation	**42,836**	36,565
Other non-current liabilities	**74,253**	68,265
Total Liabilities	**505,976**	456,295
Equity attributable to Champion shareholders	**376,622**	150,346
Non-controlling interest	**—**	65,376
Total Equity	**376,622**	215,722
Total Liabilities and Equity	**882,598**	672,017

The Company’s total current assets as at March 31, 2020 increased by $86,866,000 since March 31, 2019. The increase was attributable to operating cash flows associated with the operations at Bloom Lake, offset by the repayment of the Glencore debt facility and the acquisition of RQ's equity interest in QIO. The long-term assets reflect investments made towards the dikes and the mining equipment overhaul projects. The Phase II preliminary works also contributed to the increase.

Total short-term liabilities increased due to higher taxes payable as a result of higher profits since the start of the fiscal year. The income taxes for the fiscal year ending March 31, 2020 are due in May 2020. However, as a result of tax relief measures announced by the federal and provincial governments in Canada with respect to the COVID-19 pandemic, the Company has the ability to delay, without penalties, income and mining taxes due, as well as monthly installments for the next fiscal year, until September 1, 2020. Accounts payable related to Phase II projects also contributed to the variation. The long-term liabilities reflect the refinancing that closed on August 16, 2019, as well as the full drawdown of the US$20 million Revolving Facility on March 31, 2020. The increase in the rehabilitation obligation relates to the final review and approval of the Bloom Lake closure costs by the government.

The increase in equity is attributable to the Company’s net income of $121,050,000 for the year ended March 31, 2020. It also includes the impact of the preferred share issuance to CDPI and the warrant issuance to Glencore following the debenture repayment. The increase in equity is partially offset by the difference between the amount paid ($211,000,000) for the acquisition of RQ's equity interest in QIO and the balance of the NCI ($97,000,000) as at the acquisition date, which was August 16, 2019.

(Expressed in Canadian dollars, except where otherwise indicated)

10. Financial Instruments

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

11. Contractual Obligations and Commitments

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

	Less than a year	1 to 5 years	More than 5 years	Total
Accounts payable and other	**54,170**	**—**	**—**	**54,170**
Long-term debt, including interest	**11,088**	**301,483**	**—**	**312,571**
Lease liabilities, including interest	**1,105**	**1,414**	**763**	**3,282**
Commitments	**38,416**	**60,160**	**180,528**	**279,104**
	104,779	**363,057**	**181,291**	**649,127**

Commitments are off-balance sheet arrangements, which are mainly composed of various obligations related to take-or-pay features of its logistics contracts and other commitments with the Innu community related to its IBA with the First Nations. In addition, included in the above commitments is $11,447,000 relating to the purchase of property, plant and equipment as at March 31, 2020.

12. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 to the Financial Statements for the year ended March 31, 2020.

13. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the year ended March 31, 2020.

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

The new accounting standards issued but not yet in effect are disclosed in note 2 to the Financial Statements for the year ended March 31, 2020.

15. Related Party Transactions

The related party transactions consist of transactions with key management personnel. The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are disclosed in note 30 to the Financial Statements for the year ended March 31, 2020.

16. 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 cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash 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 cost per dmt sold. Other companies may calculate this measure differently.

	Three Months Ended March 31,		**Year Ended March 31,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
(in thousands of dollars except per tonne)				
Cost of sales	**101,721**	84,431	**399,368**	351,946
Total cash cost (per dmt sold)	**53.9**	48.4	**52.7**	49.4

B. All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred in order to produce high-grade iron ore concentrate. The Company calculates AISC as the sum of total cash cost (as described above), general and administrative expenses and sustaining capital, including deferred stripping cost, 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.

16. Non-IFRS Financial Performance Measures (continued)

B. All-In Sustaining Cost (continued)

The table below shows a reconciliation of AISC per tonne to costs as extracted from the Financial Statements:

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
(in thousands of dollars except per tonne)				
Cost of sales	**101,721**	84,431	**399,368**	351,946
Sustaining capital expenditures	**4,608**	6,396	**57,424**	31,835
General and administrative expenses	**8,422**	5,728	**21,087**	14,039
Non-recurring expenses related to re-domiciliation	**(1,907)**	—	**(2,569)**	—
	112,844	96,555	**475,310**	397,820
AISC (per dmt sold)	**59.8**	55.4	**62.7**	55.8

C. Average Realized Selling Price, Cash Operating Margin and Cash Profit 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 revenues per the consolidated statement of income. Cash operating margin represents the average realized price per iron ore concentrate dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin divided by the average realized selling price.

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
(in thousands of dollars except per tonne)				
Revenues	**175,702**	182,164	**785,086**	655,129
Average realized selling price (per dmt sold)	**93.1**	104.4	**103.6**	91.9
AISC (per dmt sold)	**59.8**	55.4	**62.7**	55.8
Cash operating margin (per dmt sold)	**33.3**	49.0	**40.9**	36.1
Cash profit margin	**36%**	47%	**39%**	39%

16. Non-IFRS Financial Performance Measures (continued)

D. EBITDA and EBITDA Margin

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

EBITDA is intended to provide additional information to investors and does not have any standardized definition under IFRS. The measure excludes the impact of 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,		Year Ended March 31,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Income before income and mining taxes	**46,908**	63,665	**241,188**	213,611
Net finance costs	**5,148**	19,386	**85,351**	50,010
Depreciation	**9,063**	3,449	**22,001**	14,551
EBITDA	**61,119**	86,500	**348,540**	278,172
EBITDA margin	**35%**	47%	**44%**	42%

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

The refinancing of the Sprott and CDPI credit facilities completed in the second quarter of the fiscal year ended March 31, 2020, resulted in non-cash financing costs associated with derivative instruments that were embedded in the previous credit facilities. Management are of the opinion that by excluding the non-recurring non-cash transactions, it presents the quarterly results related directly to the Company's recurring business. By mainly excluding the non-recurring non-cash items, the net income of $121,050,000 and net income attributable to Champion Shareholders of $89,426,000 for the year ended March 31, 2020 would have been adjusted to $172,691,000 and $141,067,000, respectively, and the EPS would have been adjusted to $0.32.

	Three Months Ended March 31, 2020			Year Ended March 31, 2020		
	Net Income	Net income attributable to Champion Shareholders	Earnings per Share	Net Income	Net income attributable to Champion Shareholders	Earnings per Share
Unadjusted	**18,351**	**18,351**	0.04	**121,050**	**89,426**	0.20
Non-cash items						
Write-off - book value of Debenture	—	—	—	**18,837**	**18,837**	0.04
Write-off - book value of CDPI debt facility	—	—	—	**15,976**	**15,976**	0.04
Write-off - book value of Sprott debt facility	—	—	—	**5,966**	**5,966**	0.02
Write-off - Glencore derivative asset	—	—	—	**1,336**	**1,336**	—
Write-off - CDPI derivative asset	—	—	—	**5,603**	**5,603**	0.01
Write-off - Sprott derivative asset	—	—	—	**5,768**	**5,768**	0.01
	—	—	—	**53,486**	**53,486**	0.12
Cash items						
Debt prepayment penalty fees	—	—	—	**3,788**	**3,788**	0.01
	—	—	—	**3,788**	**3,788**	0.01
Tax impact of adjustments listed above	—	—	—	**(5,633)**	**(5,633)**	(0.01)
Adjusted	**18,351**	**18,351**	0.04	**172,691**	**141,067**	0.32

(Expressed in Canadian dollars, except where otherwise indicated)

16. Non-IFRS Financial Performance Measures (continued)

F. Operating Cash Flow per Share

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

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Net cash flow from operating activities	**84,614**	38,016	**309,567**	176,698
Weighted average number of common shares outstanding	**462,730,000**	430,470,000	**441,620,000**	420,677,000
Operating cash flow per share	**0.18**	0.09	**0.70**	0.42

17. Share Capital Information

The Company's share capital consists of ordinary shares issued and outstanding. The ordinary shares are unlimited without par value. As of May 19, 2020, there are 470,988,497 ordinary shares issued and outstanding.

In addition, there are 4,883,501 ordinary shares issuable on the exercise of options, restricted share units, deferred share units, performance share units, and 53,014,583 ordinary shares issuable on the exercise of warrants.

18. Summary of Quarterly Results

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

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Financial Data ($ millions)								
Revenue	175.7	171.1	160.4	277.9	182.2	147.5	174.7	150.7
Operating income	52.1	53.3	57.9	163.3	83.1	62.8	77.2	40.5
EBITDA[1]	61.1	57.9	62.6	166.9	86.5	65.4	81.3	45.0
Net income (loss)	18.4	30.2	(1.7)	74.2	28.2	31.2	67.5	20.7
Adjusted net income[1]	18.4	30.2	49.9	74.2	28.2	31.2	67.5	20.7
Net income attributable to Champion shareholders	18.4	30.2	2.1	38.8	8.8	21.7	41.5	11.0
Earnings per share - basic	0.04	0.07	0.00	0.09	0.02	0.05	0.10	0.03
Earnings per share - diluted	0.04	0.06	0.00	0.08	0.02	0.05	0.09	0.02
Adjusted earnings per share - basic	0.04	0.07	0.11	0.09	0.02	0.05	0.10	0.03
Net cash flow from operations	84.6	28.1	104.9	91.9	38.0	89.1	2.9	46.7
Operating Data								
Waste mined (thousands of wmt)	3,180	3,409	3,572	3,581	3,482	3,847	2,978	3,373
Ore mined (thousands of wmt)	5,413	4,905	5,394	5,105	4,976	4,883	5,205	4,648
Strip ratio	0.6	0.7	0.7	0.7	0.7	0.8	0.6	0.7
Ore milled (thousands of wmt)	4,880	4,639	5,451	4,780	4,754	4,531	4,964	4,244
Head grade (%)	31.7	32.0	32.3	32.5	30.6	32.1	32.0	31.1
Recovery (%)	82.3	81.7	83.9	82.1	80.4	80.7	79.6	77.1
Product Fe (%)	66.5	66.4	66.3	66.2	66.3	66.4	66.6	66.5
Iron ore concentrate produced (thousand wmt)	1,892	1,833	2,190	1,989	1,802	1,791	1,858	1,543
Iron ore concentrate sold (thousands of dmt)	1,888	1,922	1,860	1,907	1,744	1,712	1,932	1,740
Statistics (in dollars per dmt sold)								
Average realized selling price[1]	93.1	89.0	86.2	145.7	104.4	86.2	90.4	86.6
Total cash cost[1]	53.9	54.2	48.3	54.3	48.4	49.4	45.2	55.0
All-in sustaining cost[1]	59.8	62.2	66.2	62.8	55.4	55.5	52.9	59.9
Cash operating margin[1]	33.3	26.8	20.0	82.9	49.0	30.7	37.5	26.7

1 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 16. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

19. Risk Factors

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

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 is 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 Mineral Prices

Factors beyond the control of the Company may affect the marketability of any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company’s control. These factors include market fluctuations, 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 obtain additional equity or debt financing in the future through the sale of securities, by optioning or selling its properties, or otherwise. No assurance can be given that additional financing will be available for further exploration and development of the Company’s properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Global Financial Condition and Capital Markets

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

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008, 2009 and the first half of 2020. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2019, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery. Similarly, as a result of the recent outbreak of the novel coronavirus disease (COVID-19), world economies are experiencing a significant slowdown since the first quarter of 2020, and there is no certainty with respect to the timing and strength of recovery.

The impact that the United Kingdom’s leaving the European Union on January 31, 2020 may continue to have on global financial markets’ challenges and the demand for commodities is uncertain. 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.

19. Risk Factors (continued)

Financial Risks (continued)

Global Financial Condition and Capital Markets (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 impair the Company's ability to make capital investments and may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, the Company's operations could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

Operating Costs

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

Foreign Exchange

Iron ore is sold in U.S. dollars and the Company is, therefore, subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. Revenue generated by the Company from production on its properties are received in U.S. dollars while operating and capital costs are incurred primarily in Canadian dollars. A 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 "*Global Financial Conditions and Capital Markets*" 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.

19. Risk Factors (continued)

Operational Risks (continued)

Mineral Exploration, Development and Operating Risks (continued)

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of iron ore and other minerals, including 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 current and future mining operations are and will be subject to the risks inherent in mining, including adverse fluctuations in commodity prices, fuel prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, industrial accidents and labour actions or unrest. The occurrence of any of these events could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Company

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the Mineral Resource and Mineral Reserve estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of Mineral Resources and Mineral Reserves can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to Mineral Resources and Mineral Reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in Mineral Resources and Mineral Reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral Resources and Mineral Reserves are reported as general indicators of mine life. Mineral Resources and Mineral Reserves 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 Mineral Reserves and corresponding grades. Until ore is actually mined and processed, Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on mineral prices. Any material change in resources, Mineral Resources or Mineral Reserves, or grades or stripping ratios 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 2 Feasibility Study will be realized. While the Phase 2 Feasibility Study is based on the best information available to the Company, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory Mineral Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future mineral and metal prices.

19. Risk Factors (continued)

Operational Risks (continued)

Uncertainties and Risks Relating to Feasibility Studies (continued)

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 Feasibility Study or the Phase 2 Feasibility Study. The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. There is no certainty that metallurgical recoveries obtained in bench scale or pilot plant scale tests will be achieved in ongoing or future commercial operations. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties, and as a result, the Company cannot give any assurance that the Phase 2 Feasibility 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, the Company 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 had a history of incurring significant losses in the past as it had previously had no sources of revenue (other than interest income).

While the Company may invest in additional mining and exploration projects in the future, the Bloom Lake Mine is currently the Company's sole producing asset providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine, including with respect to the Company's decision whether or not to proceed with the Phase 2 expansion project, as well as with respect to the realization or timing of the Phase 2 expansion project, 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, public health and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "*Liquidity/Financing Risk*" above and "*Public Health Crises*" below.

Replacement of Mineral Reserves

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

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.

19. Risk Factors (continued)

Operational Risks (continued)

Potential First Nations Land Claims

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 traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and mineral claims 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 or Aboriginal title, and a credible claim to such rights or title has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the proposed project and, in some circumstances, accommodate them.

The development and the operation of the Company's properties requires the conclusion of IBAs or other agreements with the affected First Nations. As a result of the IBAs or other agreements, the Company may incur significant financial or other obligations to affected First Nations.

The Bloom Lake IBA is a LOM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities and ensures that the Innu of Takuaikan Uashat Mak Mani-Utenam receive fair and equitable financial and socio-economic benefits. The Bloom Lake IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat Mak Mani-Utenam, including recognition of their bond with the natural environment.

The negotiation of any 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 Nation groups who may assert Aboriginal rights or Aboriginal title 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 out the activities which it is currently conducting under applicable laws and regulations, and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, 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 on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

19. Risk Factors (continued)

Operational Risks (continued)

Environmental Risks and Hazards

The operations of the Company are subject to environmental laws and regulations relating to the protection of the environment (including any living things), occupational health and safety or hazardous or toxic substances or wastes, pollutants or contaminants or any prohibited substances or dangerous goods (collectively, "**Environmental Laws**") adopted from time to time. Environmental Laws provide for, among other thing, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of Environmental Laws 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 Laws are evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in Environmental Laws has a potential to reduce the profitability of operations.

The Company's operation is subject to environmental regulation primarily by the Department of Environment and Conservation (Newfoundland and Labrador) and the Ministry of Sustainable Development, Environment and Parks (Québec). In addition, Fisheries and Oceans Canada and Environment and Climate Change Canada have an enforcement role in the event of environmental incidents.

Reclamation Costs and Related Liabilities

The Company is generally required to submit for government approval a reclamation plan and to pay for the reclamation of its mine site upon the completion of mining activities. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Public Health Crises

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a public health event of international concern, and on March 11, 2020, the World Health Organization declared the outbreak a pandemic. On March 13, 2020, the Government of Québec declared a public health emergency. On March 23, 2020, the Government of Québec mandated companies involved in the mining industry to reduce mining activities in the Province of Québec to a minimum, which restriction was in effect until April 14, 2020. As a result, the Company announced on March 24, 2020 that it was ramping down operations. Although the Company announced the gradual resumption of operations on April 23, 2020, there is no certainty as to when the full production will be restored. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity worldwide. The COVID-19 outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Although the Company is actively monitoring the situation and assessing and responding where possible to the potential impact of the COVID-19 pandemic, it cannot estimate whether any additional restrictions will be imposed on its activities and the potential financial and operational impact thereof.

Such public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. Similarly, the Company's ability to obtain financing and the ability of the Company's vendors, suppliers, consultants and partners to meet their obligations to the Company may be impacted as a result of the COVID-19 outbreak and efforts to contain the virus. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and will depend on the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the length of travel and quarantine restrictions imposed by governments of affected countries and other factors that are beyond the Company's control. Consequently, the COVID-19 outbreak may have a material adverse effect on the Company's business, results of operations and financial condition.

19. Risk Factors (continued)

Operational Risks (continued)

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

Some of the Company's properties are located in relatively remote areas at 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 and port authorities necessary for the transportation and handling of the Company's production of Bloom Lake iron ore, and 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. 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 requires and will continue to 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 if the Company proceeds with the Phase 2 expansion project at Bloom Lake, such project will require significant financing.

Dependence on Third 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 Resources and Mineral Reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If 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 the Company's information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in the Company's information technology systems could materially adversely affect its financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of the Company's internal controls over financial reporting.

Cybersecurity Threats

The Company's operations depend, in part, on how well it and its 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. A failure of any part of the Company's information technology systems could, depending on the nature of such failure, materially adversely impact the Company's reputation, financial condition and results of operations. 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 it will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. 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.

19. Risk Factors (continued)

Operational Risks (continued)

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company has in the past been, and may in the future be, involved in various legal proceedings. While the Company is not aware of any pending or contemplated legal proceedings the outcome of which could have a material adverse effect on the Company's financial condition and results of operations, the Company may become subject to legal proceedings in the future, the outcome of which is uncertain, and may incur defense costs in connection therewith, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Company's financial condition and results of operations.

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

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statements preparation.

Insurance and Uninsured Risks

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

19. Risk Factors (continued)

Other Risks (continued)

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other companies involved in the mining industry or have significant shareholdings in such companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises, 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 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. In addition, the Company may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Competitive Conditions

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

Dilution and Future Sales

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

Joint Ventures and Option Agreements

From time to time, 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, the structure of its participation and the interest therein to be acquired by it, the directors of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In some of those arrangements, a failure of 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.

20. Management Responsibility for Financial Statements

Disclosure Controls and Procedures

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

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

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

The CEO and CFO of the Company have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of our DC&P as defined in Regulation 52 -109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings as at March 31, 2020, and have concluded that such DC&P were designed and operating effectively.

Internal Control over Financial Reporting

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

The CEO and CFO of the Company have evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52 - 109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings. The evaluation was based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the CEO and CFO concluded that, as at March 31, 2020, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

Limitations of DC&P and ICFR

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

21. Nature of Securities

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

22. Additional Information

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

REMUNERATION REPORT

Unless otherwise noted, the following information is for the Company's last completed financial year which ended March 31, 2020 and, since the Company had one or more subsidiaries during that year, is disclosed on a consolidated basis. The information in this Remuneration Report has been audited pursuant to section 308 (3C) of the Corporations Act (Cth) of Australia. 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 ("KMP") including Named Executive Officers ("NEO"), who were actively employed by the Company as at the end of the fiscal year (March 31, 2020).

KMP 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 of the Company 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 a 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 KMP, and NEOs of the Company during the financial year ended March 31, 2020.

Name	Position	Appointment Date
Michael O'Keeffe (NEO and KMP) (1)	Executive Chairman	April 1, 2019
David Cataford (NEO and KMP) (2)	CEO	April 1, 2019
Natacha Garoute (NEO and KMP)	CFO	August 13, 2018
Steve Boucratie (NEO and KMP)	Vice-President, General Counsel and Corporate Secretary	May 20, 2019
Gary Lawler (KMP)	Director	April 9, 2014
Michelle Cormier (KMP)	Director	April 11, 2016
Jyothish George (KMP)	Director	October 16, 2017
Andrew Love (KMP)	Lead Director	April 9, 2014
Wayne Wouters (KMP)	Director	November 1, 2016

(1) Mr. O'Keeffe was appointed Executive Chairman on August 13, 2013 and CEO on October 3, 2014. Mr. O'Keeffe stepped down as CEO on April 1, 2019 and continues in his role as Executive Chairman.

(2) Mr. Cataford was appointed Chief Executive Officer on April 1, 2019 and appointed to the Board of Directors on May 21, 2019. Prior to this, he had been Chief Operating Officer of the Company and a NEO since March 20, 2017.

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

A. Role of Remuneration 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, 2020, the Remuneration and Nomination Committee was comprised of Gary Lawler (Chairman), Andrew 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 30-year period.

Michelle Cormier - Mrs. Cormier is a CPA, CA with over 30 years of experience in senior executive level positions in management including 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 plan, and the short-term incentive 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:

- ***To align with Champion's business*** - reflect the Company's performance as an iron ore producing company;
- ***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;
- ***Pay for performance*** - align with Champion's desire to create a performance culture and create direct tangible relationships between pay and performance;
- ***To align with shareholder interests*** - align the interests of executives with those of the shareholders of the Company (the "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
- ***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 take 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 have the authority to seek advice from outside consultants. A more detailed explanation of the various components of Executive Remuneration can be found at paragraph "Elements of Executive Remuneration" below.

Based on these assessments and within the context of pay for performance principles, the Remuneration and Nomination Committee make 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 NEO 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").

The Remuneration and Nomination Committee evaluates all executive compensation policies and programs with a view to confirming that the policies and programs do not drive behaviours that would result in inappropriate or excessive risk taking, and that the Company's compensation policies and practices do not result in identified risks that are likely to have a material effect on the Company. This evaluation process focuses on five areas: 1) strategic / operational risk; 2) compliance risk; 3) reputational risk; 4) talent risk; and 5) financial / economic risk. Risks are assessed and considered on both an individual element basis and in totality.

KMP must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgment from the Chairman.

C. External Advice

During the fiscal year 2019, 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. Mercer provided further advice and recommendations on the remuneration program for KMP's for the fiscal year 31 March 2020 and were paid a fee of $29,500 before sales taxes for the advisory services (executive compensation-related fees - $119,434 for the year ended March 31, 2019). Mercer also received advisory fees of $123,184 for other services including the implementation of a group insurance plan and governance framework for the company pension plan.

D. Benchmarking

When developing and implementing compensation packages for KMP's, it is standard practice to benchmark total compensation for KMP's against a group of companies at similar stages of development, operations, regional geography and of similar size (peer group).

In order to design market-competitive compensation arrangements for the Champion's executive team, and the Company's independent directors, the Remuneration and Nomination Committee identified peer group of mining companies with similar operations in consultation with Mercer for the purposes of the 2020 Report. The peer group for 2020 was comprised of the following companies, which include producing companies of comparable size to Champion:

Alamos Gold - Detour Gold - Centerra Gold - Pretium Resources - SSR Mining - North American Palladium - Wesdome Gold Mines
TMAC Resources - New Gold - Premier Gold Mines - Imperial Metals - Capstone Mining - Copper Mountain Mining

E. Remuneration of Executive Chairman

Mr. O'Keeffe was Chairman and CEO of the Board for the period August 13, 2015 to March 31, 2019. On April 1, 2019 as part of the implementation of Champion's succession plan, Mr. O'Keeffe stepped down as CEO and was named Executive Chairman of the Board of Directors. In view of his ongoing contribution to the affairs of the Company as well as the responsibilities and duties performed, Mr. O'Keeffe remained a member of the executive team for the fiscal year ended March 31, 2020. Mr. O'Keeffe is paid an annual base salary but is not eligible to receive annual short and long-term incentives in the form of annual bonus or equity-based compensation.

F. 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) short-term incentive ("STI") in the form of annual bonus awards (at-risk);
c) long-term incentive ("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 2020.

G. 2020 Executive Performance Metrics and Incentives:

Overall Company Objective:	• To maximize operational performance and continue its organic growth and manage dilution to its Shareholders.
Key Deliverables:	The executive team needed to: • deliver operational performance while ensuring strict adherence to the Company's safety culture; • pursue the Company's organic growth, with increased ownership in the Bloom Lake Mine, its flagship asset;
Short-term Incentives: (Annual Bonus)	• 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)	• The Company utilized time vesting RSU grants to incentivize and retain the executive team.
Long-term Incentives: (PSUs)	• The Company utilized PSU grants, the vesting of which was based in part on the performance of the Company against a set of peer companies.

i) Base Salary

The Company provides executive officers with base salaries that represent a fixed element of compensation and their minimum compensation for services rendered or expected to be rendered. The base salary of executive officers depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness and the Company's existing financial resources. Base salaries are determined annually based on the Remuneration and Nomination Committee's recommendations to the Board. In making its recommendations, the Remuneration and Nomination Committee with the assistance of third party advisers annually reviews the base salaries of the executive officers of the Company against the base salaries of executive officers in comparable positions of public companies in the mining industry.

2020 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 2020 salary for each NEO is set out in a table under the heading "*2020 Remuneration Awards for the Named Executive Officers*".

(Expressed in Canadian dollars, except where otherwise indicated)

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.

2020 Bonus Awards

For 2020, the Board set a target bonus for each NEO as follows, based on Mercer's recommendation:

NEO	Target Bonus (% salary)
Michael O'Keeffe	Nil
David Cataford	100%
Natacha Garoute	75%
Steve Boucratie	60%

For the fiscal year ended March 31, 2020, the following financial and operating KPIs were established and evaluated:

- 50% of total bonus - Financial performance objectives set against the fiscal year ended March 31, 2020 budget:
  - EBITDA[1]
  - Free cash flow ("FCF")[2]

- 25% of total bonus: based on meeting the production volume from restart to end of fiscal year ending March 31, 2020 of 7,529,000 dmt at a total cash cost per ounce sold of no more than $53/dmt;

- 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 2018 APSM) as well as no harmful event to the environment.

The Board also determined that all objectives were subject to a gradation scale allowing them to be met either at 0% or anywhere from 50% to 150%.

1 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.

2 FCF does not have any standardized definition under IFRS. For the fiscal year ended March 31, 2020, the measure was calculated based on EBITDA less tax payments made during the fiscal year, less capital expenditures, excluding the special $68 million approved on July 31, 2019 by the Board of Directors for progressing Lake Bloom Phase 2 expansion, and after working capital adjustment. Other companies may calculate FCF differently.

(Expressed in Canadian dollars, except where otherwise indicated)

ii) Short-term Incentives (Annual Bonus) (continued)

The following table sets out the tabulations for 2020 NEO bonus awards:

NEO	Target Bonus (% salary)	Weighted Score	Actual Bonus (% salary)	Annual Bonus
Michael O'Keeffe	Nil	Nil	Nil	Nil
David Cataford	100%	126%	126%	$ 753,399
Natacha Garoute	75%	125%	94%	$ 375,000
Steve Boucratie	60%	126%	75%	$ 214,719

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) at or above median market positioning, or higher, when performance warrants.

The table under the section "*2020 RSU and PSU ("2020 LTIP") Grant*" sets out the tabulation for the 2020 NEO LTIP awards.

2018 Omnibus Plan

In October 2013, the Company adopted an incentive plan ("the Previous Plan") which was subsequently amended after shareholder approval to comply with Canadian regulatory requirements, the last of which was made in August 2017. The Previous Plan remains in effect only in respect of outstanding awards issued under the plan.

The New Plan provides more flexibility to the Company to grant, in addition to stock options, deferred share units ("DSUs"), PSUs, RSUs, and other forms of equity-based incentive awards. Following the approval of the New Plan by the Shareholders at the 2018 Meeting, all grants of equity-based awards are made pursuant to, or as otherwise permitted by, the New Plan.

The Company implemented the New Plan to replace the Previous Plan following an overall review of the Company's remuneration structures, including its short term and long term executive incentivization arrangements.

The purpose of the New Plan is to provide eligible persons with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to shareholders. It is intended that the New Plan will assist the Company in attracting and retaining skilled and experienced employees and provide them with greater incentive to have a greater involvement with, and to focus on the longer term goals of, the Company.

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 to 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.

Fiscal year ended March 31, 2020 Option Grants

A breakdown of the 2020 option grant for each NEO is shown in a table under the heading "*2020 Remuneration Awards for the Named Executive Officers*".

(Expressed in Canadian dollars, except where otherwise indicated)

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 (2020, 2019 and 2018):

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 Plan (4)	Ended March 31, 2020	1,833,455	441,620,000	0.42%
	Ended March 31, 2019	1,351,946	420,677,000	0.32%
	Ended March 31, 2018	—	N/A	N/A
Previous Plan (5)	Ended March 31, 2020	—	N/A	N/A
	Ended March 31, 2019	700,000	420,677,000	0.17%
	Ended March 31, 2018	5,000,000	398,125,332	1.26%

Notes:

(1) Corresponds to the number of dilutives securities granted under each of 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 Previous Plan divided by the weighted average number of securities outstanding.
(4) The New Plan came into effect on August 17, 2018.
(5) Further to the implementation of the New Plan on August 17, 2018, no new grants have been made under the Previous Plan.

Type of Awards under the New Plan

The following types of awards may be made under the New Plan: stock options, RSUs, PSUs, DSUs, or other share-based awards (collectively, the "Awards"). All of the Awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting and forfeiture provisions determined by the Board in its sole discretion, and subject to such limitations provided in the New Plan, and will be evidenced by an award agreement. In addition, subject to the limitations provided in the New Plan and in accordance with applicable law, the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, and waive any condition imposed with respect to Awards or Shares issued pursuant to Awards.

Stock Options

A stock option is a right to purchase Shares upon the payment of a specified exercise price as determined by the Board at the time the stock option is granted. The exercise price shall not be less than the "Market Price" of an Share at the time the option is issued, determined as the volume weighted average price per Shares sold on the ASX if the Eligible Person is resident in Australia and otherwise the volume weighted average trading price of the Shares on the Toronto Stock Exchange ("TSX"), calculated by dividing the total value by the total volume of securities traded during the period of 5 trading days immediately prior to the date of issue.

Stock options may be subject to vesting conditions as determined by the Board. The Board will 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.

The exercise notice of such option must be accompanied by payment in full of the purchase price for the Shares underlying the options to be acquired. No Shares will be issued upon the exercise of stock options in accordance with the terms of the grant until full payment therefor has been received by the Company.

Restricted Share Units (RSUs)

A RSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive Shares or cash based on the price of the Shares at some future date.

A RSU will be subject to time based vesting conditions, timing of settlement and other terms and conditions, not inconsistent with the provisions of the New Plan, as the Board shall determine; provided that no RSU granted shall vest and be payable after December 31st of the third calendar year following the year of service for which the RSU was granted.

(Expressed in Canadian dollars, except where otherwise indicated)

Performance Share Units (PSUs)

A PSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive Shares or cash based on the price of the Shares at some future date based on the achievement of performance goals established by the Board over a period of time.

The Board shall have the authority to determine any vesting and settlement terms applicable to the grant of PSUs, provided that no PSU granted shall vest and be payable after December 31st of the third calendar year following the year of service for which the PSU was granted. It is currently intended that PSUs granted under the New Plan will be subject to such performance-based vesting conditions as the Board shall determine from time to time designed to align the participant with the Company's corporate objectives.

All vesting conditions shall be such that the PSUs will comply with the exception to the definition of "salary deferral arrangement" contained in paragraph (k) of subsection 248(1) of the Income Tax Act (Canada) or any successor provision thereto.

Deferred Share Units (DSUs)

A DSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive Shares or cash based on the price of the Shares on a future date, provided that in no event shall a DSU be settled prior to the applicable participant's date of termination of service to the Company. If DSUs are settled in Shares, the rules of the New Plan require that the Shares be purchased on-market.

DSUs will only be issued to directors of the Company or any of its affiliates who are not employees (the "Directors"). Subject to certain limitations, any Director may, on an annual basis, elect to receive DSUs in lieu of such Director's annual fees or in lieu of a portion of such Director's annual fees by giving written notice of such election to the Board.

Other Share-Based Awards

The Board may grant to an Eligible Person, subject to the terms of the New Plan, such awards, other than those described above, that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Ordinary Shares (including, without limitation, securities convertible into Shares), as are deemed by the Board to be consistent with the purpose of the New Plan.

The Board deems equity awards as a valuable retention and incentive mechanism for senior management at this critical stage of the Company's development.

2020 RSU and PSU ("2020 LTIP") Grant

The RSU and PSU grants with respect to the annual performance for the fiscal year ended March 31, 2020 will be made in compliance with the Company share trading policy in the fiscal year 2021, following the publication of the annual financial results, according to the volume weighted average price (" VWAP") per Share on the TSX during the period of 5 trading days immediately prior to grant. For 2020, the Board set a target bonus for the long-term incentive for each NEO as follows, based on Mercer's recommendation.

NEO	LTIP Target (% salary)	Value of annual Equity Awards ($)	RSU ($)	PSU ($)
David Cataford	150%	900,000	360,000	540,000
Natacha Garoute	100%	400,000	160,000	240,000
Steve Boucratie	80%	228,000	91,200	136,800

The 2020 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;
- 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.

(Expressed in Canadian dollars, except where otherwise indicated)

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, 2023. The 150% of the TSR portion of the PSU's grant will vest if the Company's TSR reaches the 75% percentile of the peer group, 100% of the TSR portion of the PSUs grant will vest if the Company's TSR is at the 50% percentile of the peer group and 50% of the TSR portion of the PSUs grant will vest if the Company's TSR is at the 37.5% percentile of the peer group. Proportional vesting will occur between the 25% and 75% percentiles. No vesting will occur if Champion's TSR is less than the 25% 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 represents more than 133% of the corresponding ratio based on the Company's budget for the year in question, 150% of that portion of the PSUs grant will vest. If the ratio equals 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. Proportional vesting will occur if the ratio represents between 75% to 100% of the ratio. 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 long-term incentive plan and related grants for the financial year ended March 31, 2019 and made during the fiscal year ended March 31, 2020 are reported in a table below under the heading *"Summary Compensation Table"*, irrespective of whether the performance criteria for vesting had been achieved during such period. The portion of any such long-term incentives awards that vested during any year is shown in the table presented in the section *"Incentive Plan Awards - Value Vested or Earned During the Year"*.

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. 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 for the calendar year 2019 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, 2020.

Name	Accumulated Value at Start of Year	Employer's contribution	Employee's contribution	Accumulated Value At Year End
Michael O'Keeffe	94,500	—	—	94,500
David Cataford	139,950	65,098	37,200	242,248
Natacha Garoute	36,094	44,317	25,324	105,735
Steve Boucratie	—	25,028	14,301	39,329

(Expressed in Canadian dollars, except where otherwise indicated)

2020 Remuneration Awards for the Named Executive Officers

Annual base salary, bonus, PSU grants, RSU grants and option grants in relation to the fiscal 2020 to the NEOs were as follows. In compliance with the Company share trading policy, the RSU and PSU with respect the annual performance for the fiscal year ended March 31, 2020 will be granted in the fiscal year 2021, after the publication of the annual financial results.

Name	Annual Base Salary ($)	Bonus ($)	Total Option Grant (#)	Total RSU Grant ($)	Total PSU Grant ($)
Michael O'Keeffe Executive Chairman	550,000	—	—	—	—
David Cataford CEO	600,000	753,399	—	360,000	540,000
Natacha Garoute CFO	400,000	375,000	—	160,000	240,000
Steve Boucratie (1) Vice-President, General Counsel and Corporate Secretary	285,000	214,719	360,000	91,200	136,800

(1) Mr. Boucratie was appointed Vice-President, General Counsel and Corporate Secretary of the Company on May 20, 2019. In connection with his appointment, Mr. Boucratie was granted 360,000 stock options.

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

(Expressed in Canadian dollars, except where otherwise indicated)

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, 2018, March 31, 2019 and March 31, 2020. The long-term incentive equity awards related to the fiscal year ended March 31, 2019 were granted on April 30, 2019. As the long-term incentive equity award for the fiscal year ended March 31, 2020 will be granted in the fiscal year ending March 31, 2021, after the publication of the annual financial results, 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 2020 is presented in the section, *"2020 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 Compensation ($)	Total ($)	% At risk
					Annual incentive plans ($)	Long-term incentive plans ($)				
Michael O'Keeffe Executive Chairman	2020	550,000	687,500	—	—	—	—	52,250 [(3)(i)]	1,289,750	53%
	2019	550,000	1,000,027	—	550,000	—	33,000	1,288,293 [(3)(ii)]	3,421,320	83%
	2018	500,000	—	1,123,922	—	—	—	29,125 [(3)(iii)]	1,653,047	70%
David Cataford CEO	2020	600,000	500,000	—	753,399	—	65,098	43,528	1,962,025	64%
	2019	500,000	—	350,000 [(4)(i)]	500,000	—	48,750	12,557	1,411,307	61%
	2018	400,000	—	437,500	—	—	—	1,671,221 [(4)(ii)]	2,508,721	84%
Natacha Garoute CFO	2020	400,000	733,295	192,092 [(5)(i)]	375,000	—	44,317	32,032	1,776,736	73%
	2019	234,375 [(5)]	—	114,531 [(5)(i)]	281,250	—	22,969	78,814 [(5)(ii)]	731,939	54%
Steve Boucratie Vice-President, General Counsel and Corporate Secretary	2020	238,365 [(6)]	—	560,988 [(6)(i)]	214,719	—	25,028	6,136	1,045,236	74%

(1) Share based awards consists of RSUs or PSUs which are subject to vesting criteria, as well as Share rights. The Share-based awards value is based on the fair market value of the stock price at the time of the grant. For the year ended March 31, 2019, the fair market value of the stock at the time of grant was at $2.14. For 2019, the RSU granted to Ms. Garoute in relation with her appointment as CFO was measured on a fair market value of the stock of $2.21 for a value amounting to $358,295. The remaining part ($375,000) relates to the 2019 grant. The RSUs and PSUs for the fiscal year ended March 31, 2020 will be granted in the fiscal year 2021, after the publication of the annual financial results, according to the VWAP per Share on the TSX during the period of 5 trading days immediately prior to 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 are based on the Black-Scholes Option Price Model which used the following assumptions determined on the date of grant:

Fiscal Year End	Grant Date	Risk Free Interest Rate	Expected Average Life	Expected Volatility	Exercise Price	Fair Value
2020	April 15, 2019	1.79%	3 years	86%	$2.21	$1.10
2020	May 20, 2019	1.79%	3 years	86%	$2.53	$1.56
2019	Sep. 14, 2018	2.23%	3 years	68%	$1.24	$0.57
2019	June 24, 2018	2.50%	3 years	80%	$1.33	$0.70
2018	May 25, 2017	2.50%	3 years	80%	A$1.00	A$0.44

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) Includes non-monetary compensation in the amount of $52,250 paid to a superannuation on behalf of the NEO (ii) 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. (iii) Includes non-monetary compensation in the amount of $26,388 and $2,797 paid to a superannuation on behalf of the NEO.

(4) (i) 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. (ii) The other remuneration earned by Mr. Cataford included the payment of a $1,660,000 bonus, $11,221 in non-monetary compensation.

(5) 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 200,932 stock options on September 14, 2018 for a fair value of $114,531 and 174,502 on April 15, 2019 for a fair value of $192,092. (ii) includes a signing bonus of $75,000.

(6) Mr. Boucratie was appointed Vice-President, General Counsel and Corporate Secretary of the Company on May 20, 2019 and did not earn any remuneration from the Company prior to such date. (i) Upon joining the Company, Mr. Boucratie was granted 360,000 stock options with a value of $560,988.

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, 2020, the end of the Company's most recently completed financial year.

Name	Option-based Awards				Share-based Awards[2]		
	Number of Securities Underlying Unexercised Options (#)	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 Executive Chairman	3,000,000	A$0.20	April 11, 2020	A$ 3,450,000	278,427	A$ 375,876	A$ 57,827
David Cataford CEO	500,000	A$1.00	May 25, 2020	A$ 175,000	202,492	A$ 273,365	A$ 42,056
	500,000	C$1.33	June 24, 2021	C$ 10,000	—	—	—
Natacha Garoute CFO	200,932	C$1.24	Sept 14, 2021	C$ 22,102	259,952	C$ 350,935	C$ 104,498
	174,502	C$2.21	Sept 14, 2021	—	—	—	—
Steve Boucratie [3] Vice-President, General Counsel and Corporate Secretary	360,000	C$2.53	May 21, 2022	—	—	—	—

(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 Shares on the TSX of $1.35 on March 31, 2020, 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 Omnibus 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, 2020 being $1.35.

(3) Mr. Boucratie was appointed Vice-President, General Counsel and Corporate Secretary of the Company on May 20, 2019.

Incentive Plan Award - 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, 2020 (all dollar amounts in Canadian dollars):

Name	Value vested during the year ($)		Value earned during the year ($)
	Option-based awards	Share-based awards	Non-equity incentive plan compensation
Michael O'Keeffe	—	57,827	—
David Cataford	3,333	42,056	753,399
Natacha Garoute	7,368	104,498	375,000
Steve Boucratie	—	—	214,719

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 shares rights.

Agreements with Named Executive Officers (NEOs)

The Company has written employment agreements 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 - Executive Chairman

Mr. O'Keeffe was appointed interim CEO on August 13, 2015. On November 29, 2016 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.

David Cataford - Chief Executive Officer

Mr. Cataford was appointed Chief Executive Officer of the Company on April 1, 2019. Mr. Cataford had been Champion's Chief Operating Officer since March 20, 2017. On March 20, 2014 Mr. Cataford and Champion entered into an employment agreement under which Mr. Cataford is entitled to participate of 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 Mr. Cataford's 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.

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 of 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 Mrs. Garoute's 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.

(Expressed in Canadian dollars, except where otherwise indicated)

Steve Boucratie - Vice-President, General Counsel and Corporate Secretary

Mr. Boucratie was appointed Vice-President, General Counsel and Corporate Secretary of the Company on May 20, 2019. On May 20, 2019 Mr. Boucratie and Champion entered into an employment agreement under which Mr. Boucratie is entitled to participate of all elements in the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Boucratie's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Boucratie'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 Mr. Boucratie's then current 12 month base salary. If Mr. Boucratie resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did, in fact exist at the time of Mr. Boucratie's resignation the Company will be required to pay severance equal to that which would have been payable had Mr. Boucratie been terminated without cause.

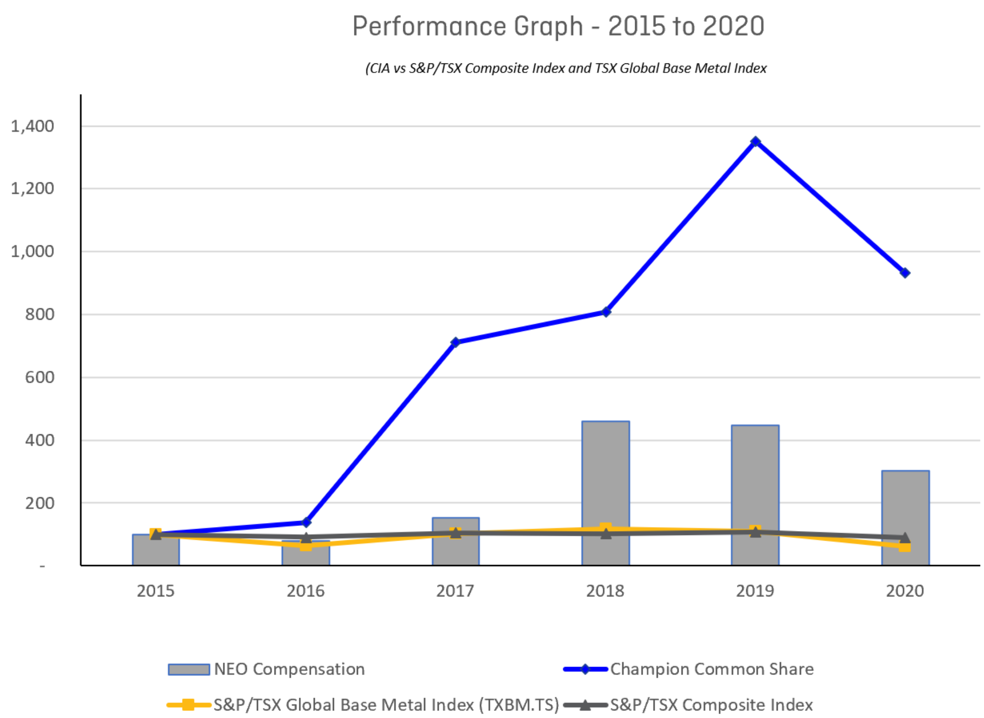
Name and Principal Position	Estimated Cash Payout on Termination		Estimated Value Vested Option Awards on Termination without Cause (1)(2) ($)
	Without Cause ($)	Change of Control (1) ($)	
Michael O'Keeffe Executive Chairman	550,000	Nil	3,450,000
David Cataford CEO	600,000	Nil	178,333
Natacha Garoute CFO	400,000	Nil	14,735
Steve Boucratie Vice-President, General Counsel and Corporate Secretary	285,000	Nil	—

(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 Shares on the TSX of $1.35 per share on March 31, 2020, and the exercise price of all "in-the-money" options.

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, 2015, 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, 2020.



From April 1, 2015 to March 31, 2020, the share price of the Company increased by 831% compared to a decrease of 10% and 38% 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 204%, from a base of $1,868,940 in 2015 to $5,680,952 in 2020.

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, 2015, 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 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 short-term incentive (bonus) and long-term incentive remuneration are tied directly or indirectly 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, (see "*Equity Remuneration Arrangements for Directors*", below for details on the New plan) non-employee directors may receive equity-based remuneration in the form of DSU grants in lieu of the whole or part of their annual compensation.

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 conducted for the year ended March 31, 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:

- annual cash retainer of $135,000 for non-executive directors;
- cash retainer of $15,000 for Chair of Audit and Remuneration and Nomination Committees;
- cash retainer of $5,000 for Committee members;
- no additional fees are paid for attendance at Board or committee meetings; and
- 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 Shareholders at annual shareholder meeting held on August 17, 2018. 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:

- provides a remuneration system for directors that is reflective of the responsibility, commitment and risk accompanying Board membership;
- assists the Company to attract and retain individuals with experience and ability to serve as members of the Board; and
- 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 (See Share Ownership Policy Section below), 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.

Mr. O'Keeffe and Mr. Cataford hold management positions in 2020, and consequently did not receive compensation for their service as directors.

SHARE OWNERSHIP POLICY

Champion established share and share-based ownership requirements (the "Share Ownership Policy") for the non-executive directors ("NED") of Champion who are compensated in their capacity as a director of Champion (collectively the "Compensated Directors"). The policy is designed to align the interests of those subject to the policy with the long-term interests of Shareholders. Each NED is required to hold that aggregate number of Shares, and vested DSUs (collectively "Champion Equity") having an aggregate value of at least three times his or her board retainer over a five-year period. Each Compensated Director is required to hold Champion Equity having an aggregate value of at least three times the value of the annual base cash retainer paid to the director as of the date of such individual becoming a Compensated Director. The required level of ownership of Champion Equity Compensated Directors is referred to as the "Relevant Threshold". Neither Mr. O'Keeffe nor Mr. Cataford were compensated in 2020 for acting as a director by virtue of their employment with Champion. In addition, Mr. Jyothish George has elected not to receive compensation and, as such, is not considered a Compensated Director. Consequently, the Share Ownership Policy did not require either of Mr. O'Keeffe, Mr. Cataford or Mr. George to hold Shares under the Share Ownership Policy. Compensated Directors are deemed to have permanently satisfied the Share Ownership Policy following the date on which either of the following values exceeds the Relevant Threshold:

- the aggregate price paid for the Champion Equity held by the Compensated Director; or
- the fair market value of the Champion Equity held by the Compensated Director.

Compensated Directors are required to comply with the policy requirements by the later of the fifth anniversary of such individual's date of hire, appointment or election. As of the date of this Remuneration Report, all Compensated Directors have met the minimum share ownership requirements.

Once the applicable ownership guideline is deemed to have been satisfied, the Compensated Director is deemed to meet the applicable ownership guideline on an on-going basis, provided that such Compensated Director does not dispose of Shares which causes such individual to fail to meet the Relevant Threshold immediately following such disposition based on the Champion Equity then held or deemed to be held by such individual.

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, 2020. All DSUs, except where noted, were fully vested on March 31, 2020.

Name	Fees earned in cash ($)	Fees earned in DSU ($)	Other Share-based awards ($)	Option-based awards ($)	All other compensation ($)	Total ($)
Gary Lawler(1) (2)	125,000	50,000	Nil	Nil	Nil	175,000
Andrew Love (2)	160,000	Nil	Nil	Nil	Nil	160,000
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil
Michelle Cormier	111,251	33,749	Nil	Nil	Nil	145,000
Wayne Wouters	101,251	33,749	Nil	Nil	Nil	135,000

(1) Mr. Lawler received a $15,000 cash retainer as Chairman of the Due Diligence Committee that was created as part of the contemplated re-domiciliation transaction during the fiscal year ended March 31, 2020.
(2) In Australian dollars.

Fees paid

The following table provides a detailed breakdown of the fees paid to non-employee directors for the year ended March 31, 2020. Fees are paid quarterly.

Name	Board Retainer Fee ($)	Committee Retainers ($)	Meeting Fees ($)	Fees Paid in Cash ($) (1)	Fees Earned in DSUs ($) (2)	Total Fees ($)
Gary Lawler (3)	135,000	40,000	Nil	125,000	50,000	175,000
Andrew Love (3)	135,000	25,000	Nil	160,000	Nil	160,000
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil
Michelle Cormier	135,000	10,000	Nil	111,251	33,749	145,000
Wayne Wouters	135,000	Nil	Nil	101,251	33,749	135,000

(1) Portion of total fees paid to the non-employee directors in cash.
(2) Portion of the total fees paid to the non-employee directors in DSUs.
(3) In Australian dollars.

(Expressed in Canadian dollars, except where otherwise indicated)

Outstanding Share-Based Awards and Option-Based Awards

Outstanding option-and share-based awards for non-executive directors as at March 31, 2020, the end of the Company's most recently completed financial year, are set out in the following table:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	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 ($)[1]	Market or Payout Value of Vested Share-based Awards not Paid Out or Distributed ($)[1]
Gary Lawler	300,000	A$1.08	July 11, 2020	A$81,000	Nil	Nil	A$48,817
Andrew Love	300,000	A$1.08	July 11, 2020	A$81,000	Nil	Nil	A$22,955
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michelle Cormier	500,000	A$1.00	August 21, 2020	A$175,000	Nil	Nil	44,038
Wayne Wouters [2]	Nil	Nil	Nil	Nil	Nil	Nil	44,287

(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, 2020, being $1.35.
(2) Mr. Wouters had 500,000 stock options expiring on November 4, 2019. He exercised all of them on October 31, 2019.

(Expressed in 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, 2020:

Name	Option-based Awards Value Vested During the Year ($)	Share-based Awards Value Vested During the Year ($)	Non-equity Incentive Plan Compensation Value Earned During the Year
Gary Lawler	A$27,000	A$50,000	Nil
Andrew Love	A$27,000	Nil	Nil
Jyothish George	Nil	Nil	Nil
Michelle Cormier	A$58,333	$33,749	Nil
Wayne Wouters	Nil	$33,749	Nil

Note: Option-based awards value vested during the year are calculated using the Company's share price on March 31, 2020 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.

DETAILS OF TOTAL REMUNERATION FOR KMP (NEO AND DIRECTORS)

Year ended March 31, 2020	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	550,000	—	—	52,250	—	—	687,500	1,289,750	53.30%	53.30%
Gary Lawler [1]	125,000	—	—	—	—	—	50,000	175,000	28.57%	28.57%
Andrew Love [1]	160,000	—	—	—	—	—	—	160,000	—	—
Michelle Cormier	111,251	—	—	—	—	—	33,749	145,000	23.28%	23.28%
Wayne Wouters	101,251	—	—	—	—	—	33,749	135,000	25.00%	25.00%
Jyothish George	—	—	—	—	—	—	—	—	—	—
David Cataford	600,000	—	753,399	43,528	—	65,098	500,000	1,962,025	38.40%	25.48%
Natacha Garoute	400,000	—	375,000	32,032	—	44,317	925,387	1,776,736	21.11%	52.08%
Steve Boucratie	238,365	—	214,719	6,136	—	25,028	560,988	1,045,236	20.54%	53.67%
	2,285,867	**—**	**1,343,118**	**133,946**	**—**	**134,443**	**2,791,373**	**6,688,747**		

(1) In Australian dollars.

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	3,421,293	82.21%	29.23%
Gary Lawler [6]	137,725	—	—	—	—		22,275	160,000	—	13.92%
Andrew Love [6]	137,725	—	—	—	—		22,275	160,000	—	13.92%
Michelle Cormier	122,665	—	—	—	—		22,275	144,940	—	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	731,839	38.43%	15.65%
Miles Nagamatsu [4]	—	63,000	—	—	—	—	—	63,000	—	—
Beat Frei [5]	—	226,042	—	28,174	570,000	—	—	824,216	—	—
	1,870,192	**289,042**	**2,593,750**	**70,311**	**570,000**	**104,719**	**1,553,581**	**7,051,595**		

(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.
(6) In Australian dollars.

(Expressed in Canadian dollars, except where otherwise indicated)

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

Stock Options as at March 31, 2020

Name	Balance April 1, 2019	Grant	Exercised	Cancelled	Held and Vested	Unvested
Michael O'Keeffe [1]	10,500,000	—	7,500,000	—	3,000,000	—
David Cataford	3,000,000	—	2,000,000	—	666,667	333,333
Natacha Garoute	200,932	174,502	—	—	250,290	125,144
Steve Boucratie	—	360,000	—	—	120,000	240,000
Gary Lawler	300,000	—	—	—	300,000	—
Andrew Love	300,000	—	—	—	300,000	—
Jyothish George	—	—	—	—	—	—
Michelle Cormier	500,000	—	—	—	500,000	—
Wayne Wouters	500,000	—	500,000	—	—	—

(1) Including 7,500,000 compensation options exercised during the fiscal year ended March 31, 2020.

Ordinary Shares as at March 31, 2020

Name	Balance April 1, 2019	Purchased	Acquired upon vesting of equity award	Sold	Balance March 31, 2020
Michael O'Keeffe	37,428,830	95,000	7,500,000	1,000,000	**44,023,830**
Gary Lawler	1,500,000	—	—	—	**1,500,000**
Andrew Love	1,482,418	62,863	—	—	**1,545,281**
Michelle Cormier	20,000	—	—	—	**20,000**
Wayne Wouters	40,000	—	500,000	100,000	**440,000**
Jyothish George	—	—	—	—	—
David Cataford	1,019,698	—	2,000,000	900,000	**2,119,698**
Natacha Garoute	—	12,500	—	—	**12,500**
Steve Boucratie	—	16,000	—	—	**16,000**

(Expressed in Canadian dollars, except where otherwise indicated)

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at March 31, 2020, 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, 2020, the number of issued and outstanding Shares of the Company was 430,469,747.

Equity Compensation 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 Compensation Plans (excluding securities reflected in column (a))
Plan Category	**(a)**	**(b)**	**(c)**
Equity Compensation plans approved by security holders [1]	6,814,334 (Options) 118,591 (DSUs)	$0.83	39,835,925
Equity Compensation plans not approved by security holders	Nil	N/A	N/A
Total	**6,932,925**	**$0.83**	**39,835,925**

(1) Includes the Previous Plan and the New Plan.

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 report.

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.

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.

Lead 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 30-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.

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, Québec. 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.

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 (Rio Tinto). Mrs. Cormier articled with Ernst & Young. She serves on the Board of Directors of Cascades Inc. and Uni-Select Inc.

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 Bachelor's in Technology from IIT Madras, India and a PhD in Mechanical Engineering from Cornell University.

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

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.

Vice-President, General Counsel and Corporate Secretary

Steve Boucratie

Steve Boucratie joined Champion Iron in May 2019 as Vice-President, General Counsel and Corporate Secretary. Steve brings more than 13 years of legal and transaction experience. Prior to joining Champion, Steve was serving as Director, Legal Affairs and Assistant Corporate Secretary for Osisko Gold Royalties Ltd. Before Osisko, Steve was a partner of the law firm Fasken Martineau Dumoulin LLP where he practiced corporate law.

Company Secretary – Australia

Pradipkumar Devalia

Mr. Devalia joined Champion Iron Limited as Company Secretary in June 2014. Prior to joining Champion Iron Limited, Mr. Devalia was a senior tax partner of PwC in Sydney and has expertise in the resources sector reporting to the Executive team and the Board of Directors of major multinational companies. Since leaving PwC, Mr. Devalia has worked as a consultant to various companies, including Riversdale Mining Limited and Rio Tinto. Mr. Devalia is a member of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia New Zealand.

Director's attendance

Name	Board of Directors Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Michael O'Keeffe	11 of 12	N/A	N/A
David Cataford (1)	10 of 10	N/A	N/A
Gary Lawler	12 of 12	6 of 6	2 of 2
Andrew Love	12 of 12	6 of 6	2 of 2
Jyothish George	10 of 12	N/A	N/A
Michelle Cormier	12 of 12	6 of 6	2 of 2
Wayne Wouters	11 of 12	N/A	N/A

(1) Mr. Cataford was appointed to the Board of Directors on May 21, 2019.

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 34 of the 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 March 31, 2020 has been received, as set out on page 73 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, Lead Director

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 March 31, 2020 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 March 31, 2020 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 March 31, 2020.

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, Lead Director

Building a better working world

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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 2020, 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

Ryan Fisk
Partner
Sydney, Australia
May 20, 2020

Champion Iron Limited

(ACN: 119 770 142)

Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019

(Expressed in thousands of Canadian dollars - audited)

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, 2020 and 2019 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

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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, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of equity and consolidated statements of cash flow for fiscal years ended March 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for fiscal years ended March 31, 2020 and 2019 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.

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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

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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.
- 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
May 20, 2020

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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 2020, 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 2020 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.

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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 $785 million from the sale of iron ore for the year ended 31 March 2020. 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: ▸ Understood the Group's process relating to the initial recognition of revenue and the re-measurement of receivables; ▸ For a sample of provisional and final sales, agreed volumes, quality and pricing to shipping documentation and invoices and verified 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 2020, including assessing the appropriateness of forecast iron ore prices used in forming the estimate; ▸ Confirmed the existence of a sample of receivables outstanding as at 31 March 2020 by agreeing collection to subsequent cash receipt; and ▸ Considered the adequacy of the disclosures included within the financial report.

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Bloom Lake Rehabilitation Provision

Why significant	How our audit addressed the key audit matter
As at 31 March 2020, the consolidated statement of financial position included $42.8m 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. 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.	Our audit procedures included the following: ‣ Understood the Group's process relating to the recognition, review and approval of rehabilitation provisions; ‣ Considered the qualifications, competence and objectivity of the Group's internal experts, who produced the surveys and updated the detailed cost estimates that were prepared by external experts in the prior year; ‣ Tested the mathematical accuracy of the rehabilitation model to support the provision balance; ‣ Considered the reasonability of assumptions used by management in the rehabilitation model, including the discount rate applied; and ‣ Considered the adequacy of the disclosures included within the financial report.

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Existence of Inventory at 31 March 2020

Why significant	How our audit addressed the key audit matter
As at 31 March 2020 the Group held \$59.6m in inventory balances. During FY20, the group performed various cycle counts on spare parts. The group also conducted various year-end inventory count procedures on all inventory types including physical count procedures as well as internal and external surveys of in-pit and concentrate stockpiles. As disclosed in Note 2 in the notes to the financial statements, the World Health Organisation declared the COVID-19 outbreak a pandemic in March 2020. The outbreak and the response of Governments in dealing with the pandemic has resulted in travel restrictions being imposed. As a result, we were unable to physically attend the stock counts performed by the group. We were however able to virtually attend inventory counts for spare parts and the survey of ore concentrate located at the port. Given the value of the balance, and significant audit consideration given to performing sufficient alternate audit procedures, we considered this a key audit matter.	Due to the fact we were unable to physically attend the stock , we were required to perform alternate procedures to verify the existence of inventory at year end. Our procedures included the following: ▸ Updated our understanding of the Group's count procedures for its spare parts inventory; ▸ Updated our understanding of the Group's physical inventory management and survey processes related to stockpiles and in-pit inventory, including the methodologies and calculations applied to period end inventory balances by management's internal and external experts; ▸ Considered the qualifications and experience of the Group's internal and external experts used to survey in-pit and concentrate stockpiles; ▸ Virtually attended a sample of stock counts of spare parts held at the mine and the year-end survey of ore concentrate located at the port; ▸ Re-performed calculations based on count and survey results for in-pit inventory as well as ore concentrate; ▸ Reconciled the physical movement in ore and concentrate stockpile volumes and quantities for the year to tonnes produced, tonnes sold and adjustments for survey differences during the year; ▸ Agreed the quantities used in the above reconciliation to the Group's production system information and sales quantities to Group's sales registers; ▸ On a sample basis, agreed sales quantities reported per the Group's sales registers to 3rd party quantity confirmations received at the time of sale, such as bills of lading; and; ▸ Considered the adequacy of the disclosures included within the financial report.

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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 2020 Annual Report, but does not include 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 accordingly we do 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, 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:

- 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.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 68 of the directors' report for the year ended 31 March 2020.

In our opinion, the Remuneration Report of Champion Iron Limited for the year ended 31 March 2020, 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

Ryan Fisk
Partner
Sydney, Australia
May 20, 2020

Champion Iron Limited

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars - audited)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Current			
Cash and cash equivalents	3	**281,363**	135,424
Short-term investments	4	**17,291**	17,907
Receivables	5	**31,249**	93,012
Prepaid expenses and advances	6	**13,035**	24,186
Inventories	7	**58,611**	44,154
		401,549	314,683
Non-current			
Investments	8	**1,546**	2,653
Advance payments	9	**32,438**	38,250
Property, plant and equipment	10	**371,540**	224,123
Exploration and evaluation assets	11	**75,525**	81,508
Derivative assets	12	**—**	10,800
Total assets		**882,598**	672,017
Liabilities			
Current			
Accounts payable and other	13,17	**55,158**	44,697
Income and mining taxes payable	26	**57,761**	34,059
Current portion of long-term debt	16	**—**	35,852
		112,919	114,608
Non-current			
Property taxes payable	14	**—**	13,940
Convertible debenture	15	**—**	12,067
Derivative liability	15	**—**	43,819
Long-term debt	16	**275,968**	193,038
Lease liabilities	17	**1,902**	—
Rehabilitation obligation	18	**42,836**	36,565
Other long-term liabilities		**4,410**	4,798
Deferred tax liabilities	26	**67,941**	37,460
Total liabilities		**505,976**	456,295
Shareholders' equity			
Share capital	19	**431,556**	237,969
Contributed surplus		**21,100**	21,404
Warrants	19	**75,336**	17,730
Foreign currency translation reserve		**381**	420
Non-controlling interest	20	**—**	65,376
Accumulated deficit		**(151,751)**	(127,177)
Total equity		**376,622**	215,722
Total liabilities and equity		**882,598**	672,017
Commitments	31		

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

Approved on May 20, 2020 on behalf of the directors

/s/ Michael O'Keeffe
Director

/s/ Andrew Love
Lead Director

Champion Iron Limited

Consolidated Statements of Income

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

	Notes	Year Ended March 31, 2020	2019
Revenues	**21**	**785,086**	655,129
Cost of sales	**22**	**(399,368)**	(351,946)
Depreciation		**(22,001)**	(14,551)
Gross profit		**363,717**	288,632
Other expenses			
Share-based payments	**19**	**(2,551)**	(1,808)
General and administrative expenses	**23**	**(21,087)**	(14,039)
Restart costs		**—**	(4,497)
Sustainability and other community expenses	**24**	**(13,540)**	(12,226)
Property taxes adjustment	**14**	**—**	7,559
Operating income		**326,539**	263,621
Net finance costs	**25**	**(85,351)**	(50,010)
Income before income and mining taxes		**241,188**	213,611
Current income and mining taxes	**26**	**(89,657)**	(34,017)
Deferred income and mining taxes	**26**	**(30,481)**	(31,995)
Net income		**121,050**	147,599
Attributable to:			
Champion shareholders		**89,426**	83,046
Non-controlling interest	**20**	**31,624**	64,553
Earnings per share			
Basic	**27**	**0.20**	0.20
Diluted	**27**	**0.19**	0.18
Weighted average number of common shares outstanding			
Basic		**441,620,000**	420,677,000
Diluted		**464,645,000**	449,508,000

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

Champion Iron Limited

Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars - audited)

		Year Ended March 31,	
	Note	**2020**	2019
Net income		**121,050**	147,599
Item that may be reclassified subsequently to the consolidated statement of income			
Net movement in foreign currency translation reserve		**(39)**	(158)
Comprehensive income		**121,011**	147,441
Attributable to:			
Champion shareholders		**89,387**	82,888
Non-controlling interest	**20**	**31,624**	64,553

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 where otherwise indicated - audited)

		Ordinary Shares		Preferred Shares							
	Notes	**Shares[1]**	**$**	**Shares**	**$**	**Contributed Surplus**	**Warrants**	**Foreign Currency Translation**	**Non-Controlling Interest**	**Accumulated Deficit**	**Total**
Balance - March 31, 2019		**430,470,000**	**237,969**	**—**	**—**	**21,404**	**17,730**	**420**	**65,376**	**(127,177)**	**215,722**
Net income		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31,624**	**89,426**	**121,050**
Other comprehensive loss		**—**	**—**	**—**	**—**	**—**	**—**	**(39)**	**—**	**—**	**(39)**
Total comprehensive income (loss)		**—**	**—**	**—**	**—**	**—**	**—**	**(39)**	**31,624**	**89,426**	**121,011**
Exercise of stock options	**19**	**2,500,000**	**832**	**—**	**—**	**(335)**	**—**	**—**	**—**	**—**	**497**
Repurchase of RQ investment	**20**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(97,000)**	**(114,000)**	**(211,000)**
Issuance of preferred shares	**19**	**—**	**—**	**185,000,000**	**159,507**	**—**	**—**	**—**	**—**	**—**	**159,507**
Fair value of warrants issued - Glencore	**15,19**	**—**	**—**	**—**	**—**	**—**	**45,362**	**—**	**—**	**—**	**45,362**
Fair value of warrants issued - CDPI	**19**	**—**	**—**	**—**	**—**	**—**	**22,288**	**—**	**—**	**—**	**22,288**
Exercise of warrants	**16,19**	**13,719,000**	**25,478**	**—**	**—**	**—**	**(10,044)**	**—**	**—**	**—**	**15,434**
Exercise of compensation options	**19**	**21,000,000**	**7,770**	**—**	**—**	**(2,520)**	**—**	**—**	**—**	**—**	**5,250**
Share-based payments	**19**	**—**	**—**	**—**	**—**	**2,551**	**—**	**—**	**—**	**—**	**2,551**
Balance - March 31, 2020		**467,689,000**	**272,049**	**185,000,000**	**159,507**	**21,100**	**75,336**	**381**	**—**	**(151,751)**	**376,622**
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	**19**	5,100,000	2,633	—	—	(608)	—	—	—	—	2,025
Fair value of share rights exercised	**19**	752,000	1,000	—	—	(1,000)	—	—	—	—	—
Exercise of conversion options - Altius	**19**	10,000,000	10,000	—	—	—	—	—	—	—	10,000
Share-based payments	**19**	—	—	—	—	1,808	—	—	—	—	1,808
Balance - March 31, 2019		430,470,000	237,969	—	—	21,404	17,730	420	65,376	(127,177)	215,722

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, 2020	2019
Cash provided by (used in)			
Operating Activities			
Net income		**121,050**	147,599
Items not affecting cash			
Depreciation	**10,35**	**22,001**	14,551
Share-based payments	**19**	**2,551**	1,808
Loss on debt repayments	**25**	**57,274**	—
Accretion of borrowing costs and debt discount	**25**	**3,211**	3,811
Change in fair value of derivative liability	**25**	**1,543**	19,136
Accretion of the rehabilitation obligation	**25**	**171**	167
Unrealized loss on investments	**25**	**1,107**	1,597
Unrealized foreign exchange loss		**2,487**	3,446
Change in fair value of derivative assets	**12,25**	**(1,907)**	(10,800)
Deferred income and mining taxes	**26**	**30,481**	31,995
Interest		**(19,517)**	17,650
		220,452	230,960
Changes in non-cash operating working capital	**35**	**89,115**	(54,262)
Net cash flows from operating activities		**309,567**	176,698
Financing Activities			
Proceeds of long-term debt	**16**	**267,522**	74,195
Repayment of long-term debt	**16**	**(234,464)**	(7,636)
Repurchase of common shares - RQ	**20**	**(211,000)**	—
Issuance of preferred shares, net of transaction costs	**19**	**181,795**	—
Repayment of convertible debenture	**15**	**(31,980)**	—
Transaction costs on credit facilities	**16**	**(7,322)**	(1,618)
Exercise of warrants	**19**	**15,434**	—
Exercise of compensation options	**19**	**5,250**	—
Payment of lease liabilities	**17**	**(622)**	—
Termination of production payment agreement ("PPA")		**—**	(4,564)
Repayment of capitalized interest - Glencore	**15**	**—**	(4,429)
Exercise of stock options		**497**	2,025
Repayment of note payable		**—**	(37,472)
Net cash flows from financing activities		**(14,890)**	20,501
Investing Activities			
Withdrawal (investment) in short-term investments		**616**	(616)
Purchase of property, plant and equipment	**10,35**	**(152,817)**	(62,942)
Exploration and evaluation assets		**(691)**	(9,372)
Net cash flows from investing activities		**(152,892)**	(72,930)
Net increase in cash and cash equivalents		**141,785**	124,269
Cash and cash equivalents, beginning of year		**135,424**	7,895
Effects of exchange rate changes on cash and cash equivalents		**4,154**	3,260
Cash and cash equivalents, end of year		**281,363**	135,424
Interest paid		**41,405**	13,526
Mining tax paid		**65,949**	—

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 Québec, approximately 300 km north of Sept-Iles and 13 km from the town of Fermont, Québec, Canada. The Company declared commercial production at the Bloom Lake Mine as of June 30, 2018.

The Bloom Lake Mine assets are held through Québec Iron Ore Inc. ("QIO"), a wholly-owned subsidiary of Champion. Ressources Québec ("RQ"), a subsidiary of the governmental agency Investissement Québec, was the owner of a 36.8% interest in QIO until August 16, 2019 when the Company acquired RQ's 36.8% equity interest in QIO. Refer to note 20 - Non-Controlling Interest.

2. Significant Accounting Policies and Future Accounting Changes

A. Basis of preparation

The Company's audited consolidated financial statements are for the group consisting of Champion Iron Limited and its subsidiaries.

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 May 20, 2020.

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.	100.0%	Canada	Canadian dollars
Lac Bloom Railcars Corporation Inc.	100.0%	Canada	U.S. dollars

The ownership percentage of QIO increased from 63.2% to 100% during the year ended March 31, 2020. Refer to note 20 - Non-Controlling Interest. There have been no changes in ownership percentages from the comparative period for the other significant subsidiaries.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

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; and
- 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.

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. 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.

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	Straight-line over 3 years or units-of-production basis over the recoverable reserves
Mining development and stripping asset	Straight-line over 5 years or units-of-production basis over the recoverable reserves
Asset rehabilitation obligation and other	Straight-line over 3 to 24 years or units-of-production basis over the recoverable reserves
Right-of-use assets	Straight-line over 2 to 8 years or units-of-production basis over the recoverable reserves

2. Significant Accounting Policies and Future Accounting Changes (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; and
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.

Assets under construction
i) Property, plant and equipment in the course of construction or use for its own purposes
The cost comprises their purchase price and any costs directly attributable to bringing them into working condition for their intended use. Assets under construction are carried at cost less any recognized impairment loss and are not subject to depreciation. Assets under construction are classified to the appropriate category of property, plant and equipment and the depreciation of these assets commences when the assets are ready for their intended use.

ii) Mineral properties under development
Costs incurred subsequent to the establishment of the technical feasibility and commercial viability of the extraction of resources from a particular mineral property. Capitalized costs, including mineral property acquisition costs and certain mine development and construction costs, are not depreciated until the related mining property has reached a level of operating capacity pre-determined by management, often referred to "as commercial production" or expected capacity. The date of transition from construction to commercial production or expected capacity accounting is based on both qualitative and quantitative criteria such as substantial physical project completion, sustained level of mining, sustained level of processing activity, and passage of a reasonable period of time. Upon completion of mine construction activities (based on the determination of commercial production or expected capacity), costs are removed from assets under development and incorporated into the appropriate categories of property, plant and equipment and supplies inventories.

Exploration and evaluation assets
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 Québec 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 to the extent of any impairment.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

Impairment of non-financial assets
The Company's non-financial assets, such as property, plant and equipment and exploration and evaluation assets are reviewed for an indication of impairment at each reporting date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized in the consolidated statements of income when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected cash flows of the relevant assets or CGUs). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. However, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

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 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 - Glencore
The convertible debenture, Glencore consisted 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 was reassessed at each reporting date. The equity conversion feature was accounted for as a derivative liability on the Company's consolidated statement of financial position.

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 and issuance costs
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.

Proceeds from issuance of share capital are allocated between shares capital and ordinary share purchase warrants by calculating the fair value of the warrants using the Black-Scholes option pricing model and recording the share capital portion using the residual method as the difference between the fair value of the warrants and the proceeds received. Issuance costs are allocated pro rata between the share capital and warrants and netted against each component.

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.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

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. 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).

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 reporting date, 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

i) Stock option plan

The Company offers a stock option plan for its directors and employees. 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.

ii) Other equity settled awards

For other equity settled awards, share-based compensation costs are measured at fair value and the awards expected to vest are accrued on a straight-line basis over the vesting period with a corresponding increase in contributed surplus. The grant date fair value of performance share unit ("PSU") awards, restricted share unit ("RSU") awards and deferred share unit ("DSU") awards is determined using the stock price of the Company on the Toronto Stock Exchange at the grant date.

iii) Share-based payment transactions

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

Restart costs include 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.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are 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.

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

Financial assets are either classified and measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income.

In order for financial assets to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that represent solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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 derecognized (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

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.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

Financial assets *(continued)*
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 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.

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.

iv) Financial assets at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognized as part of finance income in the statement of income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

v) 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 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. Significant Accounting Policies and Future Accounting Changes (continued)

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

Financial assets (continued)

v) 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. 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 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.

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.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

Lease

i) Policies applicable starting April 1,2019 following adoption of IFRS 16, Leases

Leases are recognized as a right-of-use asset in property, plant and equipment and a corresponding liability in lease liabilities at the date at which the leased asset is available for use by the Company.

The right-of-use assets are initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the Company; and
- restoration costs.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation. The right-of use asset is depreciated either over the shorter of the asset's useful life and the lease term on a straight-line basis or the units-of-production basis over the recoverable reserves. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used.

Each lease payment is allocated between the repayment of the principal portion of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Payments associated with short-term leases, leases of low value assets and certain variable lease payments are recognized on a straight-line basis as an expense in profit or loss.

ii) Policies applicable prior to April 1,2019 when the Company followed IAS 17, Leases ("IAS 17") and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4")

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized as property, plant and equipment at the lower of the fair value and the present value of minimum lease payments at inception of the lease. A corresponding liability is recorded as a finance lease obligation. All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in profit or loss on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs attributable to the acquisition, development or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use. Interests on long-term debt are capitalized in assets under construction until substantially all the activities necessary to prepare the asset for its intended use are complete. Otherwise, borrowing costs are expensed as incurred in profit or loss.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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.

Uncertainty due to COVID-19
In March 2020, the World Health Organization declared a global pandemic related to COVID-19. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19.

On March 24, 2020, the Company announced the ramp down of operations at Bloom Lake, following a directive from the Québec Government, which required mining activities to be reduced to a minimum in the province of Québec, Canada. On April 23, 2020, the Company announced it will gradually ramp up operations at Bloom Lake following a subsequent announcement from the Government that effective April 15, 2020, mining activities were to be considered a "priority service" and allowed to resume normal operations, conditional on the implementation of guidelines aiming to contain the risks related to the COVID-19 pandemic.

In the current environment, the inputs and assumptions and judgments are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends but is not limited to the Company's valuation of the long-term assets (including the assessment for impairment), estimation of reclamation provisions and estimation of mineral reserves and mineral resources. While the Company has considered the impact of COVID-19 on these financial accounts, actual results may differ materially from these estimates.

Estimates of mineral reserves and resources
The amounts used in units of production depreciation, impairment indicators analysis and stripping costs 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. Refer to note 10 - Property, Plant and Equipment.

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

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. Refer to note 18 - Rehabilitation Obligation.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

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. Refer to note 19 - 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. Thus, the performance obligation is satisfied at a point in time. At that time, Company has transferred the significant risks and rewards relating to the customer, the legal title and the Company has physically transferred the concentrate.

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 fails the SPPI and the receivable 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, 2020, there was US$62,099,000 (March 31, 2019: US$81,472,000) 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. Refer to note 26 - Income and Mining Taxes.

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

E. New accounting standards issued and adopted by the Company

New 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 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.

IFRS 16 was adopted on April 1, 2019, and the Company elected to use the modified retrospective approach, whereby the comparative periods were not restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

2. Significant Accounting Policies and Future Accounting Changes (continued)

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

IFRS 16, Leases ("IFRS 16") (continued)
The Company applied the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application and did not reassess contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. In addition, the Company elected to apply recognition exemptions available in the standard for lease contracts where the lease term ends within 12 months of the date of initial application or lease commencement date and that do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

Where the Company is a lessee, IFRS 16 results in the on-balance sheet recognition of its leases that are considered operating leases under IAS 17. This results in the gross-up of the balance sheet through the recognition of a right-of-use asset and a liability for the present value of the future lease payments. Depreciation expense on the right-of-use asset and interest expense on the lease liability replace the operating lease expense. The impact of adopting this standard on the cash flow statement is neutral, however the principal repayment of the lease liabilities will be presented in financing activities under IFRS 16, whereas previously it was presented in operating activities.

The adoption of IFRS 16 resulted in the recognition of right-of-use assets (within property, plant and equipment) and lease liabilities for operating leases in the amount of $1,291,000 as at April 1, 2019. The weighted average incremental borrowing rate applied to lease liabilities recognized at the date of initial application was 4.8%.

The undiscounted commitments of the Company as of March 31, 2019 amounted to $398,352,000, as presented in the annual consolidated financial statements and notes thereto included for the fiscal year ended March 31, 2019. The difference is primarily due to the commitments of the Company being composed of take-or-pay logistic contracts or the commitment related to the Impact and Benefit Agreement, which do not qualify as a lease under IFRS 16.

IFRIC 23, Income taxes ("IFRIC 23")
In June 2017, the IASB released IFRIC 23, Uncertainty Over Income Tax Treatments. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 was adopted effective April 1, 2019 and did not result in any adjustment.

IAS 23, Borrowing costs ("IAS 23")
On April 1, 2019, the Company adopted the amendments to IAS 23, which clarify which borrowing costs are eligible for capitalization in particular circumstances and concluded that there is no impact on its financial statements upon its adoption.

F. New accounting standards issued but not yet in effect

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, 2020.

IFRS 3, Business combinations ("IFRS 3")
Amendments to IFRS 3, clarify the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and other. The amendments also introduce an optional "concentration test" that can lead to a conclusion that the acquisition is not a business combination. IFRS 3 is applicable for the Company on April 1, 2020. The Company does not expect any impact in its financial statements upon the amendments of IFRS 3.

IAS 1, Presentation of financial statements ("IAS 1"), and IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")
Definition of Material (Amendments to IAS 1 and to IAS 8) is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. IAS 1 and IAS 8 are applicable for the Company on April 1, 2020. The Company does not expect any impact in its financial statements upon the amendments of IAS 1 and IAS 8.

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

3. Cash and Cash Equivalents

As at March 31, 2020, cash and cash equivalents totalling $281,363,000 (March 31, 2019: $135,424,000) consisted of cash in bank chequing accounts. As at March 31, 2020, the Company's cash balance is comprised of $129,644,000 U.S. dollars ($183,926,000), $379,000 Australian dollars ($329,000), and $97,108,000 Canadian dollars.

4. Short-Term Investments

	As at March 31, 2020	As at March 31, 2019
Pledged as security for letters of credit to third parties	**16,941**	16,941
Pledged as security for credit card obligations	**350**	350
Unpledged short-term investments	**—**	616
	17,291	17,907

Short-term investments are pledged as security in accordance with third party agreements. Maturity date of those agreements are less than 12 months, with a renewal option.

5. Receivables

	As at March 31, 2020	As at March 31, 2019
Trade receivables	**15,944**	79,464
Sales tax	**12,958**	12,705
Other receivables	**2,347**	843
	31,249	93,012

For the year ended March 31, 2020, no specific provision was recorded on any of the Company's receivables (March 31, 2019: nil). Receivables are generally settled within six months and are therefore, collectable. As at March 31, 2020, the trade receivables, subject to provisional pricing, amounts to a payable balance of $10,879,000 (March 31, 2019: receivable balance of $29,475,000). The Company has no receivables past due as at March 31, 2020 (March 31, 2019: nil) and holds no collateral for any receivable amounts outstanding as at March 31, 2020 (March 31, 2019: nil).

6. Prepaid Expenses and Advances

	As at March 31, 2020	As at March 31, 2019
Rail transportation	**150**	9,245
Port	**2,007**	1,943
Logistic	**5,163**	10,714
Other	**5,715**	2,284
	13,035	24,186

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

7. Inventories

	As at March 31, 2020	As at March 31, 2019
Stockpiled ore	**13,630**	14,572
Concentrate inventories	**16,560**	10,196
Supplies and spare parts	**28,421**	19,386
	58,611	44,154

The amount of inventories recognized as an expense totalled $421,369,000 for the year ended March 31, 2020 ($366,497,000 for the year ended March 31, 2019). For the year ended March 31, 2020, no specific provision was recorded on any of the Company's inventories (March 31, 2019: nil).

8. Investments

	As at March 31, 2020	As at March 31, 2019
Investments in Listed Common Shares		
Fancamp Exploration Ltd.	**880**	1,980
Other	**666**	673
	1,546	2,653

Investments in listed common shares are classified as financial assets at fair value through profit or loss. For the year ended March 31, 2020, the net decrease in the fair value of investments in common shares of $1,107,000 (net decrease for the year ended March 31, 2019 – $1,597,000) has been recorded as an unrealized loss on investments in the net finance costs of the consolidated statements of income. Refer to note 25 - Net Finance Costs.

9. Advance Payments

	As at March 31, 2020	As at March 31, 2019
Port	**19,825**	21,842
Railway and port facilities	**5,600**	4,610
Deposit related to rehabilitation obligation	**—**	6,000
Investment in railway and port facilities partnership	**1,000**	1,000
Other long-term advance	**6,013**	4,798
	32,438	38,250

9. Advance Payments (continued)

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 tonnes 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 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 tonne.

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 makes annual advance payments of $3,750,000 to SFPPN to guarantee access to the yard. During the year ended March 31, 2019, the Company made additional advance to SFPPN to support its working capital needs of approximately $800,000. No additional advance has been done for the year ended March 31, 2020.

Deposit related to rehabilitation obligation

In accordance with the agreement with the Québec government, the Company deposited $6,000,000 to the Ministry of Finance during the year ended March 31, 2019. The deposit was reimbursed to the Company during the year ended March 31, 2020 following the reclamation bond subscription by the Company.

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[1]	Mining Development and Stripping Asset[2]	Asset Rehabilitation Obligation and Other[3]	Subtotal	Right-of-use assets	Total
Cost									
March 31, 2019	**116,573**	**47,766**	**18,005**	**24,700**	**19,864**	**16,640**	**243,548**	**—**	**243,548**
Adoption of IFRS 16[4]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,291**	**1,291**
Additions	**1,352**	**—**	**—**	**128,450**	**21,241**	**16,522**	**167,565**	**2,221**	**169,786**
Transfers and disposals	**32,530**	**(6,823)**	**55,191**	**(87,762)**	**—**	**(8)**	**(6,872)**	**6,823**	**(49)**
Foreign exchange	**—**	**2,478**	**—**	**—**	**—**	**—**	**2,478**	**—**	**2,478**
March 31, 2020	**150,455**	**43,421**	**73,196**	**65,388**	**41,105**	**33,154**	**406,719**	**10,335**	**417,054**
Accumulated depreciation									
March 31, 2019	**12,912**	**3,818**	**498**	**—**	**447**	**1,750**	**19,425**	**—**	**19,425**
Depreciation	**17,192**	**1,772**	**3,485**	**—**	**424**	**1,804**	**24,677**	**1,094**	**25,771**
Transfers and disposals	**(17)**	**(158)**	**—**	**—**	**—**	**—**	**(175)**	**158**	**(17)**
Foreign exchange	**—**	**335**	**—**	**—**	**—**	**—**	**335**	**—**	**335**
March 31, 2020	**30,087**	**5,767**	**3,983**	**—**	**871**	**3,554**	**44,262**	**1,252**	**45,514**
Net book value - March 31, 2020	**120,368**	**37,654**	**69,213**	**65,388**	**40,234**	**29,600**	**362,457**	**9,083**	**371,540**

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dykes	Assets under Construction	Mining Development and Stripping Asset[2]	Asset Rehabilitation Obligation and Other[3]	Subtotal	Right-of-use assets	Total
Cost									
March 31, 2018	23,766	39,532	3,000	107,894	—	5,412	179,604	—	179,604
Additions	6,552	6,823	14,941	21,795	11,740	1,291	63,142	—	63,142
Transfers and disposals	86,255	—	64	(104,989)	8,124	9,942	(604)	—	(604)
Foreign exchange	—	1,411	—	—	—	(5)	1,406	—	1,406
March 31, 2019	116,573	47,766	18,005	24,700	19,864	16,640	243,548	—	243,548
Accumulated depreciation									
March 31, 2018	4,576	1,818	13	—	—	478	6,885	—	6,885
Depreciation	8,837	2,194	485	—	447	1,380	13,343	—	13,343
Transfers and disposals	(501)	—	—	—	—	(101)	(602)	—	(602)
Foreign exchange	—	(194)	—	—	—	(7)	(201)	—	(201)
March 31, 2019	12,912	3,818	498	—	447	1,750	19,425	—	19,425
Net book value - March 31, 2019	103,661	43,948	17,507	24,700	19,417	14,890	224,123	—	224,123

1 During the development period of the Bloom Lake Phase II expansion project, the amount of borrowing costs capitalized for the year ended March 31, 2020 was $1,405,000 (March 31, 2019: nil). Borrowing costs consisted of interest expense on the long-term debt (note 16). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the year ended March 31, 2020 was 5.9% (March 31, 2019: nil).

2 The addition to the stripping asset includes production expenses capitalized and allocated depreciation of property, plant and equipment amounting to $10,700,000 and $1,431,000, respectively (March 31, 2019: $10,859,000 and $200,000, respectively).

3 Includes software with a cost and accumulated depreciation of $4,136,000 and $1,635,000, respectively, as at March 31, 2020 ($2,192,000 and $720,000, respectively, as at March 31, 2019).

4 Represents the initial recognition of right-of-use assets as at April 1, 2019 following the adoption of IFRS 16. Refer to note 2 - Significant Account Policies and Future Account Changes.

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

10. Property, Plant and Equipment (continued)

Right-of-use assets consist of the following:

	Building	Mining and Processing Equipment	Locomotives, Railcars and Rails	Total
March 31, 2019	—	—	—	—
Right-of-use assets as per IFRS 16 as at April 1, 2019	**1,019**	**272**	—	**1,291**
Additions	**800**	**1,421**	—	**2,221**
Transfers	—	—	**6,665**	**6,665**
Depreciation	**(179)**	**(579)**	**(336)**	**(1,094)**
March 31, 2020	**1,640**	**1,114**	**6,329**	**9,083**

Refer to note 17 - Lease Liabilities.

11. Exploration and Evaluation Assets

	Labrador Trough	Newfoundland	Total
March 31, 2019	**79,293**	**2,215**	**81,508**
Additions	**468**	**223**	**691**
Transfers to property, plant and equipment	**(6,674)**	—	**(6,674)**
March 31, 2020	**73,087**	**2,438**	**75,525**

	Labrador Trough	Newfoundland	Total
March 31, 2018	71,868	269	72,137
Additions	7,425	1,946	9,371
March 31, 2019	79,293	2,215	81,508

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.

12. Derivative Assets

	Notes	As at March 31, 2020	As at March 31, 2019
Prepayment option - Sprott Private Resource Lending (Collector), LP ("Sprott")	**16**	—	5,879
Variable interest - CDP Investissements Inc. ("CDPI")	**16**	—	3,904
Variable interest - Glencore International AG ("Glencore")	**15**	—	1,017
		—	10,800

These derivatives were extinguished due to the repayments of the previously issued debt facilities and the unsecured subordinated convertible debenture ("Debenture") on August 16, 2019. As a result, a write-off of $12,707,000 has been recognized in the year ended March 31, 2020 following a change in the fair value of the derivative assets by $1,907,000 for the same period. Refer to note 25 - Net Finance Costs. As at June 30, 2019, the value of the Sprott, CDPI and Glencore derivative assets were $5,768,000, $5,603,000 and $1,336,000, respectively, for a total balance of $12,707,000.

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

13. Accounts Payable and Other

	Notes	As at March 31, 2020	As at March 31, 2019
Trade payable and accrued liabilities		**44,491**	37,478
Wages and benefits		**9,679**	7,219
Current portion of lease liabilities	**17**	**988**	—
		55,158	44,697

14. Property Taxes Payable

The property taxes payable relates to the real estate taxes of the municipality of Fermont, Québec. Following the acquisition of the Bloom Lake property, the Company received a revised assessment confirming a lower taxable value which resulted in a provision decrease amounting to $7,559,000 for the year ended March 31, 2019.

As at March 31, 2019, property taxes payable of $13,940,000, which bore interest rate of 12%, included property taxes of $8,956,000, accrued interest of $1,918,000 and property transfer duties of $3,066,000. The Company fully repaid the property taxes balance during the year ended March 31, 2020.

15. Convertible Debenture

	As at March 31, 2020		As at March 31, 2019	
	Convertible Debenture	**Conversion Option**	**Convertible Debenture**	**Conversion Option**
Opening balance	**12,067**	**43,819**	14,016	24,683
Capital repayment	**(31,200)**	**—**	—	—
Change in fair value	**—**	**1,543**	—	19,136
Accretion of debt discount	**296**	**—**	(215)	—
Capitalized interest	**—**	**—**	2,695	—
Payment of capitalized interest	**—**	**—**	(4,429)	—
Non-cash loss on repayment of debt[1]	**18,837**	**—**	—	—
Write-off of conversion option	**—**	**(45,362)**	—	—
Ending balance	**—**	**—**	12,067	43,819

On August 16, 2019, the Company fully repaid the $31,200,000 Debenture with Glencore and the conversion option granting Glencore the right to convert into the ordinary shares of the Company was extinguished. Prepayment penalty fees of $780,000 were also paid for the repayment of the Debenture, resulting in a total repayment of $31,980,000. Refer to note 25 - Net Finance Costs.

The repayment did not affect the off-take agreement with Glencore.

1 The non-cash loss on repayment of debt represents a non-cash expense to eliminate the unamortized borrowing costs and debt discount. Refer to note 25 - Net Finance Costs.

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

15. Convertible Debenture (continued)

Derivative

In connection with the Debenture, a prepayment option derivative asset existed in respect with the option to prepay the debt with Glencore. The fair value of the prepayment option derivative asset was calculated to be nil (March 31, 2019: nil). Upon repayment of the Debenture, the derivative asset was extinguished.

In addition, a variable interest derivative asset existed in respect of variable interest based on price of iron ore. Its fair value was calculated to be $1,336,000 as at June 30, 2019, an increase from its fair value of $1,017,000 as at March 31, 2019. Upon repayment of the Debenture, the derivative asset was extinguished. Refer to note 12 - Derivative Assets.

Finally, a conversion option derivative liability existed in respect to the option of Glencore to convert the Debenture into ordinary shares of the Company. The equity conversion feature was accounted for as a derivative liability on the consolidated statements of financial position. The fair value of the conversion option derivative liability was calculated using the Black-Scholes option pricing model and totalled $43,819,000 as at March 31, 2019. Its fair value was subsequently increased by $1,543,000, reaching $45,362,000 immediately before the repayment of the Debenture on August 16, 2019. As a result, the derivative liability was extinguished.

Warrants

Because the Company elected to prepay the Debenture and the Debenture was not converted into ordinary shares of the Company by Glencore prior to repayment on August 16, 2019, the Company granted 27,733,000 ordinary share purchase warrants to Glencore, entitling the holder to purchase 27,733,000 ordinary shares of the Company for $1.125 until October 13, 2025.

The ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

The fair value of the ordinary share purchase warrants estimated at $45,362,000 was calculated using the Black-Scholes option pricing model with the following assumptions:

	Assumptions
Purchase warrants granted	**27,733,000**
Exercise price	**$1.125**
Share price	**$2.06**
Risk-free interest rate	**1.16%**
Expected volatility based on historical volatility	**84%**
Valuation date	**August 16, 2019**
Expected life of purchase warrants	**6.2 years**
Expected dividend yield	**0%**
Forfeiture rate	**0%**
Fair value	**$45,362,000**

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

16. Long-Term Debt

	Sprott	CDPI	Credit Facilities	As at March 31, 2020	As at March 31, 2019
Opening balance	**97,986**	**130,904**	**—**	**228,890**	141,225
Advances	**—**	**—**	**267,522**	**267,522**	74,195
Capital repayment	**(98,596)**	**(132,860)**	**—**	**(231,456)**	(7,636)
Capitalized interest	**—**	**—**	**—**	**—**	15,147
Payment of capitalized interest	**(5,574)**	**(13,943)**	**—**	**(19,517)**	(432)
Transaction costs	**—**	**—**	**(8,985)**	**(8,985)**	(1,618)
Accretion	**927**	**775**	**1,213**	**2,915**	(619)
Unrealized foreign exchange	**(709)**	**(852)**	**16,218**	**14,657**	8,628
Non-cash loss on repayment of debt[1]	**5,966**	**15,976**	**—**	**21,942**	—
	—	**—**	**275,968**	**275,968**	228,890
Less current portion	**—**	**—**	**—**	**—**	(35,852)
Ending balance	**—**	**—**	**275,968**	**275,968**	193,038

On August 16, 2019, QIO entered into a US$200,000,000 lending arrangement with Bank of Nova Scotia and Société Générale as joint-lead arrangers as well as various lenders. Transaction costs of $8,985,000 were incurred for this transaction, for which $1,663,000 were paid during the previous year, resulting in a net cash payment of $7,322,000 for the year ended March 31, 2020.

The proceeds of the lending arrangement were primarily used to fully repay previously issued debt facilities held by QIO. Prepayment penalty fees of $3,008,000 were also paid for the repayment of the Sprott facility, resulting in a total repayment of $234,464,000. Refer to note 25 - Net Finance Costs.

The terms of the lending arrangement are as follows:

Amount:	US$ 180,000,000 single draw non-revolving credit facility (the "Term Facility") US$ 20,000,000 revolving credit facility (the "Revolving Facility") (collectively the "Credit Facilities")
Maturity:	Term Facility: August 16, 2024 Revolving Facility: August 16, 2022
Interest:	The Credit Facilities are subject to interest based on LIBOR and a financial margin that fluctuates from 2.85% to 3.75% depending on whether the net debt to EBIDTA ratio is below 1.0 or greater than 2.5. As at March 31, 2020, the interest rate was 4.8%, which represented the LIBOR rate + 2.85%.
Repayment:	Term Facility - commencing on June 30, 2021, and quarterly thereafter, 1/12th of the principal balance outstanding.
Covenants:	The Credit Facilities are subject to operational and financial covenants, all of which have been met as at March 31, 2020.
Collateral:	All of the present and future undertakings, properties and assets of QIO and Lac Bloom Railcars Corporation Inc. The Company guaranteed all the obligations of QIO and Lac Bloom Railcars Corporation Inc. and pledged all of the shares it holds in QIO and Lac Bloom Railcars Corporation Inc.

The US$20,000,000 Revolving Facility was fully drawn on March 31, 2020.

Derivatives

A prepayment option derivative asset existed in respect with the option to prepay the debt with Sprott. The fair value of the prepayment option derivative asset was calculated to be $5,768,000 as at June 30, 2019, a decrease from its fair value of $5,879,000 as at March 31, 2019. This derivative asset was extinguished upon the repayment of previously issued debt facilities on August 16, 2019. Refer to note 12 - Derivative Assets.

In addition, a variable interest derivative asset existed on the debt with CDPI in respect of variable interest based on price of iron ore. Its fair value was calculated to be $5,603,000 as at June 30, 2019, an increase from its fair value of $3,904,000 as at March 31, 2019. This derivative asset was extinguished upon the repayment of previously issued debt facilities on August 16, 2019. Refer to note 12 - Derivative Assets.

1 The non-cash loss on repayment of debt represents a non-cash expense to eliminate the unamortized borrowing costs and debt discount. Refer to note 25 - Net Finance Costs.

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

16. Long-Term Debt (continued)

Warrants

In connection with the debt with Sprott and CDPI, the Company issued: (a) 3,000,000 ordinary 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 ordinary 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. During the year ended March 31, 2020, Sprott and CDPI exercised their right to purchase 2,719,000 and 11,000,000 ordinary shares, respectively, at $1.125 per share for total proceeds of $3,059,000 and $12,375,000, respectively. As at March 31, 2020, Sprott and CDPI still own 281,000 and 10,000,000 ordinary share purchase warrants, respectively.

The fair value of the ordinary share purchase warrants was initially calculated using the Black-Scholes option pricing model. The fair values initially attributed to Sprott and CDPI warrants were respectively $1,980,000 and $15,750,000 at issuance. As at March 31, 2020, the fair value attributed to the remaining 281,000 Sprott warrants and 10,000,000 CDPI warrants were $186,000 and $7,500,000, respectively. The ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

17. Lease Liabilities

	Notes	**As at March 31, 2020**	As at March 31, 2019
Opening balance		**—**	—
Lease liabilities as per IFRS 16 as at April 1, 2019	**2**	**1,291**	—
New lease liabilities		**2,221**	—
Payments		**(622)**	—
		2,890	—
Less current portion classified in "accounts payable and other"	**13**	**(988)**	—
Ending balance		**1,902**	—

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of 4.8%.

The expense related to short term leases, low value leases and variable leases were $1,302,000, $472,000 and $3,043,000, respectively, for the year ended March 31, 2020 (March 31, 2019: nil). These expenses were included in cost of sales. The total cash outflow for leases was $5,439,000 for the year ended March 31, 2020 (March 31, 2019: nil).

18. Rehabilitation Obligation

	As at March 31, 2020	As at March 31, 2019
Opening balance	**36,565**	35,893
Increase due to reassessment of the rehabilitation obligation	**6,643**	—
Accretion expense	**171**	167
Effect of change in discount rate	**(543)**	505
Ending balance	**42,836**	36,565

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 0.43% (0.46% for the year ended on March 31, 2019) representing a risk-free rate. The future rehabilitation obligation was reassessed during the year ended March 31, 2020 based on the reclamation plan approved by the government in July 2019. The undiscounted amount related to the rehabilitation obligation is estimated at $46,300,000 as at March 31. 2020 (2019: $39,900,000).

19. Share Capital and Reserves

a) Authorized

The Company's share capital consists of authorized:
• Unlimited number of ordinary shares, without par value; and
• Unlimited number of preferred shares, without par value, issuable in series.

b) Ordinary share issuances

	Year Ended March 31,	
	2020	2019
	(in thousands)	(in thousands)
Shares		
Opening balance	**430,470**	414,618
Shares issued for exercise of warrants	**13,719**	—
Shares issued for exercise of compensation options	**21,000**	—
Shares issued for exercise of options - incentive plan	**2,500**	4,100
Shares issued for exercise of options - outside plan	**—**	1,000
Shares issued for exercise of share rights	**—**	752
Shares issued - conversion of Altius debenture	**—**	10,000
Ending balance	**467,689**	430,470

During the year ended March 31, 2020, the Company issued 37,219,000 ordinary shares. 13,719,000 ordinary shares were issued further to the exercise of purchase warrants associated with the Sprott and CDPI facilities (Refer to note 16 - Long-Term Debt), 2,500,000 ordinary shares were issued further to the exercise of stock options and 21,000,000 ordinary shares were issued further to the exercise of compensation options.

c) Preferred share issuances

	Year Ended March 31,	
	2020	2019
	(in thousands)	(in thousands)
Shares		
Opening balance	**—**	—
Issuance of preferred shares	**185,000**	—
Ending balance	**185,000**	—

On August 16, 2019, QIO issued preferred shares for consideration of $185,000,000 to CDPI (the "Preferred Shares"). Transaction costs of $3,205,000 were incurred for this transaction, resulting in net proceeds of $181,795,000. The Preferred Shares accumulate dividends, if and when declared by QIO. 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/t to 13.25% should the gross realized iron ore price decrease below US$65/t. As at March 31, 2020, the Preferred Shares accumulated and undeclared dividends amounted to $10,689,000, which is accrued only when declared by QIO.

The Preferred Shares are retractable at the option of CDPI upon i) liquidation, dissolution or windup of QIO or the Company, or certain events being within the control of the Company being ii) change of control of QIO or the Company, iii) sale of substantially all of the assets of QIO or iv) completion of an initial public offering by QIO. The Preferred Shares and accrued dividends can be repaid at parity after its second anniversary with no penalty.

At any time after the tenth (10th) anniversary, and provided that the Preferred Shares are not redeemed in full, CDPI shall have the right to notify QIO of its desire that QIO commence a sale transaction of QIO. As such a sale transaction would not result in the redemption in cash of the Preferred Shares unless the Company determines that a liquidation of assets would generate the highest sale proceeds, such decision remaining in the control of the Company. The Preferred Shares were accounted for as equity in the consolidated statements of equity.

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

19. Share Capital and Reserves (continued)

c) Preferred share issuances (continued)

In connection with the preferred share offering with CDPI, the Company issued 15,000,000 ordinary share purchase warrants to CDPI, entitling the holder to purchase 15,000,000 ordinary shares of the Company for $2.45 until August 16, 2026. The ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

The fair value of the ordinary share purchase warrants estimated at $22,288,000, which reduced the value attributed to the Preferred Shares recognized in equity, was calculated using the Black-Scholes option pricing model with the following assumptions:

	Assumptions
Purchase warrants granted	**15,000,000**
Exercise price	**$2.45**
Share price	**$2.06**
Risk-free interest rate	**1.16%**
Expected volatility based on historical volatility	**84%**
Valuation date	**August 16, 2019**
Expected life of purchase warrants	**7 years**
Expected dividend yield	**0%**
Forfeiture rate	**0%**
Fair value	**$22,288,000**

d) Share-based payments

The Company has various share-based compensation plans for eligible employees and directors. The objective of the Omnibus Incentive Plan is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company. Under the Omnibus Incentive Plan, the Company grants stock option awards, DSU awards, RSU awards and PSU awards.

Stock option awards and RSU awards vest annually in three equal tranches from the date of grant. DSU awards vest at the date of the grant. PSU awards vest at the end of three years from the date of grant and vesting is subject to key performance indicators established by the Board of Directors.

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

	Year Ended March 31,	
	2020	2019
Stock option costs	**927**	808
Share rights costs	**—**	1,000
DSU costs	**118**	—
RSU costs	**1,034**	—
PSU costs	**472**	—
	2,551	1,808

19. Share Capital and Reserves (continued)

e) Stock options

As at March 31, 2020, the Company is authorized to issue 46,769,000 stock options and share rights (March 31, 2019: 43,047,000) equal to 10% (March 31, 2019: 10%) 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, 2020		Year Ended March 31, 2019	
	Number of Stock Options	Weighted-Average Exercise Price	Number of Stock Options	Weighted-Average Exercise Price
	(in thousands)		(in thousands)	
Opening balance	**8,780**	**0.56**	12,800	0.44
Granted	**534**	**2.43**	1,730	1.33
Exercised	**(2,500)**	**0.22**	(4,100)	0.38
Cancelled	**—**	**—**	(1,650)	0.90
Ending balance	**6,814**	**0.83**	8,780	0.56
Options exercisable - end of year	**5,551**	**0.60**	7,410	0.43

A total of 534,000 new stock options were granted to new employees of the Company during the year ended March 31, 2020. The weighted-average share price at the grant date was $2.43. The fair market value of the outstanding stock options granted during the year ended March 31, 2020 totalled $753,000. The stock options granted will vest over a three-year period. A total of 2,500,000 stock options were exercised during the year ended March 31, 2020. The weighted-average share price at the exercise date was $2.34.

A summary of the Company's outstanding and exercisable stock options as at March 31, 2020 is presented below:

		Number of Stock Options	
Expiry Date	**Exercise Price**	**Outstanding**	**Exercisable**
		(in thousands)	(in thousands)
April 11, 2020	AU$0.20	3,000	3,000
May 23, 2020	AU$1.00	950	950
July 11, 2020	AU$1.08	600	600
August 21, 2020	AU$1.00	500	500
April 26, 2021	AU$1.24	200	200
June 24, 2021	CA$1.33	500	167
September 14, 2021	CA$1.24	201	134
September 14, 2021	CA$2.21	174	—
February 15, 2022	CA$1.46	329	—
May 20, 2022	CA$2.53	360	—
		6,814	**5,551**

The exercise price of outstanding stock options ranges from $0.20 to $2.53 and the weighted-average remaining contractual life of outstanding stock options is 0.49 years.

19. Share Capital and Reserves (continued)

e) Stock options (continued)

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

	Year Ended March 31, 2020	2019
Risk-free interest rate	**1.80%**	1.8% - 2.5%
Expected volatility based on historical volatility	**86%**	68% - 86%
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	**$1.41**	$0.70

f) Restricted share units

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

	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Number of RSU (in thousands)	**Weighted-Average Exercise Price**	**Number of RSU** (in thousands)	**Weighted-Average Exercise Price**
Opening balance	**—**	**—**	—	—
Granted	**598**	**2.18**	—	—
Ending balance	**598**	**2.18**	—	—
Vested - end of year	**199**	**2.18**	—	—

During the year ended March 31, 2020, 598,000 RSUs were granted to key management personnel. They will vest annually in three equal tranches from the date of grant.

g) Performance share units

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

	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Number of PSU (in thousands)	**Weighted-Average Exercise Price**	**Number of PSU** (in thousands)	**Weighted-Average Exercise Price**
Opening balance	**—**	**—**	—	—
Granted	**653**	**2.17**	—	—
Ending balance	**653**	**2.17**	—	—
Vested - end of year	**—**	**—**	—	—

During the year ended March 31, 2020, 653,000 PSUs were granted to key management personnel. The PSU awards vest at the end of three years from the date of grant according to performance indicators established by the Board of Directors.

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

19. Share Capital and Reserves (continued)

h) Compensation options

Exercise Price	Expiry Date	Outstanding and exercisable As at March 31, 2020	As at March 31, 2019
$0.250	February 1, 2020	—	21,000,000
		—	21,000,000

During the year ended March 31, 2020, the Company issued 21,000,000 shares pursuant to the exercise of 21,000,000 compensation options with an exercise price of $0.25 per share, for total net proceeds of $5,250,000. The weighted-average share price at the exercise date was $2.38.

i) Warrants

Exercise Price	Holder	Notes	Expiry Date	Outstanding and Exercisable As at March 31, 2020	As at March 31, 2019
$1.125	Sprott	**16**	October 16, 2022	**281,000**	3,000,000
$1.125	CDPI	**16**	October 16, 2024	**10,000,000**	21,000,000
$1.125	Glencore	**15**	October 13, 2025	**27,733,000**	—
$2.45	CDPI	**19 c)**	August 16, 2026	**15,000,000**	—
				53,014,000	24,000,000

20. Non-Controlling Interest

	As at March 31, 2020	As at March 31, 2019
Opening balance	**65,376**	823
Income attributable to non-controlling interest	**31,624**	64,553
Repurchase of RQ investment	**(97,000)**	—
Ending balance	**—**	65,376

RQ was the owner of a 36.8% interest in QIO until August 16, 2019 when the Company acquired RQ's 36.8% equity interest in QIO for $211,000,000. As a result, the net income was attributed between the Company's shareholders and RQ until that date and the non-controlling interest has been eliminated in the Company's consolidated statement of financial position as of that date.

21. Sales

	Year Ended March 31, 2020	2019
Iron ore revenue	**819,334**	641,131
Provisional pricing adjustments	**(34,248)**	13,998
Total iron ore revenue	**785,086**	655,129

Provisional pricing adjustments represent any difference between the revenue recognized at the end of the previous period and the final settlement price. As at March 31, 2020, Champion had 0.9 million tonnes of iron ore sales that remained subject to provisional pricing, with the final price to be determined in the following reporting periods (March 31, 2019: 1.0 million tonnes).

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

22. Cost of Sales

	Year Ended March 31,	
	2020	2019
Land transportation	**145,605**	125,274
Operating supplies and parts	**97,845**	82,524
Salaries, benefits and other employee expenses	**81,750**	60,270
Sub-contractors	**73,107**	62,847
Other production costs	**14,909**	13,830
Change in inventories	**(3,148)**	18,060
Production expenses capitalized as stripping asset	**(10,700)**	(10,859)
	399,368	351,946

For the year ended March 31, 2020, the amount recognized as an expense for defined contribution plans was $4,397,000 (March 31, 2019: $3,365,000) and was included in salaries, benefits and other employee expenses.

23. General and Administrative Expenses

	Year Ended March 31,	
	2020	2019
Salaries, benefits and other employee expenses	**7,780**	6,923
Office and other expenses	**6,467**	3,152
Professional fees	**5,843**	3,302
Travel expenses	**990**	860
Other expenses (income)	**7**	(198)
	21,087	14,039

24. Sustainability and Other Community Expenses

	Year Ended March 31,	
	2020	2019
Property and school taxes	**5,944**	8,359
Impact and benefits agreement	**5,154**	3,439
Salaries, benefits and other employee expenses	**741**	—
Other expenses	**1,701**	428
	13,540	12,226

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

25. Net Finance Costs

		Year Ended March 31,	
		2020	2019
Loss on debt repayment	**a)**	**57,274**	—
Interest on long-term debt and Debenture		**16,920**	28,943
Accretion of borrowing costs and debt discount		**3,211**	3,811
Realized and unrealized foreign exchange loss		**3,199**	5,077
Change in fair value of derivative liability		**1,543**	19,136
Unrealized loss on investments		**1,107**	1,597
Interest expense on lease liabilities		**119**	—
Accretion of the rehabilitation obligation		**171**	167
Change in fair value of derivative assets		**(1,907)**	(10,800)
Other interest and finance costs		**3,714**	2,079
		85,351	50,010

a) Debt repayment details

		Year Ended March 31,	
	Notes	**2020**	2019
Non-cash items			
Write-off - book value of Debenture	**15**	**18,837**	—
Write-off - book value of CDPI debt facility	**16**	**15,976**	—
Write-off - book value of Sprott debt facility	**16**	**5,966**	—
Write-off - Glencore derivative asset	**12,15**	**1,336**	—
Write-off - CDPI derivative asset	**12,16**	**5,603**	—
Write-off - Sprott derivative asset	**12,16**	**5,768**	—
		53,486	—
Cash items			
Debt prepayment penalty fees		**3,788**	—
		3,788	—
Loss on debt repayment		**57,274**	—

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

26. Income and Mining Taxes

a) Deferred tax assets and liabilities as presented on the Consolidated Statement of Financial Position:

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	**28,201**	19,916
Deferred income tax liability	**(72,566)**	(44,591)
Deferred mining tax liability	**(23,576)**	(12,785)
	(96,142)	(57,376)
Net deferred tax liabilities	**(67,941)**	(37,460)

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 assets	**Operating losses carried forward**	**Capital losses carried forward**	**Rehabilitation obligation**	**Transaction costs**	**Other**	**Total**
As at April 1, 2018	—	—	—	—	—	—
Credited to statement of income	9,924	48	9,690	128	126	19,916
As at March 31, 2019	**9,924**	**48**	**9,690**	**128**	**126**	**19,916**
Credited (charged) to statement of income	(1,164)	(48)	1,662	1,434	6,401	8,285
As at March 31, 2020	**8,760**	**—**	**11,352**	**1,562**	**6,527**	**28,201**

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

Deferred tax liabilities	**Property, plant and equipment**	**Mining tax**	**Exploration and evaluation assets**	**Other**	**Total**
As at April 1, 2018	—	5,465	—	—	5,465
Charged to statement of income	38,415	7,320	5,705	471	51,911
As at March 31, 2019	**38,415**	**12,785**	**5,705**	**471**	**57,376**
Charged (credited) to statement of income	26,902	10,791	1,073	—	38,766
As at March 31, 2020	**65,317**	**23,576**	**6,778**	**471**	**96,142**

The Company has $30,363,000 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, 2020 (March 31, 2019: $24,429,000).

As at March 31, 2020, the Company has $47,806,000 (March 31, 2019: $54,215,000) in operating losses carried forward that can be carried forward against future taxable income and expire between 2027 and 2039. Out of those losses, $14,644,000 (March 31, 2019: $16,105,000) were not recognized. The Company also has $14,327,000 (March 31,2019: nil) in operating losses carried forward that can be carried forward indefinitely against future taxable income which have not been recognized.

As at March 31, 2020, the Company has $18,738,000 (March 31, 2019: nil) of net capital losses carried forward, for which deferred tax assets have not been recognized. Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains.

As at March 31, 2020, the Company has $1,778,000 (March 31, 2019: $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, and which have not been recognized.

As at March 31, 2020, no deferred tax liabilities were recognized for temporary differences related to investments in subsidiaries because the retained earnings are currently lower than the cost base of investments.

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

26. Income and Mining Taxes (continued)

b) Tax expense:

The tax expense is applicable as follows:

	Year Ended March 31, 2020	2019
Current income and mining taxes		
Current income tax on profits for the year	**45,158**	(42)
Current mining tax on profits for the year	**44,499**	34,059
Total current income and mining taxes	**89,657**	34,017
Deferred income and mining taxes		
Deferred income tax for the year	**19,690**	24,675
Deferred mining tax for the year	**10,791**	7,320
Total deferred income and mining taxes	**30,481**	31,995
Income and mining taxes expense	**120,138**	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, 2020	2019
Income before income and mining taxes	**241,188**	213,611
Canadian combined tax rate	**26.58%**	26.68%
Tax calculated at Canadian combined tax rate	**64,096**	56,991
Tax effects of:		
Mining tax, net of tax benefit	**40,159**	30,452
Expenses not deductible for tax purposes	**11,575**	1,851
Unrecorded tax benefits	**6,073**	9,092
Recognition of previously unrecognized tax benefits	**—**	(32,513)
Difference in tax rate	**(1,258)**	(655)
Other	**(507)**	794
Income and mining taxes expense	**120,138**	**66,012**

c) Income and mining taxes payable:

The tax payable is applicable as follows:

Income and mining taxes payable	**Mining Tax**	**Income Tax**	**Total**
As at April 1, 2018	—	—	—
Current tax expenses	34,059	—	34,059
As at March 31, 2019	**34,059**	**—**	**34,059**
Current tax expenses	44,499	45,158	89,657
Tax payment	(65,949)	—	(65,949)
Other	17	(23)	(6)
As at March 31, 2020	**12,626**	**45,135**	**57,761**

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

27. Earnings per Share

Earnings per share amounts are calculated by dividing the net income attributable to shareholders for the year ended March 31, 2020 by the weighted average number of shares outstanding during the year.

	Year Ended March 31,	
	2020	2019
Net income attributable to Champion shareholders	**89,426**	83,046
Weighted average number of common shares outstanding	**441,620,000**	420,677,000
Dilutive share options, warrants and equity settled awards	**23,025,000**	28,831,000
Weighted average number of outstanding shares for diluted earnings per share	**464,645,000**	449,508,000
Basic earnings per share	**0.20**	0.20
Diluted earnings per share	**0.19**	0.18

28. 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 other comprehensive income. These categories are financial assets at fair value through profit and loss, financial assets at amortized cost, and financial liabilities at amortized cost. The following tables show the carrying values and the fair value of assets and liabilities for each of these categories as at March 31, 2020 and March 31, 2019:

As at March 31, 2020		**Fair Value Through Profit and Loss**	**Financial Assets at Amortized Cost**	**Financial Liabilities at Amortized Cost**	**Total Carrying Amount and Fair Value**
Assets					
Current					
Cash and cash equivalents	Level 1	—	**281,363**	—	**281,363**
Short-term investments	Level 1	—	**17,291**	—	**17,291**
Trade receivables	Level 2	**15,944**	—	—	**15,944**
Other receivables (excluding sales tax)	Level 2	**2,347**	—	—	**2,347**
Non-current					
Investments	Level 1	**1,546**	—	—	**1,546**
		19,837	**298,654**	—	**318,491**
Liabilities					
Current					
Accounts payable and other (excluding current portion of lease liabilities)	Level 2	—	—	**54,170**	**54,170**
		—	—	**54,170**	**54,170**
Non-current					
Long-term debt	Level 2	—	—	**275,968**	**275,968**
		—	—	**330,138**	**330,138**

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

28. Financial Instruments (continued)

As at March 31, 2019		Fair Value Through Profit and Loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	—	135,424	—	135,424
Short-term investments	Level 1	—	17,907	—	17,907
Trade receivables	Level 2	79,464	—	—	79,464
Other receivables (excluding sales tax)	Level 2	843	—	—	843
Non-current					
Investments	Level 1	2,653	—	—	2,653
Derivative assets	Level 2	10,800	—	—	10,800
		93,760	153,331	—	247,091
Liabilities					
Current					
Accounts payable and other	Level 2	—	—	44,697	44,697
Current portion of long-term debt	Level 2	—	—	35,852	35,852
		—	—	80,549	80,549
Non-current					
Property taxes payable	Level 2	—	—	13,940	13,940
Convertible debenture	Level 2	—	—	12,067	12,067
Long-term debt	Level 2	—	—	193,038	193,038
Derivative liability	Level 2	43,819	—	—	43,819
		43,819	—	299,594	343,413

Financial risk factors

a) Market

i. Fair value

Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and cash equivalents, short-term investments, other receivables and accounts payable and other (excluding current portion of lease liabilities). Long-term debt and convertible debenture were accounted for at amortized cost using the effective interest method, and their fair value approximates their carrying value.

Fair value measurements recognized in the consolidated statement of income

Subsequent to initial recognition, the Company measures financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 (March 31, 2019: nil).

28. Financial Instruments (continued)

Financial risk factors (continued)

a) Market (continued)

i. Fair value (continued)

Trade receivables

The trade receivables are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. The measurement of the trade receivables is impacted by the Company'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 Company initially recognizes sales trade receivables 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 trade receivables.

Non current - Investments

Non-current investments are equity instruments that are classified as a Level 1 in the fair value hierarchy. Their fair values are a recurring measurement and are estimated using the last closing share price observed on the relevant stock exchange, in accordance with the Company's policy. The equity investments are classified as financial assets at FVPL.

Derivative assets

The derivative assets are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. 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.

There are no derivative assets as at March 31, 2020 as these derivatives were extinguished due to the repayments of the previously issued debt facilities and the Debenture on August 16, 2019.

Derivative liabilities related to the Convertible Debenture

The derivative liabilities are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. 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 derivative liabilities as at March 31, 2020 as these derivatives were extinguished due to the repayment of the Debenture on August 16, 2019.

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. 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.

Credit Facilities with Nova Scotia and Société Générale

The Credit Facilities are subject to interest based on LIBOR. A decrease in the LIBOR rate for this long-term debt of 1% would generate an increase of US$2,000,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2020 (March 31, 2019: nil). An increase in the LIBOR rate for the long-term debt of 1% would generate a decrease of US$2,000,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2020 (March 31, 2019: nil).

28. Financial Instruments (continued)

Financial risk factors (continued)

a) Market (continued)

ii. Interest rate risk (continued)

Long-term debt with Sprott

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 U.S. 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 and equity 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.

The long-term debt with Sprott was fully repaid on August 16, 2019 and no longer exists.

Long-term debt with CDPI

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 and equity 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 and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019.

The long-term debt with CDPI was fully repaid on August 16, 2019 and no longer exists.

Convertible debenture with Glencore

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 US$624,000 in net income and equity 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$1,248,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019.

The convertible debenture with Glencore was fully repaid on August 16, 2019 and no longer exists.

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.

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

28. Financial Instruments (continued)

a) Market (continued)

iii. Commodity price risk (continued)

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

(in U.S. dollars)	Year Ended March 31,	
Sensitivity of Ore Sales Revenue for Provisionally Priced Sales Volumes as at:	**2020**	2019
Ore sales Revenue over 931,000 tonnes (dmt) (March 31, 2019: 1,026,000 tonnes):		
10% increase in iron ore prices	**6,370**	8,147
10% decrease in iron ore prices	**(6,370)**	(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 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 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 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.

The following table indicates the foreign currency exchange risk as at March 31, 2020 and March 31, 2019:

(in U.S. dollars)	**As at March 31, 2020**	As at March 31, 2019
Current assets		
Cash and cash equivalents	**129,644**	36,823
Receivables (excluding sales tax)	**11,239**	59,466
Current liabilities		
Accounts payable and other	**—**	(722)
Current portion of long-term debt	**—**	(26,830)
Non-current liabilities		
Long-term debt	**(200,000)**	(162,148)
Total foreign currency net liabilities in USD	**(59,117)**	(93,411)
CAD dollar equivalents	**(83,869)**	(124,825)

Assuming that all other variables are constant, a 10% weakening of the U.S. dollar exchange rate would have generated an increase of $8,387,000 in net income and equity for the year ended March 31, 2020 (March 31, 2019: $12,482,000). A 10% strengthening of the U.S. dollar exchange rate would have generated a decrease of $8,387,000 in net income and equity for the year ended March 31, 2020 (March 31, 2019: $12,482,000).

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

28. Financial Instruments (continued)

a) Market (continued)

v. Equity price risk

The Company is exposed to equity price risk for equity investments at fair value through profit and loss. Equity price risk is the risk that the fair value of a financial instrument varies due to equity market changes. The Company's equity investments are exposed to equity price risk since their fair value is determined through the last closing share price on the relevant stock exchange. The Company has no specific strategy to manage the equity price risk. As at March 31, 2020, a variation of 10% of the quoted equity investments would result in an estimated effect in the net income and equity of $155,000 for the year ended March 31, 2020 (March 31, 2019: $265,000).

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 and lease 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, through budgeting and cash forecasting, that it will have sufficient liquidity to meet its liabilities as they come due.

The following are the contractual maturities of financial liabilities and gross lease liabilities (non-financial liabilities) with estimated future interest payments as at March 31, 2020:

	Less than a year	**1 to 5 years**	**More than 5 years**	**Total**
Accounts payable and other	**54,170**	**—**	**—**	**54,170**
Long-term debt, including interest	**11,088**	**301,483**	**—**	**312,571**
Lease liabilities, including interest	**1,105**	**1,414**	**763**	**3,282**
	66,363	**302,897**	**763**	**370,023**

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

29. 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 Company is not subject to externally imposed capital requirements other than certain restrictions under the terms of its lending agreements. 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 a result, capital is defined as long-term, convertible debenture and share capital of the Company:

	As at March 31, 2020	As at March 31, 2019
Current and non-current portion of long-term debt	**275,968**	228,890
Convertible debenture	**—**	12,067
Share capital	**431,556**	237,969
	707,524	478,926

30. 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,	
	2020	2019
Salaries	**2,286**	1,870
Bonus	**1,343**	2,594
Share-based payments	**2,791**	1,554
Consulting fees	**—**	289
All other remuneration	**269**	745
	6,689	7,052

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

31. 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 its Impact and Benefits Agreement with the First Nations. Future minimum payments under these agreements are as follows:

	As at March 31, 2020
Less than a year	**38,416**
1 to 5 years	**60,160**
More than 5 years	**180,528**
	279,104

Included in the above is $11,447,000 of capital commitments relating to the purchase of property, plant and equipment as at March 31, 2020.

32. Parent Entity Information

Information relating to Champion Iron Limited:

	As at March 31, 2020	As at March 31, 2019
Current assets	**38,181**	33,238
Non-current assets	**85,594**	74,006
Total assets	**123,775**	107,244
Current liabilities	**1,620**	2,084
Non-current liabilities	**—**	55,886
Total liabilities	**1,620**	57,970
Net assets	**122,155**	49,274
Share capital	**142,655**	108,576
Warrants	**75,336**	—
Contributed surplus	**12,115**	12,418
Accumulated deficit	**(107,951)**	(71,720)
Total equity	**122,155**	49,274
Net loss of the parent entity	**36,231**	18,716
Comprehensive loss of the parent entity	**36,231**	18,716

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

33. Subsidiary Entity Information

Set out below is the Company's summarized financial information for its subsidiary, QIO, which had a material non-controlling interest as at March 31, 2019. RQ was the owner of a 36.8% interest in QIO until August 16, 2019, when the Company acquired RQ's total equity interest in QIO. As a result, as at March 31, 2020, the Company does not have any non-controlling interest. Refer to note 20 - Non-Controlling Interest.

The amounts disclosed for its subsidiary are based on those included in the financial statements before inter-company eliminations.

	As at March 31, 2019
Non-controlling interest percentage - Ressources Québec	36.8%
Current assets	
Other current assets	302,873
Current inter-company assets	1,748
Total current assets	304,621
Current liabilities	
Other current liabilities	110,742
Current inter-company liabilities	4,685
Total current liabilities	115,427
	189,194
Non-current assets	
Other non-current assets	241,022
Non-current inter-company assets	36,406
Non-current assets	277,428
Non-current liabilities	280,240
Net assets	186,382

Summarized statement of income for QIO before inter-company eliminations

	Period Ended August 16, 2019	Year Ended March 31, 2019
Revenues	**331,487**	655,129
Net income and comprehensive income	**85,936**	175,416
Net income attributable to non-controlling interest	**31,624**	64,553

The accumulated non-controlling interest in QIO was $97,000,000 as at August 16, 2019 (March 31, 2019: $65,376,000).

Summarized cash flows for QIO before inter-company eliminations

	Period Ended August 16, 2019	Year Ended March 31, 2019
Cash flows from operating activities	**156,536**	133,506
Cash flows from financing activities	**(9,704)**	60,376
Cash flows from investing activities	**(46,747)**	(71,160)
Net generated cash flow	**100,085**	122,722

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

34. Auditors Remuneration

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

	Year Ended March 31, 2020	2019
E&Y Canada		
Audit fees	**511**	230
Audit-related fees	**—**	45
Tax fees	**52**	33
All other fees	**160**	42
	723	350
E&Y Australia		
Audit fees	**57**	171
All other fees	**10**	—
	67	171
	790	521

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

a) Changes in non-cash operating working capital

	Year Ended March 31, 2020	2019
Receivables	**67,629**	(65,981)
Prepaid expenses and advances	**8,945**	(7,783)
Inventories	**(12,118)**	2,609
Advance payments	**5,812**	(733)
Accounts payable and other	**9,473**	(18,784)
Income and mining taxes payable	**23,702**	34,059
Property taxes payable	**(13,940)**	(2,447)
Other long-term liabilities	**(388)**	4,798
	89,115	(54,262)

b) Supplementary information on non-cash items

	Year Ended March 31, 2020	2019
Depreciation of property, plant and equipment allocated to stripping activity asset	**(1,431)**	(200)
Net effect of depreciation of property, plant and equipment allocated to inventory	**(2,339)**	1,408
Increase due to reassessment of the rehabilitation obligation	**(6,643)**	—
Asset transferred from exploration and evaluation assets to property, plant and equipment	**(6,674)**	—

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

36. Segmented 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 represents all the mining operation, it was identified as a segment. Exploration and evaluation and corporate were identified as separate segments due to their specific nature.

Year Ended March 31, 2020	Mine Site	Exploration and Evaluation	Corporate	Total
Revenues	**785,086**	**—**	**—**	**785,086**
Cost of sales	**(399,368)**	**—**	**—**	**(399,368)**
Depreciation	**(21,785)**	**—**	**(216)**	**(22,001)**
Gross profit (loss)	**363,933**	**—**	**(216)**	**363,717**
Share-based payments	**—**	**—**	**(2,551)**	**(2,551)**
General and administrative expenses	**(7,574)**	**—**	**(13,513)**	**(21,087)**
Sustainability and other community expenses	**(13,470)**	**—**	**(70)**	**(13,540)**
Operating income (loss)	**342,889**	**—**	**(16,350)**	**326,539**
Non-operating expenses	**(179,492)**	**—**	**(25,997)**	**(205,489)**
Net income (loss)	**163,397**	**—**	**(42,347)**	**121,050**
Segmented total assets	**777,725**	**75,525**	**29,348**	**882,598**
Segmented total liabilities	**(494,832)**	**—**	**(11,144)**	**(505,976)**
Segmented capital expenditures	**369,553**	**—**	**1,987**	**371,540**

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
Operating income (loss)	276,133	—	(12,512)	263,621
Non-operating expenses	(91,912)	—	(24,110)	(116,022)
Net 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

STOCK EXCHANGE INFORMATION

The additional information set out below relates to shares and options as at April 17, 2020.

DISTRIBUTION OF EQUITY SECURITY HOLDERS

Size of Holding	Number of ordinary shares
1 to 1,000	169,571
1,001 to 5,000	1,044,550
5,001 to 10,000	1,067,506
10,001 to 100,000	9,974,597
100,000 and over	458,432,273
	470,688,497

118 shareholders held less than a marketable parcel of ordinary shares at April 17, 2020.

ORDINARY SHARES

SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Number of ordinary shares	% of issued capital
WC Strategic Opportunity LP	66,944,444	14.22%
Michael O'Keeffe (and associates)	47,023,830	9.99%
Investissement Québec	43,500,000	9.24%

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	14.22%
2	Investissement Québec	43,500,000	9.24%
3	Prospect AG Trading PL	36,362,930	7.73%
4	JP Morgan Nom Aust PL	26,651,696	5.66%
5	HSBC Custody Nominee Aust Ltd	22,487,199	4.78%
6	Metech Super PL	12,300,000	2.61%
7	Mr. Michael O'Keeffe	6,751,900	1.43%
8	Citicorp Nom PL	5,861,191	1.25%
9	GAB Super Fund PL	4,715,850	1.00%
10	Zero Nom PL	4,632,223	0.98%
11	BNP Paribas Nominees PTY LTD	3,930,388	0.84%
12	BASS Family Foundation PTY LTD	3,555,000	0.76%
13	Eastbourne DP PL	3,500,000	0.74%
14	Mr. David Cataford	1,905,413	0.40%
15	National Nominees LTD	1,781,381	0.38%
16	GAB Superannuation Fund PTY LTD	1,443,334	0.31%
17	BNP Paribas Nominees PTY LTD Custodial Serv LTD DRP	1,382,990	0.29%
18	Mr. Jorge Estepa	1,133,083	0.24%
19	Fareast Enterprises PL	1,033,668	0.22%
20	Mr. Andrew Granton Brown	1,020,398	0.22%

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	Number of Claims	Area (km^2)	Champion Interest	Co-owner	NSR
	Bloom Lake Mine	53 + 1ML	93.15*	100%		
Consolidated Fire Lake North	Fire Lake North	569	287.7	100%		1.5%
	Don Lake					
	Bellechasse					
	Oil Can					
	Moiré Lake	36	16.7	100%		1.5%
Quinto Claims	Peppler Lake	435	228.4	100%		
	Lamêlée Lake					
	Hobdad Hill					
	Harvey-Tuttle	191	100.1	100%		1.5%
	O'Keefe-Purdy	203	106.2	100%		1.5%
Cluster 3	Penguin Lake	126	66.7	45%	Cartier Iron Corporation	1.5%
	Black Dan					
	Jeannine Lake					

* Includes a 68.6 km^2 mining lease

Bloom Lake Mine

Measured and Indicated resources totalled 864.5 Mt while there are additional 80.4 Mt of Inferred resources in compliance with The JORC code and the Canadian NI 43-101 according to the Phase 1 feasibility study.

- Measured and indicated mineral resources totalled 317.0 Mt of concentrate averaging 66.2% Fe using a recovery of 82%.
- Proven and probable Phase 1 mineral reserves at the Bloom Lake Mine stood at 364.6 million tonnes averaging 29.7% Fe.
- Proven and probable Phase 2 mineral reserves will increase phase 1 reserves by 461.2 Mt at 28.2% Fe for a grand total of 825.8 Mt at 28.9% 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 decrease in reserves is due to ore depletion as Champion mined 21.7 dmt of iron ore since March 31, 2019.

Table 2 and 3:

March 31, 2020 Phase 1 Bloom Lake Mineral Resources Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Measured	392.6	30.8	0.6	0.7	0.3
Indicated	471.9	28.5	2.5	2.3	0.4
M+I Total	864.5	29.6	1.6	1.6	0.3
Inferred	80.4	25.6	1.9	1.7	0.3

March 31, 2020 Phase 1 Bloom Lake Mineral Reserves Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Proven	217.0	30.4	0.5	0.5	0.3
Probable	147.6	28.7	2.8	2.7	0.4
Total	364.6	29.7	1.4	1.4	0.3

In addition to the Bloom Lake Mine, the Company owns interests 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 2020 fiscal year to update the Resources estimates 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 27, 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 (%)	SiO2 (%)	Al2O3 (%)	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.

Peppler Resources Estimate

Table 8: 2013 Peppler Resources Estimate at Cut-off 18% Fe

Category	Dry Tonnage (Mt)	Fe (%)
Measured	—	—
Indicated	327	27.95
M+I total	327	27.95
Inferred	216	27.5
Total M+I+I	543	27.77

Lamelée Resources Estimate

Table 9: 2013 Lamelée Resources Estimate at Cut-off 18% Fe

Category	Dry Tonnage (Mt)	Fe (%)
Measured	—	—
Indicated	272	29.43
M+I total	272	29.43
Inferred	653	30.45
Total M+I+I	925	30.15

Resources estimates of Lameléé and Peppler were established using the 2003 best practices guidelines from the CIM. There are no NI 43-101 compliant resources estimates for Hobdad Hill deposit.

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 126 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).

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, 2018 and early 2019.

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 2018-2019 drill holes have intersected Zn-Ag-Cu mineralized zones (best assay has 23.60% Zn over 0.83 cm (PH-18-34) and 1.52% Cu over 0.99m (PH-19-07)), no mineral resources or ore reserves estimate are available as the project enters its third phase of exploration. More drilling and ground geophysical survey are expected in 2020.

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.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains certain information and statements, which may be deemed "forward-looking statements" within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements in this Annual Report, other than statements of historical fact, that address future events, developments or performance that Champion expects to occur including management's expectations regarding (i) the recovery rates; (ii) the Company's growth; (iii) the Company's or the SFPPN's operational improvement; (iv) the potential Phase II expansion of the Bloom Lake mine, including its funding, its expected capital expenditures, NPV, IRR, its LoM, construction timeline, its growth to the company's shareholders and its positive impact on the region and its communities; (v) the estimated future operation capacity of the Bloom Lake Mine and the potential doubling of production; (vi) the Company's cash requirements for the next twelve months; (vii) the completion of the construction for a potential expansion of the Bloom Lake Mine; (viii) the potential job creation related to the Bloom Lake Mine; (ix) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore price; (x) the impact of exchange rate fluctuations; (xi) the impact of iron ore concentrate price fluctuation; (xii) the LoM of Bloom Lake mine; (xiii) the possibility of reconsidering redomiciliation and related future savings; (xiv) the potential impacts on Champion's business, financial condition and financial results of the outbreak of the COVID-19 pandemic; (xv) new measures to reduce environmental impact and airborne emissions; and (xvi) the expected reduction in sustaining capital required for tailings management are forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual reserves may be greater than or less than the estimates provided herein. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims" "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved including, without limitation, the results of the feasibility study with regards to the potential expansion of the Bloom Lake Mine. Although Champion believes the expectations expected in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation: the results of feasibility studies; project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, impact of COVID-19 on the global economy, the iron ore market and Champion Iron Limited's operations as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2020 Annual Information Form available on SEDAR at www.sedar.com.

The forward-looking statements in this Annual Report are based on assumptions management believes to be reasonable and speak only as of the date of this Annual Report or as of the date or dates specified in such statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Champion Iron undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

COMPANY DIRECTORY

DIRECTORS	Michael O'Keeffe	(Executive Chairman) - Non-independent
	Andrew Love	(Lead Director) - Independent
	David Cataford	(Executive Director and Chief Executive Officer) - Non-independent
	Michelle Cormier	(Non-Executive Director) - Independent
	Jyothish George	(Non-Executive Director) - Independent
	Gary Lawler	(Non-Executive Director) - Independent
	Wayne Wouters	(Non-Executive Director) - Independent

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STOCK EXCHANGES
The Company's shares are listed on the Australian Stock Exchange (ASX) and Toronto Stock Exchange (TSX)

ASX CODE & TSX SYMBOL
CIA (Fully Paid Ordinary Shares)