



# ANNUAL REPORT 2024

FOR THE FINANCIAL YEAR ENDED  
**MARCH 31, 2024**

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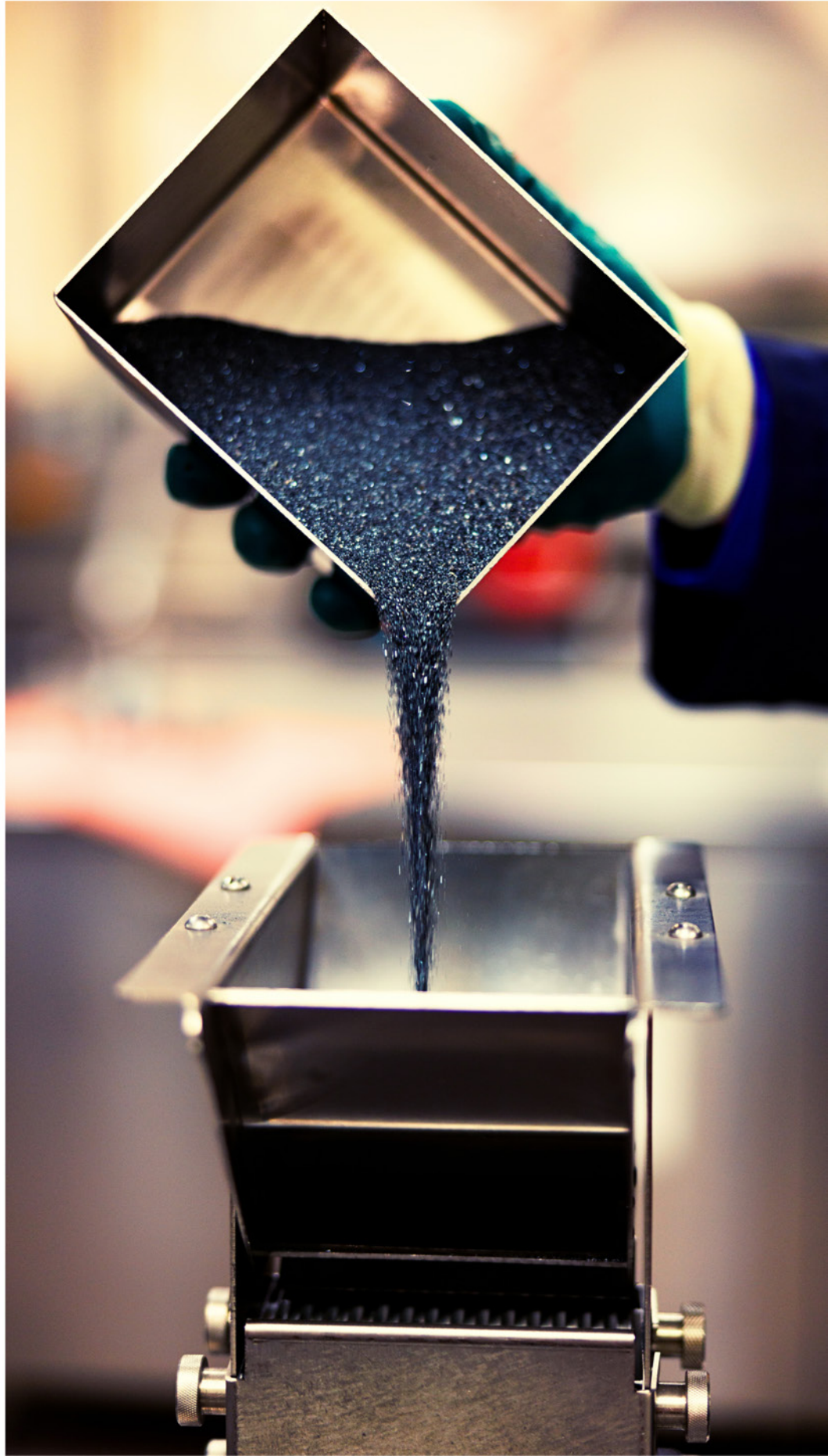
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This Annual Report contains forward-looking statements. Particular attention should be given to the risk factors described in the “Risk Factors” section and to the “Cautionary Note Regarding Forward-Looking Statements” section of the Annual Report. Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars.

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01

# OVERVIEW

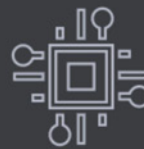


# ABOUT CHAMPION

Champion, through its wholly-owned subsidiary Quebec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The two concentrators have a combined nameplate capacity of 15 Mtpa and produce low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. Benefiting from one of the highest purity resources globally, the Company is investing to upgrade half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has delivered its iron ore concentrate globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiasusset Project, located a few kilometres south-east of Bloom Lake, and the Cluster II portfolio of properties, located within 60 km south of Bloom Lake.



Proven management  
and skilled workforce



Critical raw materials  
for the green steel  
supply chain



Top tier jurisdiction  
with access to  
renewable power



Major investments in  
state-of-the-art  
infrastructure  
and equipment



Sustainable approach  
for the benefit of all  
stakeholders

# 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 communication through active listening and open dialogue.

# FY2024 HIGHLIGHTS



**14,162,400 wmt**  
**Record Concentrate Produced**  
[27% Increase Year-on-Year]

**11,643,700 dmt**  
**Record Concentrate Sold**  
[10% Increase Year-on-Year]

**\$1,524.3M**  
**Revenues**  
[9% Increase Year-on-Year]

**\$75.9 / dmt sold**  
**C1 Cash Cost<sup>1</sup>**  
[3% Increase Year-on-Year]

**\$0.45**  
**Basic EPS**  
[17% Increase Year-on-Year]

**\$942.1M**  
**Available Liquidity<sup>1</sup>**  
[40% Increase Year-on-Year]

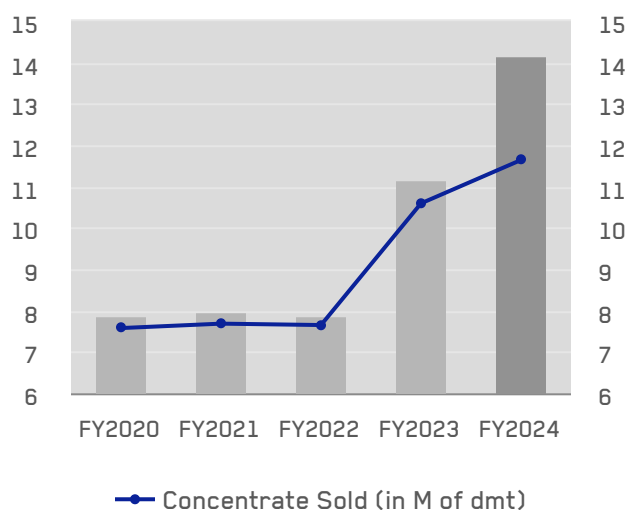
**\$552.5M**  
**EBITDA<sup>1</sup>**  
[12% Increase Year-on-Year]

**1.91**  
**Recordable Injury Frequency Rate**  
[Up 0.38 Year-on-Year]

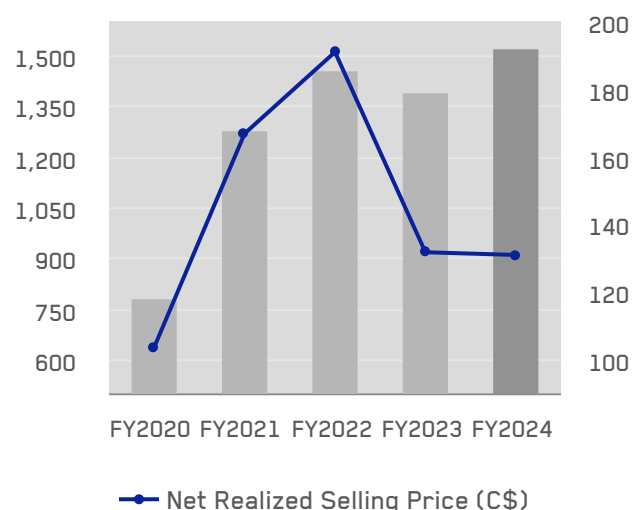
<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 - Non-IFRS and Other Financial Measures of the Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

# HISTORICAL FIVE-YEAR PERFORMANCE MEASURES

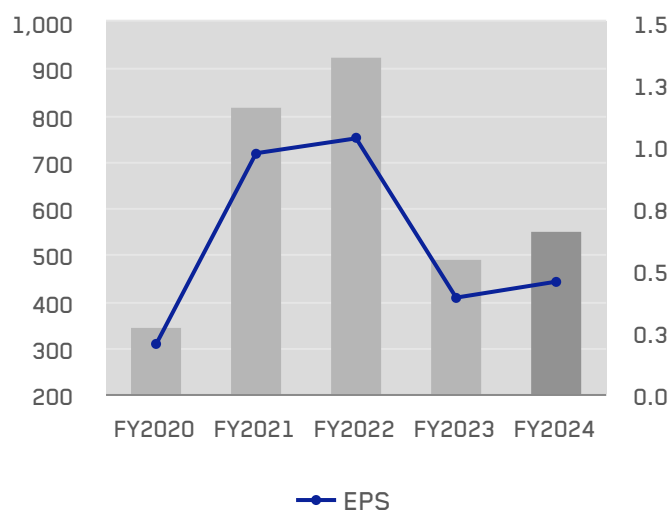
**Concentrate Produced  
(in M of wmt)**



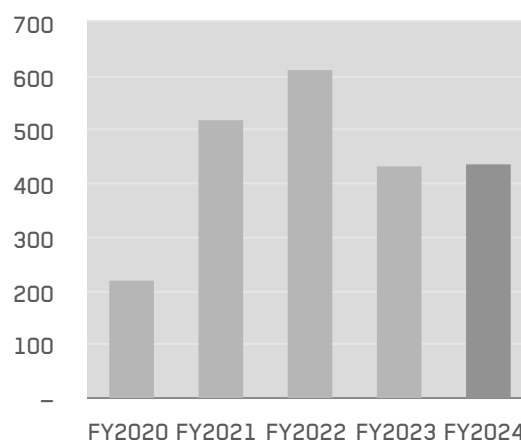
**Revenue  
(C\$M)**



**EBITDA  
(C\$M)**



**Operating Cash Flow before  
Working Capital (C\$M)**



## OTHER HIGHLIGHTS

### *FINANCIAL*

**Declared** two dividend payments as per the Company's capital returns strategy, representing \$0.20 per ordinary share for the financial year;

**Completed** a new US\$230 million term loan, maturing in November 2028 with no principal repayment before June 2026, and concurrently repaid the US\$180 million outstanding balance from the Company's existing US\$400 million Revolving Facility; and

**Maintained** a high level of financial liquidity to support growth opportunities with the extension of its US\$400 million Revolving Facility maturity from May 2026 to November 2027.

### *DIRECT REDUCTION PELLET FEED ("DRPF") PROJECT*

**Received** additional hydroelectric power from Hydro-Québec, securing access to renewable power required by the project; and

**Obtained** a final investment decision from the Board of Directors to proceed with the DRPF project and advanced work programs to secure its potential commissioning for the second half of calendar year 2025.

### *KAMISTIATUSSET PROJECT ("KAMI PROJECT")*

**Released** the Kami Project study, evaluating the construction of mining and processing facilities to produce DRPF quality iron ore from the properties of the Kami mine; and

**Started** optimizing the Kami Project by evaluating the opportunities to improve its economics, advance permitting and work on strategic partnership opportunities prior to considering a final investment decision.

### *SUSTAINABILITY, GROWTH & DEVELOPMENTS*

**Ratified** a new 5-year collective bargaining agreement with Bloom Lake's unionized employees, providing long-term stability for the employees, the Company and the community;

**Proved** its ability to produce above the expanded nameplate capacity of 15 Mtpa;

**Continued** to evaluate Direct Reduction ("DR") pelletizing opportunities to further participate in the green steel supply chain; and

**Continued** to identify and work on specific projects that are expected to contribute to the Company's 2030 greenhouse gas ("GHG") emissions reduction target and goal for carbon neutrality by 2050.

# A WORD FROM THE EXECUTIVE CHAIRMAN

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**MICHAEL O'KEEFFE**  
EXECUTIVE CHAIRMAN

Champion concluded its 2024 financial year achieving several milestones and with robust results. Benefiting from significant financial liquidity, our Company continues to advance its portfolio of organic growth projects aligned with the accelerating green steel transition while providing a balanced approach to capital returns.

The critical importance of our high-purity iron ore in the green steel supply chain continued to be confirmed in the past year. Notably, we saw a global acceleration of projects to produce green steel using electric arc furnaces, many financially supported by governments. This change in steelmaking method will require additional DR quality iron ore, which Champion can provide. We also witnessed the emergence of numerous premium pricing supply contracts for green steel, ranging from consumer goods to industrial products. In tandem, commitments to use green steel in infrastructure projects by several governments at COP 28, highlights an inevitable disconnect in pricing for raw materials required in the green steel transition.

Capitalizing on our unique opportunity to decarbonize steelmaking, we continue to leverage our vast project portfolio in the Labrador Trough. This strategic hub benefits from potential access to renewable power and hosts some of the purest and largest iron resources worldwide, which can be used to supply the green steel transition.

Near-term, our DRPF project will enable Champion to become an industry reference by producing one of the highest purity iron products globally. Medium-term, following our recently completed study, we continue to work on opportunities to develop the Kami Project, including the potential for strategic partnerships. Long-term, we look to de-risk and develop our Cluster II hub, which hosts resources equivalent to multiple Bloom Lake sites and provides the scale required to support an industrywide transition for steelmaking without the use of coal.

As a significant shareholder, I support our team's balanced approach to capital return and Champion's growth strategy, driven by our goal to make a difference and our mission to produce responsible materials. I am also thankful of our employees, our First Nations partners, our shareholders and our host communities who support our Company in creating a positive impact, both locally and globally.

**MICHAEL O'KEEFFE**  
EXECUTIVE CHAIRMAN OF THE BOARD

# A WORD FROM THE CHIEF EXECUTIVE OFFICER

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**DAVID CATAFORD**  
CHIEF EXECUTIVE OFFICER

I am proud of our 1,192 employees who were instrumental to the achievement of several milestones and setting operational records this past financial year, while continually upholding our corporate values. Their ingenuity enabled our Company to deliver production records while navigating the impacts of the past century's worst forest fires in the Québec Côte-Nord region.

Furthermore, we successfully concluded the signing of a mutually beneficial five-year collective bargaining agreement that provides additional stability for our employees, our organization and our host communities.

In addition to our agile workforce, we benefit from the continued support of our local partners. Recognizing the strategic role of high-purity iron in decarbonizing the steel industry, the governments of both Québec and Newfoundland and Labrador added high-purity iron ore to their critical mineral lists. Key local support was also demonstrated through the allocation of a block of hydroelectric power by the government of Québec, which was required to advance our DRPF project.

As our team once again proved their operational excellence by ramping up Bloom Lake at its expanded nameplate capacity of 15 Mtpa, our DRPF project is rapidly capturing attention with our global trade partners and customers. As such, many of our existing and prospective customers share our vision to reduce emissions in steelmaking and seek to secure our industry leading 69% Fe DR quality iron ore.

This same team, who recommissioned Bloom Lake in 2018 and completed the Phase II expansion in 2022 on budget and ahead of schedule, is now advancing the DRPF project, which is scheduled for completion in the second half of 2025. Furthermore, the demand for DR quality iron ore underpins an opportunity to attract a strategic partner for the Kami Project, which has the potential to supply high-purity iron ore for decades.

Our mission to make a difference globally is matched with our commitment to produce responsible materials locally. As such, I am proud of our track record of not having any significant environmental issues at Bloom Lake since the recommissioning in 2018. Additionally, our efforts to provide a safe workspace for everyone working at Bloom Lake resulted in improved health and safety statistics for our employees, including a new record of 500,000 hours worked without a recordable injury.

The combination of attracting the best talents and maintaining trustworthy relationships, including with our First Nations partners, creates the foundation required to deploy our mission to produce responsible materials and reduce the global carbon footprint with and for those who seek change.

**DAVID CATAFORD**  
CEO

# MANAGEMENT TEAM

STRONG EXPERTS  
REPRESENTING THE  
COMPANY'S VALUES  
AND PRINCIPLES



**MICHAEL  
O'KEEFE,**

B AppSc (Metallurgy)

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Executive Chairman  
of the Board



**DAVID  
CATAFORD,**

ENG

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Chief Executive Officer  
and Director



**ALEXANDRE  
BELLEAU,**

ENG

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Chief Operating Officer



**DONALD  
TREMBLAY,**

CPA

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Chief Financial Officer



**STEVE  
BOUCRATIE**

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Senior Vice-President,  
General Counsel and  
Corporate Secretary



**MICHAEL  
MARCOTTE,**

CFA

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Senior Vice-President,  
Corporate Development  
and Capital Markets



**ANGELA  
KOUROUKLIS,**

CRIA, MBA

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Senior Vice-President,  
Human Resources

# MANAGEMENT TEAM

## **Michael O’Keeffe, B AppSc (Metallurgy)**

### **Executive Chairman and Former Chief Executive Officer**

Mr. O’Keeffe was appointed Executive Chair of the Company on August 13, 2013 and CEO on October 3, 2014. On April 1, 2019, Mr. O’Keeffe stepped down as CEO and remains Executive Chair 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. Mr. O’Keeffe is presently a member of the Board of Directors of Burgundy Diamond Mines Ltd.

## **David Cataford, Eng**

### **Chief Executive Officer and Director**

David Cataford joined Champion Iron in 2014. He held the position of Chief Operating Officer before being appointed CEO of the Company in 2019. Mr. Cataford steered the recovery of assets, the restart of the Bloom Lake mine and today, with the support of a team of over 1,160 employees, he leads all of the company's growth projects. Under his leadership, Champion Iron has forged a strong position in the green steel supply chain, building on a trust-based partnership with First Nations communities. Prior to joining Champion Iron, he held various management positions with other mining companies operating in the Labrador Trough, including Cliffs Natural Resources Inc. and ArcelorMittal. He was also co-founder and president of the North Shore and Labrador Mineral Processing Society. Mr. Cataford holds a bachelor’s degree in mining engineering from Université Laval. His career path has earned him several awards, including the Young Mining Professionals Award and the Brendan Woods International Top Gun CEO Award.

## **Alexandre Belleau, Eng**

### **Chief Operating Officer**

Alexandre Belleau joined Champion Iron in 2016. As Chief Operating Officer, he oversees many sectors of the company – logistics, operations, exploration and projects, which benefit from his expertise in business development and project management. Driven by a constant desire to innovate and push boundaries, he fully contributes to the organization’s growth while creating value for employees, host communities, partners and shareholders. Prior to joining Champion Iron, he participated in the creation of two startups specializing in building control technologies and bioenergy. He also worked in the energy efficiency and recreational products sectors. Mr. Belleau holds a bachelor’s degree in mechanical engineering from the Université de Sherbrooke and is an executive member of the Québec Mining Association since 2018.

## **Donald Tremblay, CPA**

### **Chief Financial Officer**

Donald Tremblay joined Champion Iron in 2022 as Chief Financial Officer. With an extensive experience of over 25 years in finance and the mining industry, he has developed strategic skills in capital markets, investor relations and corporate development, which complement his experience in accounting, taxation, controls and compliance. He previously held similar positions with private and publicly traded companies, including Iron Ore Company of Canada, TransAlta Corporation and Brookfield Renewable Power. Chartered Professional Accountant (CPA), Mr. Tremblay holds a Bachelor's degree in Business Administration from the Université du Québec en Outaouais.

## Management Team (continued)

### **Steve Boucratie**

#### **Senior Vice-President, General Counsel and Corporate Secretary**

Steve Boucratie joined Champion Iron in May 2019 as Vice-President, General Counsel and Corporate Secretary. He brings more than 18 years of legal and transaction experience to the team. He was previously serving as Director, Legal Affairs and Assistant Corporate Secretary for Osisko Gold Royalties Ltd. Before Osisko, he was also a partner of the law firm Fasken Martineau DuMoulin LLP where he practiced corporate law. Mr. Boucratie holds a bachelor's degree in finance from HEC Montréal, a bachelor's degree in law from Université de Montréal and a postgraduate diploma (DESS) in common law and transnational law from Université de Sherbrooke.

### **Michael Marcotte, CFA**

#### **Senior Vice-President, Corporate Development and Capital Markets**

Michael Marcotte joined Champion Iron in 2018 as Vice-President of Investor Relations, then promoted to Senior Vice-President of Corporate Development and Capital Markets in 2021. He was formerly Vice-President and Partner at Orion Financial Inc. for 15 years, which was later acquired by Macquarie Capital Markets Canada Ltd. During this time, he focused on natural resources equities with institutional investors across North America and Europe. His previous experience includes natural resource equity research at various institutional asset managers. He received the "TopGun" award by Brendan Wood International as a leading institutional sales professional in 2017 and 2018, then as a leading global investor relations representative in 2023. He also served for several years on the Board of Directors of Ruelle de l'Avenir, a non-profit organization contributing to the learning and academic success of young people in greater Montréal. Mr. Marcotte is a Chartered Financial Analyst (CFA), a Calvin C. Potter Fellow and holds a bachelor's degree in business administration (BAA) from Concordia University.

### **Angela Kourouklis, CRIA, MBA**

#### **Senior Vice-President, Human Resources**

Angela Kourouklis joined Champion Iron in August 2021 as Senior Vice-President, Human Resources. Through the implementation of a company-wide leadership development program, her strong commitment to First Nations relations and the alignment of the organization's people strategies, she fully contributes to Champion Iron's corporate culture. Prior to joining Champion Iron, she worked in various sectors such as manufacturing, aerospace, hospitality, food, retail and media. Today, with over twenty years of experience in human resources management, her human touch enables her to foster engagement, innovation and creativity as she positions people at the heart of the company in a context of significant growth. Ms. Kourouklis holds a Bachelor's degree in Industrial Relations from the Université de Montréal, an MBA from UQAM and an EMBA from the Université Paris Dauphine – PSL. She is also certified as a Corporate Director (ASC) by Université Laval's Collège des administrateurs de société.

### **Bill Hundy**

#### **Company Secretary – Australia**

Bill Hundy joined Champion Iron in January 2023 as Company Secretary – Australia. Since 2020, he has been acting as Senior Company Secretary and Solicitor for Company Matters, a company providing corporate services to various publicly traded companies. Bill is a highly experienced company secretary and lawyer and has held roles in major listed public companies for over three decades in the mining, energy and manufacturing industries, such as Origin Energy Limited, Email Limited, Placer Pacific Limited, Kidston Gold Mines Limited and Oil Company of Australia Limited. Bill has extensive background in company secretarial practice, corporate governance, communications, compliance, risk management and insurance.

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02

# SUSTAINABILITY AND CLIMATE CHANGE



# SUSTAINABILITY POLICIES AND PRACTICES

Champion's dedication to sustainability is deeply anchored in our culture as we aim to positively impact all our stakeholders. As we deploy our vision, our values guide our Company's approach to sustainability, reflected in our strategy and objectives. We continually work to innovate and produce high-purity iron ore products that can enable our customers to produce steel more sustainably. Additionally, we strive to provide a safe and inclusive working environment, fostering social equity, embracing cultures, respecting human rights, and protecting the environment and biodiversity. Champion is proud to be a market-leading, low-emission producer of a rare high-purity iron ore product critical to decarbonizing steelmaking globally.

Our commitment is articulated in our sustainability policies, which include, amongst others, a Responsible Procurement Policy, an Environmental Policy, and a Human Rights Policy. While our policy commitments primarily apply to our organization, several commitments, also refer to our supply chain. We employ several standards and frameworks as a reference in the daily management of our material sustainability topics, including for planning, strategy development, objective setting, implementation, monitoring, and evaluation. All our policies are publicly available on our website at [www.championiron.com](http://www.championiron.com).

Champion recognizes the importance of optimizing operational efficiency, including the optimization of energy consumption, in order to minimize GHG emissions and contribute to the global battle against climate change. As such, the Company is consistently investing in energy consumption reduction initiatives to reduce its environmental footprint. In addition, the Company is investing in decarbonization projects, including product research and development for higher-grade iron ore products.

## **Modern Slavery Statement**

Respect for human rights is one of the fundamental elements of Champion's principles of sustainable development. Champion recognizes that its activities can have an impact on human rights, either through its operations or through its relationships with subcontractors and suppliers. As such, the Company is committed to implementing policies and practices that respect human rights and ensure that its employees and business partners understand and live up to this commitment.

Champion has zero tolerance for any form of modern slavery, including forced, compulsory or child labour, and is committed to operating in a transparent and responsible manner to prevent modern slavery and human trafficking in all of its operations. The Company's responsible procurement policy enables it to avoid being complicit in or facilitating human rights violations or modern slavery throughout its supply chain. The Company's Modern Slavery Statement for the 2024 financial year, prepared to meet the requirements of the Australian Modern Slavery Act 2018 (Cth) and the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, is available on our website at [www.championiron.com](http://www.championiron.com).

## **Sustainability Report**

We measure the success of our business by creating value in a way that meets long-term business needs while considering our stakeholders and the environmental, social and economic context in which we operate. Integrating sustainable practices while conducting our business is an essential element since this allows for risk reduction, lower costs, better access to opportunities and, above all, the creation of long-term value for stakeholders.

The Company's 2023 Sustainability Report, available on our website at [www.championiron.com](http://www.championiron.com), includes industry best practice disclosure frameworks for Global Reporting Initiative, Sustainability Accounting Standards Board and Task Force on Climate-Related Financial Disclosure. Our commitment to sustainable practices are also highlighted through sustainability key performance measures, which are linked to management compensation.

## Sustainability Policies & Practices (continued)

### Sustainability Objectives

#### 2023 Scorecard Highlights

Successfully met 11 of the 12 sustainability targets, with plans to improve health and safety measures for contractors.

#### 2024 Targets Highlights

Optimized previous targets and introduced additional objectives in relation to diversity, community relations, emission reductions and governance.

### 2023 Sustainability Highlights

#### Environment

- No major environmental issues occurred;
- Quantity of recycled water increased by 40%, with the commissioning of Phase II, representing 99% of Bloom Lake's water consumption;
- GHG emissions per tonne of iron ore concentrate produced declined by 8.7% year-over-year;
- Mapped the value chain emissions and established a Scope 3 assessment methodology, enabling the Company to identify opportunities in reducing emissions across its value chain; and
- Participated in the Company's first Carbon Disclosure Project ("CDP") assessment.

#### Social

- Successfully ratified a new 5-year collective bargaining agreement providing additional stability for the workforce, the community and the Company, maintaining a strong and mutually beneficial partnership with employees;
- Continued the Company's awareness initiatives aimed at educating employees regarding First Nations' history and culture; and
- 50% increase in donations and sponsorship year-on-year, reflecting the Company's commitment to making a positive impact on the Québec Côte-Nord region.

#### Governance

- Completed a climate physical risk assessment of the Company's operations;
- Added additional oversight for sustainability matters as a responsibility of the Board of Directors ("Board") in the oversight of risks and opportunities; and
- Reviewed, assessed and updated all of the Company's sustainability policies.

## Sustainability Policies & Practices (continued)

### Energy & Climate Change

In addition to making good business sense, energy consumption efficiency is central in our efforts to minimize our impact on climate change. Understanding, mitigating and adapting to the risks that climate change poses to our operations and where we operate is a core part of being a responsible operator. Champion understands that addressing this challenge is fundamental to respecting our relationships with local communities and First Nations partners, while meeting stakeholders' expectations and contributing to shared resilience.

As a financially material factor, climate change is considered in our operational management, as well as during our evaluation of growth opportunities. In particular, climate change scenarios were considered in the Bloom Lake mine's recommissioning completed in 2018, throughout its recently completed Phase II expansion and in anticipation of future operations. Notably, such analysis includes planning and infrastructure development, especially in relation to Tailings Management and Water Stewardship. In 2023, we completed a study of physical climate risks related to climate change, which will help in planning our operations going forward.

We actively work to improve energy efficiency, reduce our operational GHG emissions and overall carbon footprint. As such, we are committed to identifying and strategically managing our climate-related risks and opportunities. Accordingly, in 2021, we aligned our business strategy and reporting on climate change with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). This represents the third time we are reporting in accordance with the TCFD's recommendations. TCFD details are provided at the end of this section and in the Appendix. Recognizing that the TCFD fulfilled its mandate and was disbanded in October 2023, and that the International Sustainability Standards Board ("ISSB") of the International Financial Reporting Standards ("IFRS") Foundation took over responsibility for climate-related financial reporting in 2024, Champion intends to assess and plan for appropriate alignment with the ISSB Standards in future reporting periods.

This is the first time that we are reporting our performance for the period covering April 1st to March 31st, coinciding with Champion's financial year. As a result, where relevant, we are including details on our performance for the period from January 1st to March 31st, 2023. All year-on-year comparisons in this section refer to the 2024 financial year, ended March 31, 2024 and the 2022 calendar year.

All our details related to our energy consumption and GHG emissions are in our 2023 Sustainability report, available at [www.championiron.com](http://www.championiron.com).

Benefiting from access to renewable hydroelectricity, our Company ranks as a global leader in scope 1 and 2 emission intensity per tonne of high-grade iron ore produced. In January 2023, Champion completed a feasibility study which evaluated the modifications required to produce an industry-leading DR quality pellet feed iron ore with up to 69% Fe. This project could enable our Company to engage with direct reduced iron ("DRI") and electric arc furnaces ("EAF") steel producers who manufacture steel without the use of coal, significantly reducing emissions when compared to traditional steelmaking methods. In January 2024, the Board approved a final investment for the project, which is expected to be commissioned during the second half of the 2025 calendar year, subject to completing key construction milestones in the near term.

During the 2024 financial year, in collaboration with an internationally reputable consulting firm, we mapped our supply chain emissions and developed a methodology in line with GHG Protocol guidance to estimate our Scope 3 emissions. With our methodology now selected, we set an objective to report our Scope 3 emissions in 2025. We discuss this further in the *Metrics and Targets* section below.

Since the recommissioning of Bloom Lake in 2018, we achieved an average annual emissions reduction of 31% of CO<sub>2</sub>e per annum when compared to 2014, when the mine closed under a different owner. As we optimize operations, we continue to evaluate initiatives and alternatives required to meet our 2030 GHG reduction target. In 2022, we adopted our 2050 carbon neutral goal in addition to a near-term goal to reduce emissions by 40% by 2030, based on 2014 emission intensity. Our roadmap to be carbon neutral by 2050 is illustrated in the graphic below. We continuously develop projects to reduce the intensity of our emissions related to ore extraction, processing, and transport, and to enable us to reach our 2030 and 2050 targets.

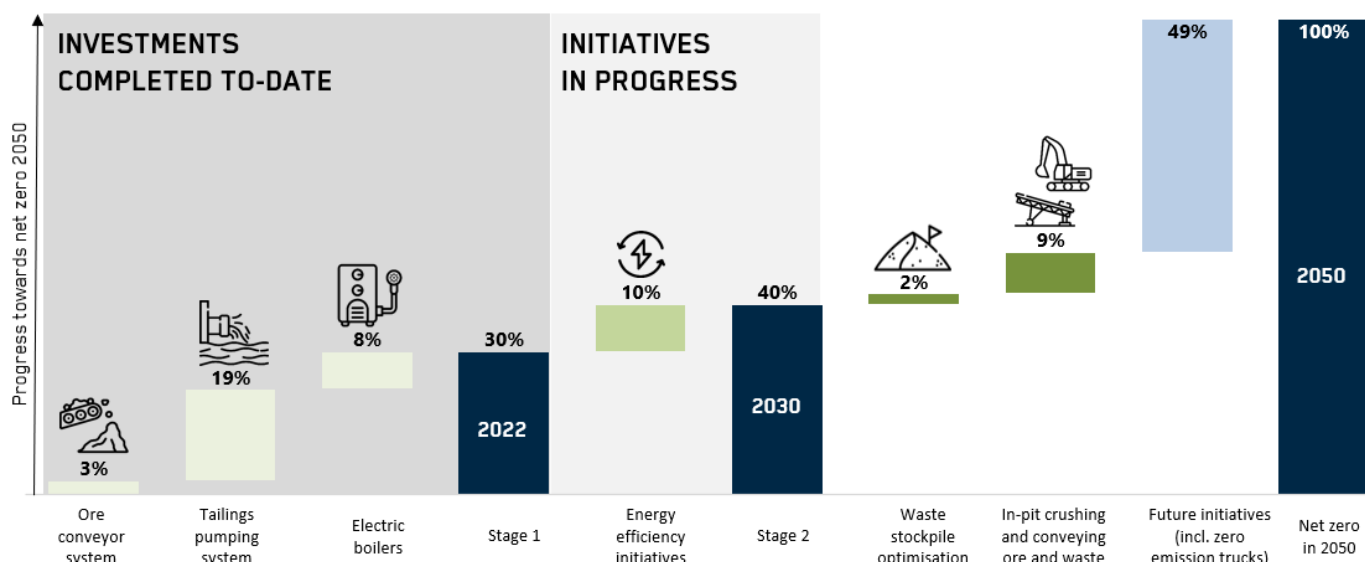
## Sustainability Policies & Practices (continued)

### Energy & Climate Change (continued)

In 2023, we continued to work on establishing a specific list of GHG reduction initiatives required to reach our targets, including electrification and energy efficiency projects, as illustrated in the graphic below. In the coming periods, we will continue refining and piloting these projects, and implement those which will better advance alignment with our 2030 target.

## SUSTAINABILITY COMMITMENT

### WORK PROGRAMS IDENTIFIED TO REDUCE EMISSIONS IN LINE WITH THE COMPANY'S TARGETS



Source : Champion Iron Limited

Following a gap analysis completed in 2022, we are drawing guidance from the ISO 50001 Energy Management standard to support our GHG reduction goals and efforts to optimize our GHG management systems.

Our operations are also aligned with the Mining Association of Canada ("MAC") Towards Sustainable Mining's ("TSM") Climate Change Protocol, which focuses on mitigation and adaptation strategies to manage climate-related risks. In May 2023, forest fires located approximately 300 km south of Bloom Lake interrupted railway service on which our operations rely. While there was no damage to our site, the forest fires disrupted railway services between May 30 and June 10, 2023, affecting our supply chain, and significantly delaying the sale of our iron ore concentrate. This event led us to complete a third-party assessment of our forest fire risk, which identified risk mitigation measures, most of which have either been implemented or are ongoing. Identified risk mitigating measures include initiatives such as: moving flammable liquids away from forest areas; ensuring an adequate supply of sprinklers, pipes and pumps; developing plans for protecting stored equipment, contingency and operational continuity plans for electricity cuts or fuel shortages; and vegetation management. Finally, in line with our value of transparency, we participated in our first CDP assessment in 2023.

## Sustainability Policies & Practices (continued)

### Task Force on Climate-Related Financial Disclosures (TCFD) Framework Alignment

The 2023 Sustainability Report marks the third year in which our climate-related disclosure is framed by the TCFD recommendations. It covers our progress and our planned future actions across the 11 disclosure recommendations, under four key areas: governance, strategy, risk management, and metrics and targets.



**Governance:** Our governance around climate-related risk and opportunities

**Strategy:** The actual and potential impacts of climate-related risk and opportunities on our business, strategy and financial planning

**Risk Management:** The processes we use to identify, assess and manage climate-related risks

**Metrics & Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities

#### A. Governance

The Board, supported by the Sustainability & Indigenous Affairs Committee (“SIA Committee”), is Champion's ultimate body responsible for monitoring and acting on climate change-related risks, opportunities, and strategies. The SIA Committee, which reports to the Board and meets at least quarterly, is accountable for overseeing all of Champion's sustainability and climate change performance areas, including risk assessment, management performance, corporate strategy approval, metrics and Key Performance Indicator (“KPI”) setting, monitoring and approving public disclosure in relation to sustainability matters, and monitoring and reviewing the management of the climate-change issues. Scheduled quarterly operations updates keep the Board informed on operations, which integrate climate-related topics as part of normal operations oversight. Additionally, issues deemed significant by the Executive team (the “Management”) can be brought directly to the Board's attention on an ad hoc basis.

The Chief Operating Officer (“COO”), supported by internal and external energy management experts, is responsible for the Company's management, measuring, monitoring and reporting of GHG emissions, including the setting of goals. As part of our formal reporting process, the COO and Champion's Management team regularly report to the SIA Committee on material climate change-related topics, to maintain accountability for climate change performance. The COO is kept informed by the General Manager (“GM”), who in turn is informed by site superintendents of any emerging climate-related issues, including how they are being addressed and managed.

Climate-related policies, strategies and information are subject to the Board and its specific committees, a process aligned with the same governance to review financial information. The SIA Committee, which is comprised of non-executive Board members, reports its findings and recommendations to the Board and assists management in establishing climate change policies, and as such, performs a key governance function.

As noted in our 2023 Sustainability Report, in 2023 we introduced KPIs for key Executives remuneration that relate to the Company's sustainability practices, including performance on climate change strategy. This initiative ensures the alignment of Champion's executive compensation and the Company's climate-related initiatives. Additionally, the annual review of policies, including the environmental policy, as well as performance against strategies in relation to our GHG emissions, are also tied to the KPIs that guide executive compensation. Accordingly, the disclosure of initiatives required to meet our 2030 target and the development of our Scope 3 methodology were linked to the Executive team's Short-Term Incentive Plan (“STIP”) during the 2024 financial year. During the 2025 financial year, one of our core sustainability commitments is to disclose our inaugural Scope 3 GHG estimate and further improve visibility regarding initiatives required to meet our 2030 emission reduction target.

#### B. Strategy

Champion understands that both physical and transition climate-related risks will have an impact on our Company and that these will evolve over time, signifying that there is a range of plausible future climate scenarios that could affect our business activities. Accordingly, our strategic planning for climate-related organisational resilience is based on multiple credible scenarios, integrates a range of risks and opportunities, and considers three time horizons, 2024-2030, 2030-2050 and 2051-2080.

## Sustainability Policies & Practices (continued)

### B. Strategy (continued)

#### Planning for Physical Risk

In the 2024 financial year, in partnership with an external consultant, we completed an analysis of climate-related physical risks related to our operations and physical infrastructure. The analysis also considered the impact of climate-related physical risks on critical third-party infrastructure required by our business, including the Port of Sept-Îles and the railways connecting Bloom Lake and the port facilities. The analysis is based on the Intergovernmental Panel on Climate Change ("IPCC") CMIP6, the latest climate data. In line with TCFD recommendations to consider two scenarios, the analysis considers SSP1-2.6 (a very low GHG emissions pathway, wherein CO<sub>2</sub> emissions decline to net-zero around 2050, limiting global warming to below 2°C) and SSP3-7.0 (a high GHG emissions pathway, wherein substantial challenges exist to mitigate and adapt to environmental damage, and CO<sub>2</sub> emissions roughly double from current levels by 2100). The focus of this study was on a short-term and long-term horizon of 2024-2030 and 2030-2050<sup>1</sup>, respectively. Further studies could be considered in the future as we refine our physical risks analysis and planning.

Several climate risks were considered in the analysis, including extreme heat, extreme cold, riverine flooding, pluvial flooding, coastal flooding, water scarcity, wildfires, landslides, and hurricanes. The highest priority for physical climate risks identified were linked to flooding, forest fires and extreme heat. Authoritative sources on climate change, including government and subject matter expert reports as well as peer-reviewed research, suggest an increased risk of flooding in Québec linked to climate change in the future, making it a particularly significant component of our physical risk analysis outcomes. In both scenarios, and for both timelines, quantities of rainfall are expected to increase. However, the Bloom Lake mine has undergone significant mitigations against flood risk at the mine, including considerations of future climate trends.

Our 1<sup>st</sup> priority risk identified for physical climate-related risk was an interruption to rail services due to flooding, forest fires or extreme heat, with higher probability and impact linked to the multiple climate hazards. Flooding can wash away rails, and standing water in low-lying areas can submerge tracks. Smoke from wildfires can delay or stop services, while extreme heat can cause tracks to buckle and tires or brakes to fail.

Our 2<sup>nd</sup> and 3<sup>rd</sup> highest priority for physical climate risks are both low probability and low impact, but highly relevant to our business. Our 2<sup>nd</sup> highest priority risk identified was flooding at the mine, which can affect tailings or cause damage to equipment. Flood risk at the mine had also been previously identified in our 2019 climate risk study, which pointed to long-term risks that included potential dike failure from extreme and inconsistent precipitation events that could release tailings into the environment. Our 2023 analysis found that since the 2019 study, Bloom Lake mine has undertaken significant efforts to mitigate this risk.

Finally, our 3<sup>rd</sup> highest priority physical climate risk identified was a storm or flood at the port that damages infrastructure or causes prolonged inaccessibility. While this is a notable risk, the analysis concluded that the port is well-designed to withstand such impacts.

We recognize that operational disruptions ensuing from such climate-related events may be material and may have financial implications for our company. Based on the insights gleaned in 2023, we expect to develop a list of risks for financial analysis, which could enable the Company to estimate financial impacts by integrating financial data with both historical and scenario-based climate data.

#### Planning for Transition Risk

The study undertaken in 2023 did not consider transition risks or potential opportunities linked to climate change. However, our previous 2019 climate study did consider some potential opportunities, such as longer summers positively influencing energy consumption. This example could provide energy savings due to a reduced need for winter heating, as well as accelerating revegetation during reclamation activities.

We recognize that our operations are energy intensive and that we may be impacted by current and emerging policies and regulations relating to GHG emission levels, energy efficiency and reporting of climate change-related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency and technological innovation, the current regulatory trend may result in additional transition costs relating to the Company's operations. In addition, global efforts to transition to a lower-carbon economy may entail extensive policy, legal, technological, and market changes to address mitigation and adaptation requirements related to climate change. Depending on external factors, transition risks may pose varying levels of financial and reputational risk to the business.

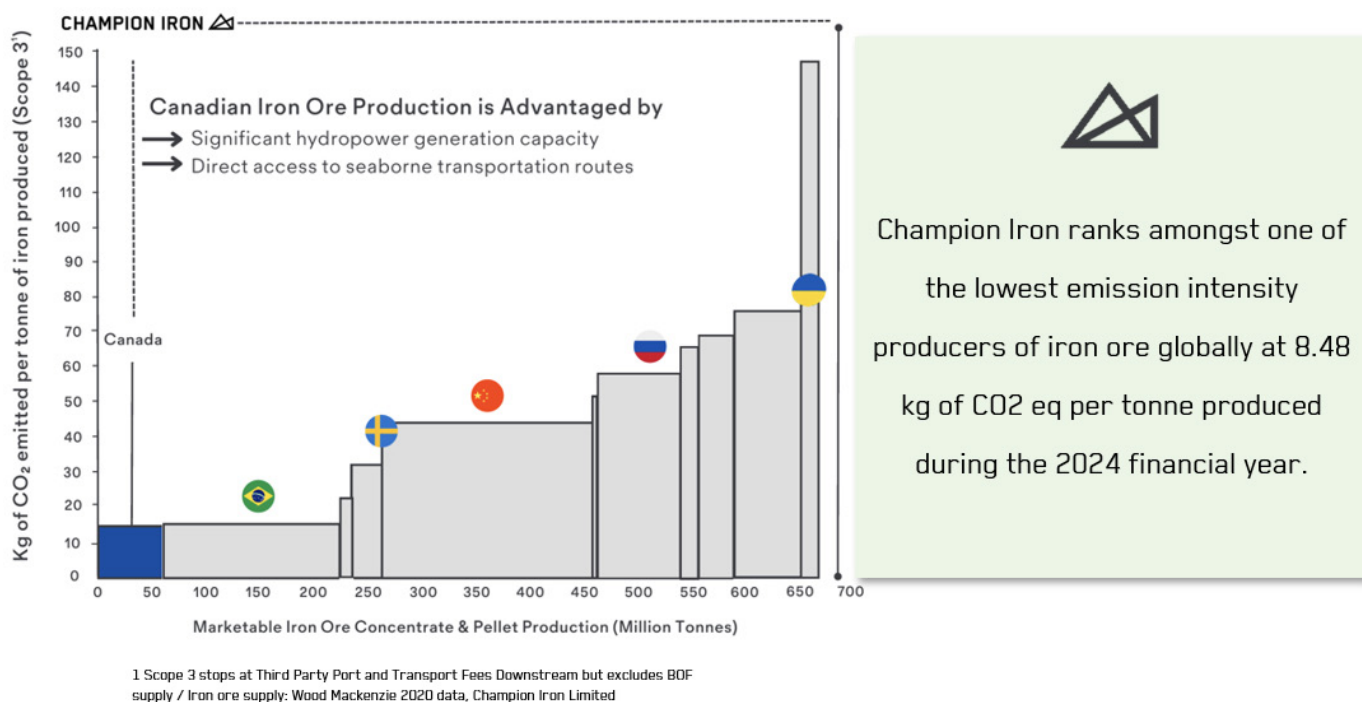
<sup>1</sup>The 2051-2080 time horizon was part of a 2019 climate risk study.

## Sustainability Policies & Practices (continued)

### B. Strategy (continued)

#### Planning for Transition Risk (continued)

As a result, we are focusing on reducing GHG emissions and continuing the development of a roadmap to meet our 2030 target of reducing our GHG intensity by 40%, which is aligned with Canada's reduction targets. As part of our commitment to reduce emissions, we will consider adapting to any potential future increases in Canada's Nationally Determined Contribution ("NDC"), under the United Nations IPCC, that may flow through to the private sector. While our Company has committed to a goal of carbon neutrality by 2050, we already rank as a global leader for scope 1 and 2 emission intensity per tonne of high-grade iron ore concentrate produced.



#### Strategic Innovation for Greener Steel

While Champion continuously seeks to minimize the climate-related impact of its operations, the Company's largest potential positive impact is in the downstream use of its product in steelmaking. Benefiting from one of the highest quality iron ore concentrate globally, Champion's 66.2% Fe iron ore enables steelmakers to significantly reduce energy consumption in steelmaking, by reducing the use of coal. Based on Champion's expanded nameplate capacity of 15 Mtpa and a comparative sourcing of lower quality iron ore at 58% Fe, end users of Champion's high-purity 66.2% Fe iron ore concentrate can reduce emissions in their steelmaking process by nearly 2Mt of CO<sub>2</sub> equivalent per year in the traditional Blast Furnaces ("BF") and Basic Oxygen Furnaces ("BOF") steelmaking method. The impact of this steelmaking emission reduction is over 20 times greater than the emissions currently produced at the Bloom Lake mine.

We continuously innovate to improve the quality of our product to meet the demands of the global green steel supply chain, and to capitalize on the accelerating emissions reduction shift in the steel industry. Emissions are therefore a key factor when considering strategic investments into growth projects, such as our DRPF project, which is designed to be carbon neutral. In 2023, we announced the positive findings of the DRPF project's Feasibility Study, which evaluated increasing half of Bloom Lake's capacity from 66.2% Fe to a DRPF quality iron ore up to 69% Fe. This transition would enable the Company to engage with producers of DRI-EAF, who manufacture steel without coal, thereby enabling emissions reductions in the steelmaking process by the equivalent of nearly five million tonnes of CO<sub>2</sub> per year<sup>1</sup> when compared to the traditional BF-BOF steelmaking.

<sup>1</sup> Estimated GHG reductions are linked to the production of 7.5 Mtpa of DRPF quality iron ore up to 69% Fe, including the difference in emissions between BF-BOF and DRI-EAF steelmaking.

## Sustainability Policies & Practices (continued)

### B. Strategy (continued)

#### Strategic Innovation for Greener Steel (continued)

Over time, the Company has the opportunity to convert the entire 15 Mtpa nameplate capacity of the Bloom Lake site to a DR pellet feed quality iron ore, potentially reducing emissions in the steelmaking process by as much 9.7 Mt of CO<sub>2</sub> per year, which is approximately 100 times more than the Bloom Lake mine's current emissions.

| Champion's concentrate reduces emissions in BF/BOF steel making<br>Proven ability to produce DR grade pellet feed enables Champion to engage with DRI/EAF steel makers <sup>1</sup> |                                 |                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                                                                                                                                     | Current Product                 | DRPF Potential                  |
| Material                                                                                                                                                                            | 15Mtpa with 66.2%               | 15Mtpa with DRPF 69%            |
| Route                                                                                                                                                                               | BF/BOF                          | DRI/EAF                         |
| Savings                                                                                                                                                                             | 1.9 Mt of CO <sub>2</sub> /year | 9.7 Mt of Co <sub>2</sub> /year |
| Equivalent                                                                                                                                                                          | 420,000 cars/year               | 2,150,000 cars/year             |

<sup>1</sup> Phase II expected nameplate capacity of 15Mtpa | 2. Assumes 4,600 Kg of CO<sub>2</sub> eq per vehicle/year (Source: US Environmental Protection Agency and Natural Resources Canada). BF/BOF reduction assumes a ratio of 1.5t of iron ore concentrate per tonne of steel produced and a reduction emission of 9.6% for Champion's 66.4% Fe (as per FY21 results) compared to 58% Fe (Based on Wood Mackenzie estimate of 8% reduction for P65 vs. P58). DRI/EAF steel making route assumes 1.47 tonne of pellet feed concentrate per tonne of steel produced. Sources: Champion Iron Limited, Wood Mackenzie data.

#### Resilient Growth

Looking forward, we will continue to assess and disclose climate-related risks and impacts per evolving practices and regulations, as we understand the materiality of this topic and the importance of providing accurate and transparent disclosures to our stakeholders.

Champion intends to expand its scenario analysis of climate change-related risks and opportunities through a transition risk assessment near-term. We will also work to improve the quality of our disclosures as our governance, strategy and risk management approaches continue to mature, including consideration of assurance over our climate-related information to enhance credibility and accountability.

Going forward, we will also continue to consider how we can best prepare for the post-closure phase of our operations, which will likely take place under climatic conditions different from those currently prevailing at the site.

### C. Risk Management

The Company's climate-related risk management process is integrated into its overall risk management framework, which consists of four components: identification, evaluation, action, and monitoring. Champion's risk management framework, provides a consistent approach to identify, assess, manage and mitigate material environmental and social risks throughout our operations and value chain. We assess a range of climate-related risks, including in our ongoing reviews of current and emerging regulation, legal and market drivers, and evolving technology and associated innovation opportunities. Using both quantitative and qualitative methods we evaluate risks, and manage them by determining risk appetite, communicating key risks, and resourcing appropriate mitigation measures.

All employees are responsible for identifying climate-related risks, as with other material risks, while managers integrate risks management into departmental management strategy planning and decision-making. Both managers and employees are responsible for the implementation and operation of the risk management process. The Board determines acceptable risk levels and oversees the process, the Management team aligns risk management with Company strategy, and the Risk Management Committee approves and monitors specific strategies. Other relevant senior members of the Company integrate risk management into their respective departmental strategies, Risk Management Program Managers support implementation within their areas, and Risk Owners manage responses to specific climate-related risks.

Risks are prioritized by management according to their probability and materiality for our operations, including the time period in which the risks may occur. The materiality of potential risks is evaluated by the Management team as a component of their periodic materiality assessments process. Internal monitoring processes ensure that any relevant risks are identified and brought to the attention of the appropriate managers, with senior management providing oversight of the risk management process.

## Sustainability Policies & Practices (continued)

### C. Risk Management (continued)

Management of climate-related risks, such as floods, fires, regulatory changes, and energy security are incorporated into Champion's overall business risk management framework. Our energy experts, which are supported by external consultants, monitor the majority of the Company's climate-related risks and collaborates with the Management team who reports to the SIA Committee who are tasked with overseeing climate-related risks, and who in turn report to the Board.

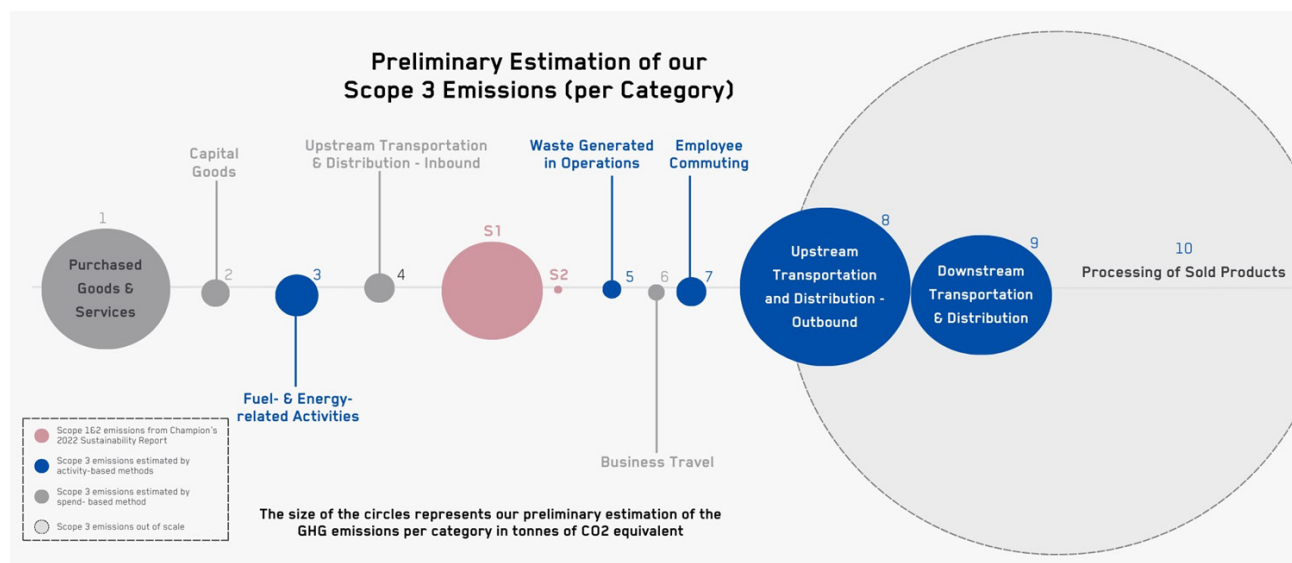
Recognizing that dike breaches and water discharge events arising from extreme weather are a significant industry risk, we particularly integrate the management and oversight of tailings and water factors, as described in Tailings Management, in our climate risk management approach. We continually update our operating procedures to focus on prevention and mitigation, as industry standards and stakeholder expectations evolve.

Following our physical climate risk screening and scenario analysis study in 2023, we will undertake a financial driver analysis and quantification process on a short list of risks, which will enable Champion to estimate impacts in monetary terms, to better integrate an understanding of climate risks and impacts alongside other types of risk within our overall enterprise risk management approach.

### D. Metrics and Targets

Champion currently monitors direct (Scope 1) and indirect (Scope 2) emissions. Supported by a third-party consultant with a positive international reputation, and with a desire to better understand our GHG emission footprint across our value chain, during the reporting period we undertook an evaluation to map the emissions across our supply chain and develop a clear and consistent methodology to begin quantifying our Scope 3 emissions based on GHG Protocol guidance. We completed an evaluation of the 15 categories of the GHG protocol, enabling us to determine which categories were material and which were of lower significance. This assessment also identified categories that were either not applicable or potentially too complex, such as category 12 End-of-Life Treatment of Sold Products, given that our product becomes steel and that this material is recyclable. We concluded that the most material and relevant scope 3 categories for our value chain include the following: Category 1 (purchased goods and services); Category 2 (capital goods); Category 3 (fuel- and energy-related activities); Category 4 (upstream transportation and distribution); Category 5 (waste generated in operations); Category 6 (business travel); Category 7 (employee commuting); Category 9 (downstream transportation and distribution); and Category 10 (processing of sold products). For these relevant categories, we can account for our emissions using established analytical approaches, such as considering spend, average-data, fuel, distance, and waste type. Notably, Category 10 (processing of sold products) was estimated to account for over 95% of Champion's scope 3 emissions, further enforcing our vision for the DRPF project and its potential impact to reduce emissions across the green steel supply chain.

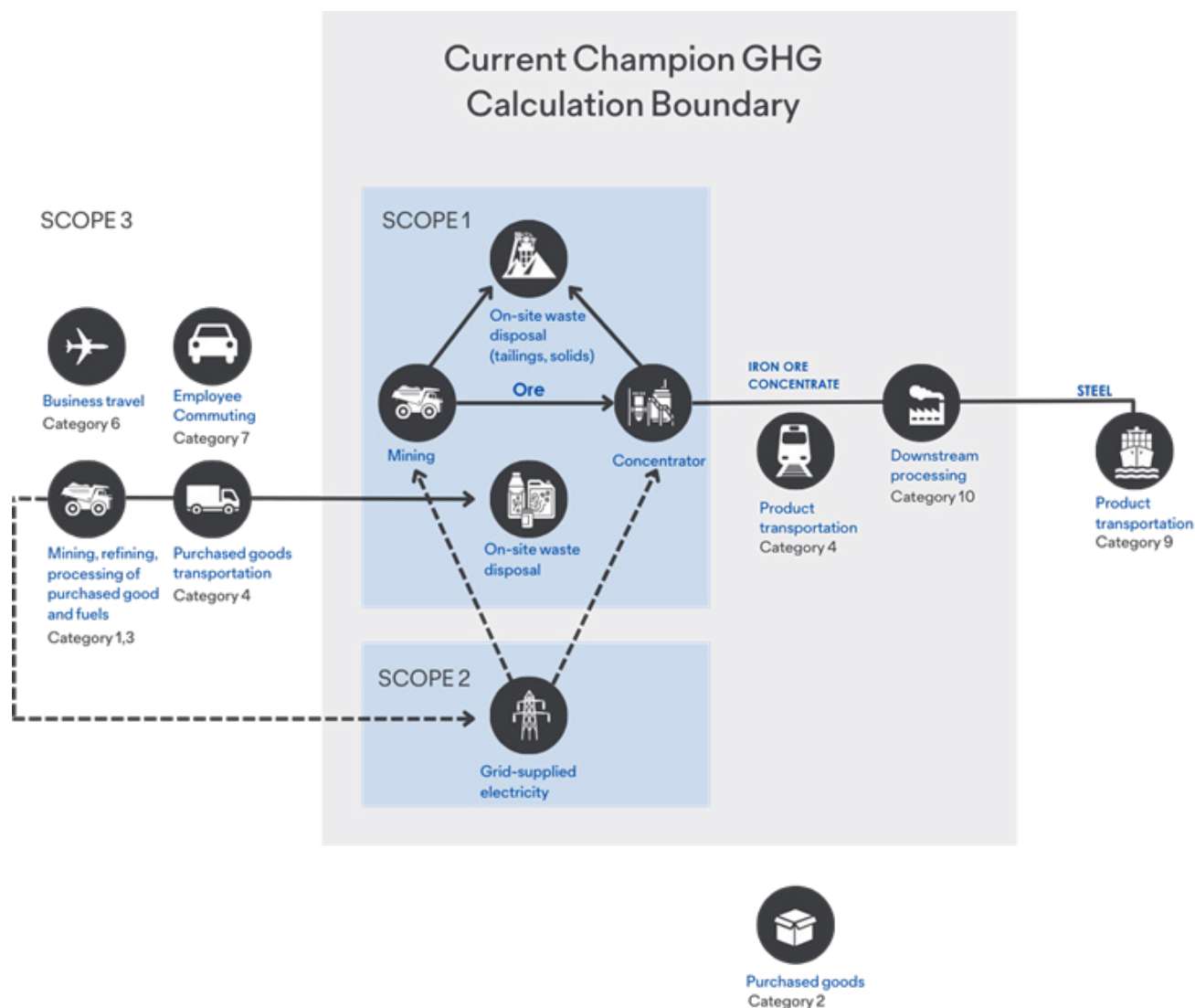
Our evaluation further concluded that the following scope 3 categories are not presently material or relevant for our business activities or value chain, namely: categories 8, 11, 12, 13, 14, and 15, which include upstream leased assets, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments, respectively.



## Sustainability Policies & Practices (continued)

### D. Metrics and Targets (continued)

Champion GHG Calculation Boundary<sup>1</sup>



The development of our Scope 3 calculation methodology was an important sustainability objective for our Company in 2023, and its achievement was tied to executive management STIP for the reporting period. In the 2025 financial year, our objective is to begin disclosing our Scope 3 emissions in accordance with our new methodology.

Champion also tracks a range of other climate-relevant metrics, whereby further details can be found in our Sustainability Report.

Our GHG reduction targets currently reflect historical trends. As per the TCFD recommendations, Champion will start to use forward-looking metrics and targets in future periods as we come to better understand our climate change related risks and opportunities.

<sup>1</sup> In previous sustainability reports, our visual included categories 11-15. However, following a proper assessment, categories 11 through 15 were deemed not relevant. They have therefore been eliminated in this updated visual representation of the company's emissions calculation boundaries.



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**03**

# **CORPORATE GOVERNANCE**

**WE PRODUCE  
HIGH-GRADE  
IRON ORE  
CONCENTRATE  
WITH INTEGRITY**



# BOARD OF DIRECTORS

A BOARD WITH DIVERSITY  
OF SKILLS, EXPERIENCE AND  
GENDER TO ENSURE BEST  
PRACTICE GOVERNANCE AND  
THE PROSPERITY OF CHAMPION



**MICHAEL  
O'KEEFE,**

B AppSc (Metallurgy)

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Executive Chairman  
of the Board



**DAVID  
CATAFORD,**

ENG

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Chief Executive Officer  
and Director



**GARY  
LAWLER,**

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

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Lead Director



**MICHELLE  
CORMIER,**

CPA

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Director



**LOUISE  
GRONDIN,**

P.Eng, MSc

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Director



**JESSICA  
MCDONALD**

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Director



**JYOTHISH DEVINA  
GEORGE,**

Ph.D

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Director



**RONNIE  
BEEVOR,**

BA (Oxon)

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Director

# BOARD OF DIRECTORS

## **Michael O’Keeffe, B AppSc (Metallurgy)**

### **Executive Chairman and Former Chief Executive Officer** (non-independent)

Mr. O’Keeffe was appointed Executive Chair of the Company on August 13, 2013 and CEO on October 3, 2014. On April 1, 2019, Mr. O’Keeffe stepped down as CEO and remains Executive Chair 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. Mr. O’Keeffe is presently a member of the Board of Directors of Burgundy Diamond Mines Ltd.

## **David Cataford, Eng**

### **Chief Executive Officer and Director** (non-independent)

David Cataford joined Champion Iron in 2014. He notably held the position of Chief Operating Officer before being appointed CEO of the Company in 2019. Mr. Cataford steered the recovery of assets, the restart of the Bloom Lake mine and today, with the support of a team of over 1,160 employees, he leads all of the company's growth projects. Under his leadership, Champion Iron has forged a strong position in the green steel supply chain, building on a trust-based partnership with First Nations communities. Prior to joining Champion Iron, he held various management positions with other mining companies operating in the Labrador Trough, including Cliffs Natural Resources Inc. and ArcelorMittal. He was also co-founder and president of the North Shore and Labrador Mineral Processing Society. Mr. Cataford holds a bachelor’s degree in mining engineering from Université Laval. His career path has earned him several awards, including the Young Mining Professionals Award and the Brendan Woods International Top Gun CEO Award.

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

### **Lead Director** (independent)

Mr. Lawler was appointed as a Non-Executive Director on April 9, 2014. He is an Australian corporate lawyer who has specialized in mergers and acquisitions for over 40 years. Mr. Lawler has been a partner of 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.

## **Michelle Cormier, CPA**

### **Non-Executive Director** (independent)

Ms. 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 a strong capital markets background, with experience in public companies listed in the United States and Canada. She has significant experience in corporate governance, having served on several boards of directors of publicly listed and privately held companies as well as government-owned institutions and not-for-profit organizations. Ms. Cormier has been a consultant to Wynnchurch Capital Canada, Ltd. since 2014. Previously, she spent 13 years in senior management and as Chief Financial Officer of a large North American forest products company, and eight years in various senior management positions at Alcan Aluminum Limited (Rio Tinto). Ms. Cormier articulated with Ernst & Young. She currently serves on the Board of Directors of Cascades Inc. (CAS.TSX).

## Board of Directors (continued)

### **Louise Grondin, P.Eng, MSc**

#### **Non-Executive Director** (independent)

Ms. Grondin has been, since January 2021, working as an independent consultant after retiring from Agnico Eagle Mines Ltd. (“Agnico Eagle”), a Canadian-based international gold producer. Over her almost twenty years with Agnico Eagle, she held various leadership positions as Senior Vice-President, People and Culture, Senior Vice-President Environment, Sustainable Development and People, Regional Director Environment and Environmental Superintendent. Prior to working with Agnico Eagle, Ms. Grondin was Director of Environment, Human Resources and Safety for Billiton Canada Ltd. In 2013, she was named amongst the 100 Global Inspirational Women in Mining, in 2015 she received the Rick W. Filotte Career Recognition Award and, in 2016, she was the recipient of the Women in Mining Canada Trailblazer award. She also sits on the Board of the Canadian Mining Hall of Fame and Wesdome Gold Mines Ltd. Ms. Grondin is a member of the Association of Professional Engineers of Ontario, the Ordre des ingénieurs du Québec and a fellow of the Canadian Academy of Engineering.

### **Jessica McDonald**

#### **Non-Executive Director** (independent)

Ms. McDonald joined Champion Iron in August 2023. She has been a corporate director since 2014 and has been certified by the Institute of Corporate Directors since 2017. She is currently a member of the board of directors of GFL Environmental Inc. and Foran Mining Corporation. Ms. McDonald was also a director of Coeur Mining, Inc. from 2018 to 2023, a director of Hydro One Limited from 2018 to 2022 and a director and chair of Trevali Mining Corporation between 2017 and 2020. From 2014 to 2017, Ms. McDonald was President and Chief Executive Officer of the BC Hydro and Power Authority, a clean energy utility with over \$5.5 billion in annual revenue and more than 5,000 employees. She acted as interim President and Chief Executive Officer of Canada Post Corporation from April 2018 to March 2019 and was the chair of its board of directors between 2017 and 2020. Ms. McDonald served as the Chair of Powertech Labs, one of the largest testing and research laboratories in North America and a director of Powerex, an energy trading company. Ms. McDonald has extensive government experience, including serving as Deputy Minister to the Premier and Head of the BC Public Service. Ms. McDonald holds a Bachelor of Arts degree in Political Science from the University of British Columbia, is a graduate of the Institute of Corporate Directors and holds a certification in cybersecurity oversight from the National Association of Corporate Directors and Carnegie Mellon University.

### **Jyothish George, Ph.D**

#### **Non-Executive Director** (independent)

Mr. George joined Champion Iron in October 2017. Mr. George is currently Head of Copper Marketing at Glencore. Immediately prior to his current role, Mr. George served as head of marketing for iron ore at Glencore. Prior to that he was 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.

## Board of Directors (continued)

### **Ronnie Beevor, BA (Oxon)**

#### **Non-Executive Director** (independent)

Mr. Beevor was appointed as a Non-Executive Director in March 2024. Mr. Beevor has over 40 years of experience in investment banking and the mining sector, including as Chair and non-executive director of several mining companies in Australia and internationally. He is presently Chairman of Felix Gold, which has substantial gold exploration properties in Alaska, director of Mont Royal Resources, building a dominant position in underexplored greenstone belts in Québec, and director of Lucapa Diamond Company, an international producer of high value diamonds. He recently retired as Chairman of Bannerman Energy Limited, owner of the large Etango uranium deposit in Namibia. Previously, Mr. Beevor served as head of investment banking at Rothschild Australia, Chair of EMED Mining, which acquired, developed and operated the Rio Tinto copper mine in Southern Spain, board member of Riversdale Resources, which was acquired by Hancock Prospecting for A\$800M, as well as Talison Lithium which acquired the Greenbushes lithium mine in West Australia, prior to its acquisition by Tianqi Industry Group for nearly C\$700M. Mr. Beevor also served on the board of Oxiana Limited, which developed substantial gold and copper operations in Laos, acquired the Golden Grove polymetallic mine in Western Australia, developed the Prominent Hill mine in South Australia and merged with Zinifex Limited to form OZ Minerals, which was acquired in 2023 by BHP Group Limited for A\$9.5B. Mr. Beevor holds an Honours degree in Philosophy, Politics and Economics from Oxford University, and qualified as a chartered accountant in England and Wales.

### **Member Transition**

Jessica McDonald was appointed Director on August 30, 2023 (Montréal).

Andrew J. Love was Lead Director from April 9, 2014, to August 30, 2023 (Montréal).

Wayne G. Wouters was Director from November 1, 2016, to August 30, 2023 (Montréal).

Ronnie Beevor was appointed Director on March 3, 2024 (Montréal).

# CORPORATE GOVERNANCE STATEMENT

Champion is committed to conducting business ethically, responsibly, in compliance with the legal requirements of the jurisdictions where we operate, and in accordance with the highest standards of corporate governance. We recognize that good governance is of utmost importance to our stakeholders, and central to the continuous improvement of our accountability and sustainability performance. Proper corporate governance enables us to uphold our core values of transparency and respect.

## Corporate Governance Statement

The Company's Board is committed to protecting and enhancing shareholder value and conducting the Company's business ethically and in accordance with the highest standards of corporate governance. In determining those standards, Champion supports the intent of the 4<sup>th</sup> Edition ASX Corporate Governance Principles and Recommendations ("Principles and Recommendations") and meets the specific requirements of the Principles and Recommendations, unless otherwise disclosed.

Champion believes that its practices are consistent with the Principles and Recommendations and will continue to adapt its governance practices to maintain this status or make changes as appropriate, in accordance with the nature and scale of the Company's business.

A full copy of the 2024 financial year Corporate Governance Statement is available on the Company's website at [www.championiron.com](http://www.championiron.com). The corporate governance section of Champion's website also provides further information on Champion's corporate governance policies, including its Whistleblower Policy.

## Diversity Policy

The Company has adopted a Diversity Policy, a copy of which can be accessed on the Company's website at [www.championiron.com](http://www.championiron.com).

The Board aims to increase gender diversity as Director and Senior Management positions become vacant and appropriately qualified candidates become available. As at March 31, 2024, 14% of the Company's Senior Executive team and 38% of its Board positions are held by women (14% and 25% respectively as at March 31, 2023).

In addition, as at December 31, 2023, women held 12% of positions throughout the Company (excluding Executive and Board members), with a greater representation at the head office, where 38% of the workforce were women (12% and 34%, respectively, as at December 31, 2022).



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**04**

# **FORWARD- LOOKING STATEMENTS**

# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

## Forward-Looking Statements

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

## Specific Forward-Looking Statements

All statements, other than statements of historical facts, included in this Annual Report that address future events, developments or performance that Champion expects to occur are forward-looking statements. Forward-looking statements include, among other things, Management’s expectations regarding:

- (i) the Company’s Phase II expansion project, its nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity, permitting, compensation plans and associated costs;
- (ii) Bloom Lake’s life of mine, recovery rates, production, economic and other benefits, updated reserves and resources, nameplate capacity and related opportunities and benefits, as well as potential increase thereof;
- (iii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and to convert approximately half of Bloom Lake’s increased nameplate capacity of 15 Mtpa to commercially produce a DR quality pellet feed iron ore, expected project timeline, economics, capital expenditure, budget and financing, production metrics, technical parameters, permitting and approvals, expected environmental footprint, pricing premiums, efficiencies, economic and other benefits and related engagement with prospective customers;
- (iv) the study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets, including its anticipated completion timeline, related joint venture and expected premium that high quality DRPF products will attract;
- (v) the Kami Project’s study, its purpose, including evaluating the potential to produce a DR grade product, expected project timeline, economics, production and financial metrics, technical parameters, expected environmental footprint, efficiencies and economic and other benefits and related engagement with stakeholders and strategic partners;
- (vi) the future declaration and payment of dividends and the timing thereof;
- (vii) the shift in steel industry production methods towards reducing emissions and green steel production methods, including expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, and the Company’s participation therein, contribution thereto and positioning in connection therewith, including related research and development and the transition of the Company’s product offering (including producing high quality DRPF products) and expected benefits thereof;
- (viii) the cold pelletizing technology and its potential to substantially reduce emissions linked to the agglomeration of iron ore and related projects and initiatives;
- (ix) green steel, GHG and CO<sub>2</sub> emissions reduction initiatives, sustainability and ESG related initiatives, objectives, targets and expectations, expected implications thereof and the Company’s positioning in connection therewith;
- (x) maintaining higher stripping activities;
- (xi) stockpiled ore levels, shipping and sales of accumulated concentrate inventories and related rehandling costs and their impact on the cost of sales;
- (xii) increased shipments of iron ore and related railway and port capacity and transportation and handling costs;
- (xiii) the Company’s safe tailings strategy, tailings investment plan and related investments and benefits;
- (xiv) the impact of exchange rates on commodity prices and the Company’s financial results;
- (xv) the relationship between iron ore prices and ocean freight costs and their impact on the Company;
- (xvi) the impact of iron ore prices fluctuations on the Company and its financial results and the occurrence of certain events and their impact on iron ore prices and demand for high-grade iron ore products;

## Cautionary Note Regarding Forward-Looking Statements (continued)

### Specific Forward-Looking Statements (continued)

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

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

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

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

(xxi) the Company's tax position;

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

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

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

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

### Deemed Forward-Looking Statements

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein.

### Risks

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

- the results of feasibility studies;
- changes in the assumptions used to prepare feasibility studies;
- project delays;
- timing and uncertainty of industry shift to green steel and EAF, impacting demand for high-grade feed;
- continued availability of capital and financing and general economic, market or business conditions;
- general economic, competitive, political and social uncertainties;
- future prices of iron ore;
- future transportation costs;
- failure of plant, equipment or processes to operate as anticipated;
- delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; and
- the effects of catastrophes and public health crises, including the impact of COVID-19, on the global economy, the iron ore market and Champion's operations,

as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2024 Annual Information Form and the MD&A for the financial year ended March 31, 2024, all of which are available on SEDAR at [www.sedar.com](http://www.sedar.com), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://www.championiron.com).

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

### Additional Updates

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

The background of the entire page is a close-up photograph of numerous curved, bowl-like objects. These objects are painted in vibrant shades of blue and magenta. Many of them have small, white, handwritten numbers on their surfaces. The objects are arranged in a dense, overlapping pattern, creating a sense of depth and texture. Some thin, light-colored rods or sticks are visible, passing through or resting on the objects.

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**05**

# **DIRECTORS' REPORT**

# DIRECTORS' REPORT

The following Champion Iron Limited ("Champion" or the "Company") Directors' Report has been prepared as of May 31, 2024. This Directors' Report is intended to supplement the audited consolidated financial statements for the year ended March 31, 2024, and related notes thereto ("Financial Statements"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), including Australian Interpretations and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements and other information pertaining to the Company are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://www.championiron.com).

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

Unless otherwise specified, all dollar figures stated herein are expressed in millions of Canadian dollars, except for: (i) tabular amounts, which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations and definitions are used throughout this Directors' Report: US\$ or U.S. dollar (United States dollar), C\$ (Canadian dollar), Board (Board of Directors), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres), FOB (free on board), Fe (iron ore), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), Phase II (Phase II expansion project), DR (direct reduction), DRPF (direct reduction pellet feed), Kami Project (Kamistatusset project), GHG (greenhouse gas), G&A (general and administrative), P62 index (Platts IODEX 62% Fe CFR China index), P65 index (Platts IODEX 65% Fe CFR China index), C3 index (C3 Baltic Capesize index), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining costs) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. The term "QIO" refers to Quebec Iron Ore Inc., the Company's wholly-owned subsidiary and the operator of Bloom Lake.

## Non-IFRS and Other Financial Measures

Certain financial indicators used by the Company to analyze and evaluate its results are non-IFRS financial measures or ratios and supplementary financial measures. Each of these indicators is not a standardized financial measure under the IFRS and might not be comparable to similar financial measures used by other issuers. These indicators are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures included in this Directors' Report are: EBITDA and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, cost of sales per dmt sold, C1 cash cost or total cash cost per dmt sold, AISC per dmt sold, cash operating margin, cash profit margin, gross average realized selling price per dmt sold, net average realized selling price per dmt sold or net average realized FOB selling price per dmt sold, and operating cash flow per share. When applicable, a quantitative reconciliation to the most directly comparable IFRS measure is provided in section 20 — Non-IFRS and Other Financial Measures of this Directors' Report.

## I. OPERATING AND FINANCIAL REVIEW

## II. REMUNERATION REPORT

## III. SPECIFIC AND GENERAL INFORMATION

# I. OPERATING AND FINANCIAL REVIEW



*“With the achievement of several significant milestones during the 2024 financial year, even with forest fire-related challenges early in the financial period, we delivered robust operational results thanks to our committed employees and partners.”*

David Cataford

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 1. Financial and Operating Highlights

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

<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

<sup>2</sup> See the "Currency" subsection of this Directors' Report included in section 6 — Key Drivers.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

## 2. Quarterly Highlights

### Operations and Sustainability

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

### Financial Results

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

<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

<sup>2</sup> See the "Currency" subsection of this Directors' Report included in section 6 — Key Drivers.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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### 2. Quarterly Highlights (continued)

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#### DRPF Project Update

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

#### Other Growth and Development

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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### 3. Dividend on Ordinary Shares

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

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

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

Additional details on the dividends and related tax information can be found on the Company's website at [www.championiron.com](http://www.championiron.com) under the [Investors – Dividend Information](#) section.

### 4. DRPF Project Update

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

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

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

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

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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### 5. Green Steel Initiatives

With an increased focus on reducing GHG emissions in steelmaking processes, the steel industry is experiencing a structural shift in its production methods. This dynamic is expected to create additional demand for higher-purity iron ore products, as the industry transitions towards using reduction technologies to produce liquid iron, such as the use of DRI in EAF instead of traditional BF-BOF steelmaking. DR grade iron ore is generally pelletized to produce DR grade pellets. DR grade pellets are then processed in a DR reactor, removing oxygen from the iron oxide concentrate to produce metallic iron (DRI or HBI), which can be a substitute for or blended with scrap steel to produce steel in the EAF steelmaking method.

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

#### Emissions Reduction Initiatives

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

#### Acquisition of an Iron Ore Pelletizing Facility

On May 17, 2022, the Company entered into a definitive purchase agreement (the "Purchase Agreement") to acquire, via a wholly-owned subsidiary and upon satisfaction of certain conditions, the Pointe-Noire Iron Ore Pelletizing Facility located in Sept-Îles, adjacent to the port facilities. The Company also entered into a Memorandum of Understanding (the "MOU") with a major international steelmaker (the "Pellet Plant Partner") to complete a study to evaluate the re-commissioning of the Pellet Plant and produce DR grade pellets. The study will evaluate the investments required to re-commission the Pellet Plant while integrating up-to-date pelletizing and processing technologies.

The MOU sets out a framework for Champion and the Pellet Plant Partner to collaborate in order to complete the study. Subject to the study's positive findings and results, the MOU outlines a framework for a joint venture to produce DR grade iron ore pellets to sell to third-parties and the Pellet Plant Partner. Pursuant to the Purchase Agreement, Champion is required to comply with various undertakings in connection with the Pellet Plant, including a commitment to design and operate the project using electricity, natural gas, biofuels or renewable energy as main power sources.

### 6. Key Drivers

#### Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor affecting the Company's financial results. As such, net income and cash flow from operating activities and the Company's development plan may, in the future, be significantly and adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by several industries and macroeconomic factors beyond the Company's control. Due to the high-quality properties of its greater than 66% Fe iron ore concentrate, the Company's iron ore product has proven to attract a premium over the P62 index, widely used as the reference price in the industry. As such, the Company quotes its products based on the high-grade P65 index. The premium captured by the P65 index is attributable to steel mills recognizing that higher iron ore grades offer the benefit of optimizing output while also significantly decreasing CO<sub>2</sub> emissions in the steelmaking process.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

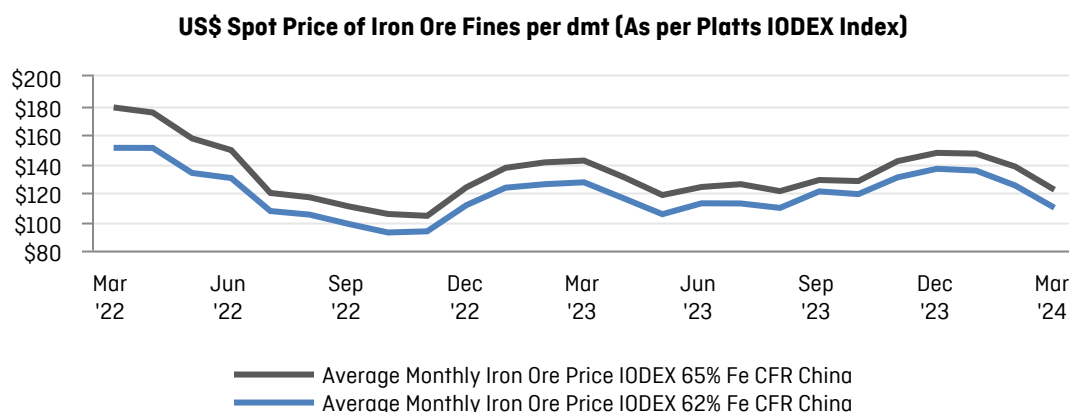
(Expressed in Canadian dollars, except where otherwise indicated)

### 6. Key Drivers (continued)

#### Iron Ore Concentrate Price (continued)

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

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



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

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

<sup>1</sup> <https://www.worldsteel.org/>

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 6. Key Drivers (continued)

#### Iron Ore Concentrate Price (continued)

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

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

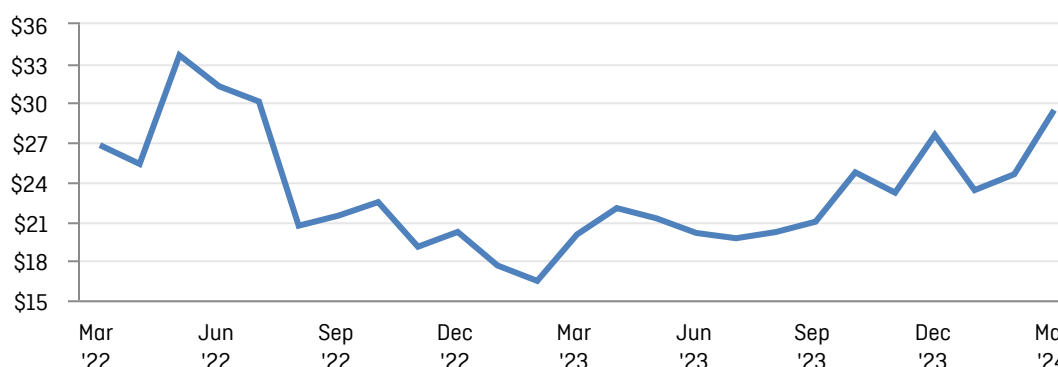
| (in thousands of U.S. dollars)                          |  | As at March 31,<br>2024 |
|---------------------------------------------------------|--|-------------------------|
| Tonnes (dmt) subject to provisional pricing adjustments |  | 1,821,100               |
| 10% increase in iron ore prices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

The sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars resulting from a 10% increase and 10% decrease in gross realized selling prices as at March 31, 2024, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact net realized selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

#### Sea Freight

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

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



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

# Champion Iron Limited

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(Expressed in Canadian dollars, except where otherwise indicated)

### 6. Key Drivers (continued)

#### Sea Freight (continued)

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

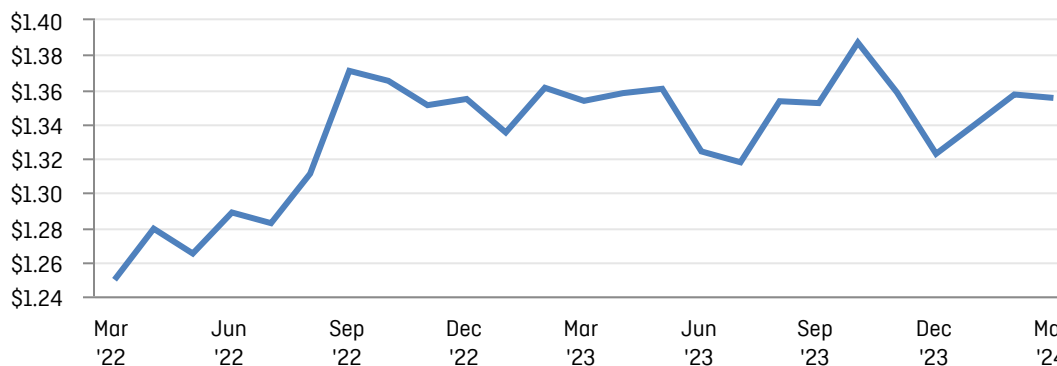
When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled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

#### Currency

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

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

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



Exchange rates were as follows:

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

Apart from these key drivers and the risk factors that are described in the "Risk Factors" section of this Annual Report, 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.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 7. Bloom Lake Mine Operating Activities

#### Impact of Forest Fires

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

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

#### Operational Performance and Rail Capacity Update

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

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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### 7. Bloom Lake Mine Operating Activities (continued)

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

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

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

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

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

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

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

#### 2024 Financial Year vs 2023 Financial Year

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

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

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance

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

#### A. Revenues

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

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

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

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

<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### A. Revenues (continued)

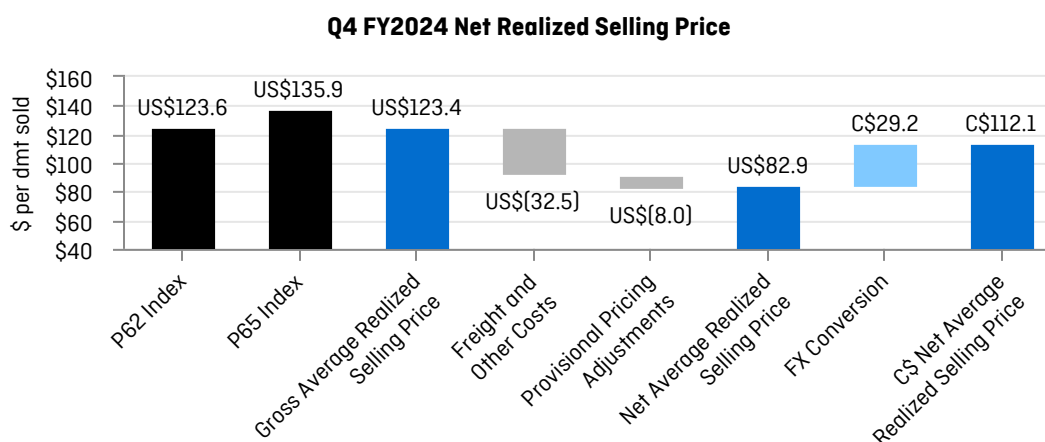
##### Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year (continued)

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

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

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

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



<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### A. Revenues (continued)

##### 2024 Financial Year vs 2023 Financial Year

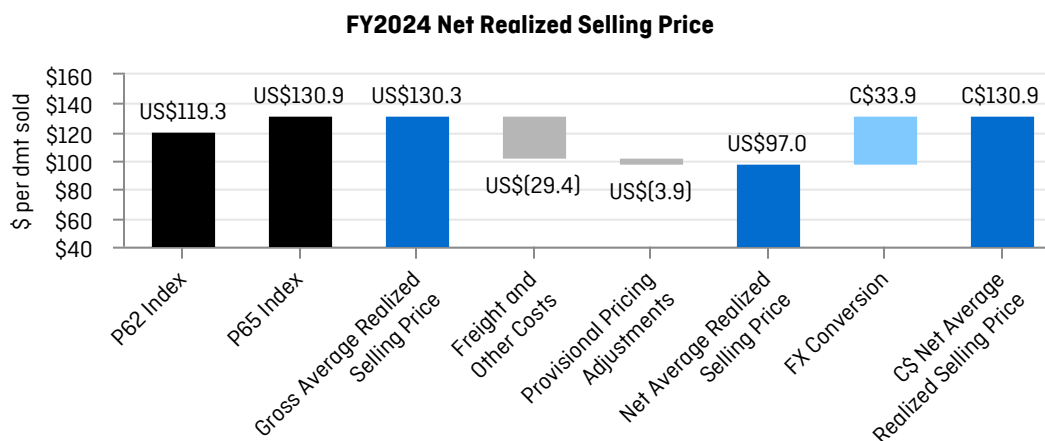
Revenues totalled \$1,524.3 million for the year ended March 31, 2024, compared to \$1,395.1 million for the same period in 2023. Higher sales of iron ore concentrate, the weaker Canadian dollar compared to the same prior-year period and lower freight and other costs more than offset the impact of higher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

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

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

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

The high-grade iron ore P65 index price averaged US\$130.9/dmt<sup>1</sup> for the year ended March 31, 2024, comparable to the same period last year. The Company sold its product at a gross average realized selling price of US\$130.3/dmt<sup>1</sup>. Benefiting from a premium product, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. Deducting sea freight and other costs of US\$29.4/dmt and the negative provisional pricing adjustments of US\$3.9/dmt, the Company obtained a net average realized selling price of US\$97.0/dmt (C\$130.9/dmt)<sup>1</sup> for its high-grade iron ore concentrate.



<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### B. Cost of Sales and C1 Cash Cost

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

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

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

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

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

#### 2024 Financial Year vs 2023 Financial Year

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

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

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

<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### C. Gross Profit

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

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

#### D. Other Expenses

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

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

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

The following table details G&A expenses:

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

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

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# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### D. Other Expenses (continued)

The following table details sustainability and other community expenses:

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

During the three-month period and year ended March 31, 2024, the Company incurred innovation and growth initiative expenses of \$1.2 million and \$11.3 million, respectively, compared to \$2.6 million and \$11.9 million, respectively, for the same periods in 2023. The expenses for the three-month period and year ended March 31, 2024, were comprised of consultant fees, and salaries and benefits mainly related to the Pointe-Noire Pellet Plant study. The Company's strategic initiatives are detailed in section 5 — Green Steel Initiatives.

#### E. Net Finance Costs

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

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

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### E. Net Finance Costs (continued)

##### 2024 Financial Year vs 2023 Financial Year

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

#### F. Income Taxes

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

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

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

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

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

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

During the three-month period and year ended March 31, 2024, deferred income and mining tax expenses totalled \$16.2 million and \$65.4 million, respectively, compared to \$30.5 million and \$90.7 million, respectively, for the same periods in 2023. The variation in deferred tax expenses was mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The combined provincial and federal statutory tax and mining tax rate was 38%. The Company's effective tax rate ("ETR") was 40% for the year ended March 31, 2024, compared to 42% for the same period in 2023. The difference between the statutory and effective tax rate for the year ended March 31, 2024, is mainly due to the withholding tax paid by Champion on the dividend received from QIO, partially offset by positive tax adjustments relating to previous periods.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### G. Net Income & EBITDA

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

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

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

##### 2024 Financial Year vs 2023 Financial Year

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

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

#### H. All In Sustaining Cost & Cash Operating Margin

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

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

During the three-month period ended March 31, 2024, the Company realized an AISC of \$88.0/dmt<sup>1</sup>, compared to \$85.7/dmt<sup>1</sup> for the same period in 2023. The increase was attributable to higher sustaining capital expenditures and G&A expenses, partially offset by lower C1 cash costs. The increase in sustaining capital expenditures was mainly related to mining activities and tailings management that were required to support the Company's mining plan in future years. Refer to section 10 — Cash Flows for details on sustaining capital expenditures.

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

##### 2024 Financial Year vs 2023 Financial Year

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

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

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### 9. Exploration Activities and Regional Growth

#### Kami Project Study

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

#### Exploration and Evaluation Activities

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

Details on exploration projects and maps are available on the Company's website at [www.championiron.com](http://www.championiron.com) under the Operations & Projects section.

# Champion Iron Limited

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### 10. Cash Flows

The following table summarizes cash flow activities:

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

#### Operating

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

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

<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Cash Flows (continued)

#### Investing

##### i. Purchase of Property, Plant and Equipment

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

#### Sustaining Capital Expenditures

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

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

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

#### DRPF Project

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

#### Other Capital Development Expenditures at Bloom Lake

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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### 10. Cash Flows (continued)

#### Investing (continued)

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

###### Other Capital Development Expenditures at Bloom Lake (continued)

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

##### ii. Other Main Investing Activities

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

#### Financing

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

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 11. Financial Position

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

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

#### Assets

The change in the Company's cash and cash equivalents balance on March 31, 2024, compared to the amount held on March 31, 2023, is detailed in section 10 — Cash Flows.

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

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

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

The increase in property, plant and equipment is detailed in section 10 — Cash Flows. In addition, the increase in property, plant and equipment includes the reclassification of third-party transshipment infrastructure from advance payments as at March 31, 2023, to right-of-use assets as at March 31, 2024.

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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### 11. Financial Position (continued)

#### Liabilities and Equity

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

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

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

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

#### Liquidity

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

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

- Sustaining and other capital expenditures;
- Expenditures in relation with the DRPF project;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities, CAT Financing and IQ Loan; and
- Payment of mining and income taxes.

### 12. Financial Instruments

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

### 13. Contingencies

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 14. Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

#### Contractual Obligations and Commitments

The following are the contractual maturities of the Company's liabilities segmented by period, including estimated future interest payments and future minimum payments of the commitments, as at March 31, 2024:

| (in thousands of dollars)                                                                                                  | Less than<br>1 Year | 1 to 5 Years | More than<br>5 Years | Total     |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|----------------------|-----------|
| Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability) | 240,503             | —            | —                    | 240,503   |
| Long-term debt                                                                                                             | 71,470              | 603,346      | 30,843               | 705,659   |
| Lease liabilities                                                                                                          | 10,184              | 28,045       | 77,808               | 116,037   |
| Commitments as per note 29 to the Financial Statements                                                                     | 134,965             | 97,492       | 264,175              | 496,632   |
|                                                                                                                            | 457,122             | 728,883      | 372,826              | 1,558,831 |

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

In relation to the acquisition of the Kami Project and contingent upon it advancing to commercial production, the Company is subject to:

- A gross sales royalty to Altius Resources Inc. on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Finite production payments on future production;
- An education and training fund for local communities; and
- Special tax payment to the Government of Newfoundland and Labrador's Department of Finance.

The Company is also subject to a limited production payment on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

#### Other Off-Balance Sheet Arrangements

The undrawn portion of the revolving facility totalled \$542.0 million (US\$400.0 million) as at March 31, 2024, and is subject to standby commitment fees.

### 15. Material Accounting Estimates and Judgments

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

### 16. New Accounting Standards Issued and Adopted by the Company

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

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### 18. Related Party Transactions

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

### 19. Summary of Quarterly Results

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

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

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

<sup>1</sup> This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

<sup>2</sup> See the "Currency" subsection of this Directors' Report included in section 6 — Key Drivers.

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### 20. Non-IFRS and Other Financial Measures

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

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

#### **Non-IFRS and Other Financial Measures**

##### **Non-IFRS Financial Measures**

|                     |                                                                                                                                                                                                                                    |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EBITDA              | Earnings before income and mining taxes, net finance costs and depreciation                                                                                                                                                        |
| Adjusted net income | Net income plus incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs, less gain on disposal of non-current investments, plus write-off of non-current investment and the related tax effect of these items |
| Available liquidity | Cash and cash equivalents plus short-term investments plus undrawn amounts under credit facilities                                                                                                                                 |

##### **Non-IFRS Ratios**

|                                                   |                                                                                                                                               |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| EBITDA margin                                     | EBITDA as a percentage of revenues                                                                                                            |
| Adjusted EPS                                      | Adjusted net income per basic weighted average number of ordinary shares outstanding                                                          |
| C1 cash cost per dmt sold                         | Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs divided by iron ore concentrate sold in dmt |
| AISC per dmt sold                                 | C1 cash cost plus sustaining capital expenditures and G&A expenses divided by iron ore concentrate sold in dmt                                |
| Cash operating margin                             | Net average realized selling price less AISC                                                                                                  |
| Gross average realized selling price per dmt sold | Revenues before provisional pricing adjustments and freight and other costs divided by iron ore concentrate sold in dmt                       |
| Cash profit margin                                | Cash operating margin as a percentage of net average realized selling price                                                                   |

##### **Other Financial Measures**

|                                                                                           |                                                                                                                    |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Net average realized selling price or net average realized FOB selling price per dmt sold | Revenues divided by iron ore concentrate sold in dmt                                                               |
| Cost of sales per dmt sold                                                                | Cost of sales divided by iron ore concentrate sold in dmt                                                          |
| Operating cash flow per share                                                             | Net cash flow from (used in) operating activities per basic weighted average number of ordinary shares outstanding |

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. Non-IFRS and Other Financial Measures (continued)

#### EBITDA and EBITDA Margin

EBITDA is a non-IFRS financial measure that allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. EBITDA is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments, Bloom Lake Phase II start-up costs, COVID-19-related expenditures and other income or expenses.

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

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

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

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

#### Adjusted Net Income and Adjusted EPS

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

In line with the Government of Québec's directives, the Company implemented several measures in its efforts to mitigate risks related to the COVID-19 pandemic. Incremental costs related to COVID-19 were mainly comprised of on-site COVID-19 testing and laboratory costs, incremental costs for cleaning and disinfecting facilities, premium payroll costs from adjusted work schedules and additional transportation costs. These costs did not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. Non-IFRS and Other Financial Measures (continued)

#### Adjusted Net Income and Adjusted EPS (continued)

Pre-commercial start-up costs for the Phase II project were mainly related to staff mobilization and training costs, and since the commissioning of Phase II, it also included abnormal operational costs attributable to the facility not having reached the normalized level of output. Phase II start-up costs were presented in other expenses in the consolidated statements of income before the commissioning and thereafter in the cost of sales. Management believes these items have a disproportionate impact on the results for the periods.

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

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

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

<sup>1</sup> The tax effect of adjustments is calculated using the applicable tax rate.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. Non-IFRS and Other Financial Measures (continued)

#### Available Liquidity

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

|                                         | As at March 31,<br>2024 | As at December 31,<br>2023 |
|-----------------------------------------|-------------------------|----------------------------|
| Cash and cash equivalents               | 400,061                 | 387,373                    |
| Undrawn amounts under credit facilities | 542,000                 | 550,253                    |
| <b>Available liquidity</b>              | <b>942,061</b>          | <b>937,626</b>             |

#### C1 Cash Cost per dmt Sold

C1 cash cost per dmt is a common financial performance measure in the iron ore mining industry. Champion reports C1 cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flows from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison with other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The cost of sales includes production costs such as mining, processing and mine site-related G&A expenses, as well as rail and port operating costs, and is adjusted to exclude incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs presented in cost of sales from the Phase II commissioning in April 2022 to the commencement of commercial production. Depreciation expense is not a component of C1 cash cost.

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. Non-IFRS and Other Financial Measures (continued)

#### All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred to produce high-grade iron ore concentrate. As this measure is intended to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions that would increase production capacity or mine life, including economic evaluations for such projects. It also does not include innovation and growth initiative expenses, start-up costs and exploration expenses that are not sustainable in nature, income and mining tax expenses, working capital, defined as current assets less current liabilities, net finance costs, or other income or expenses. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The Company calculates AISC as the sum of C1 cash costs, sustaining capital, including deferred stripping costs, and G&A expenses divided by the iron ore concentrate sold, to arrive at a per dmt figure. The AISC excludes the incremental costs related to COVID-19 and the Bloom Lake Phase II start-up costs that are included in the cost of sales. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

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

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

<sup>1</sup> Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining capital expenditures and other capital development expenditures at Bloom Lake. Sustaining capital expenditures are defined as capital expenditures to sustain or maintain the existing assets to achieve operations as per the mine plan, from which future economic benefits will be derived. Refer to section 10 — Cash Flows of this Directors' Report.

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. Non-IFRS and Other Financial Measures (continued)

#### Cash Operating Margin and Cash Profit Margin

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

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

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

# Champion Iron Limited

## Directors' Report - Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. Non-IFRS and Other Financial Measures (continued)

#### Gross Average Realized Selling Price per dmt Sold

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

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

|                                                            | June 30,     | September 30, | December 31, | Three Months Ended<br>March 31, | Year Ended<br>March 31, |
|------------------------------------------------------------|--------------|---------------|--------------|---------------------------------|-------------------------|
|                                                            | 2023         | 2023          | 2023         | 2024                            | 2024                    |
| Iron ore concentrate sold (dmt)                            | 2,563,500    | 2,883,800     | 3,227,500    | <b>2,968,900</b>                | <b>11,643,700</b>       |
| (in thousands of dollars except per tonne)                 |              |               |              |                                 |                         |
| Revenues                                                   | 297,162      | 387,568       | 506,891      | <b>332,673</b>                  | <b>1,524,294</b>        |
| Provisional pricing adjustments                            | 46,806       | [1,559]       | [15,997]     | <b>31,005</b>                   | <b>60,255</b>           |
| Freight and other costs                                    | 88,697       | 102,411       | 140,971      | <b>130,074</b>                  | <b>462,153</b>          |
| Gross revenues                                             | 432,665      | 488,420       | 631,865      | <b>493,752</b>                  | <b>2,046,702</b>        |
| <b>Gross average realized selling price (per dmt sold)</b> | <b>168.8</b> | <b>169.4</b>  | <b>195.8</b> | <b>166.3</b>                    | <b>175.8</b>            |

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

### 21. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of May 30, 2024, there were 518,071,226 ordinary shares issued and outstanding. In addition, there were 4,106,804 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units, and 15,000,000 ordinary shares issuable pursuant to warrants.

### 22. Nature of Securities

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

# **Champion Iron Limited**

## **Directors' Report - Operating and Financial Review**

(Expressed in Canadian dollars, except where otherwise indicated)

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### **23. Additional Information**

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

## II. REMUNERATION REPORT



Unless otherwise noted, the following information is for the Company's last completed financial year which ended March 31, 2024, 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 2001 (Cth) ("Corporations Act") of Australia. All monetary amounts are disclosed in Canadian dollars unless expressly stated otherwise. Unless otherwise noted, all dates in this remuneration report refer to the date and day in Montréal, Québec.

Certain figures included in this Remuneration Report have been rounded for ease of presentation. Percentage and other figures included in this Remuneration Report have not in all cases been calculated on the basis of such rounded figures but on the basis of such figures prior to rounding. For this reason, percentage and other figures in this Remuneration Report may not sum due to rounding.

### Key Management Personnel and Named Executive Officers

In compliance with Section 300A of the Corporations Act and 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 financial year (March 31, 2024).

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". NEOs of the Company means each of the following individuals:

- 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;
- 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;
- each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, 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
- each individual who would be a NEO 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.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### Key Management Personnel and Named Executive Officers (continued)

The following persons were the KMPs, and NEOs of the Company during the financial year ended March 31, 2024.

| Name                                           | Position                                                         | Appointment Date   |
|------------------------------------------------|------------------------------------------------------------------|--------------------|
| David Cataford (NEO and KMP)                   | CEO                                                              | April 1, 2019      |
| Donald Tremblay (NEO and KMP) <sup>(1)</sup>   | CFO                                                              | September 12, 2022 |
| Alexandre Belleau (NEO and KMP) <sup>(2)</sup> | Chief Operating Officer ("COO")                                  | July 22, 2020      |
| Steve Boucraie (NEO and KMP) <sup>(3)</sup>    | Senior Vice-President, General Counsel and Corporate Secretary   | September 9, 2021  |
| Michael Marcotte (NEO and KMP) <sup>(4)</sup>  | Senior Vice-President, Corporate Development and Capital Markets | September 9, 2021  |
| Michael O'Keeffe (KMP) <sup>(5)</sup>          | Executive Chairman                                               | April 1, 2019      |
| Gary Lawler (KMP) <sup>(6)</sup>               | Non-Executive Director and Lead Director                         | April 9, 2014      |
| Michelle Cormier (KMP) <sup>(7)</sup>          | Non-Executive Director                                           | April 11, 2016     |
| Jyothish George (KMP)                          | Non-Executive Director                                           | October 16, 2017   |
| Louise Grondin (KMP)                           | Non-Executive Director                                           | August 27, 2020    |
| Jessica McDonald (KMP)                         | Non-Executive Director                                           | August 30, 2023    |
| Ronnie Beevor (KMP)                            | Non-Executive Director                                           | March 3, 2024      |
| Andrew J. Love (KMP) <sup>(8)</sup>            | Non-Executive Director and Lead Director                         | April 9, 2014      |
| Wayne Wouters (KMP) <sup>(8)</sup>             | Non-Executive Director                                           | November 1, 2016   |

#### Notes:

- (1) Mr. Tremblay was appointed as CFO of the Company on July 4, 2022, effective September 12, 2022.
- (2) Mr. Belleau was promoted to COO of the Company on July 22, 2020. Prior to that, he had been General Manager of Projects and Innovation of the Company since 2017.
- (3) Mr. Boucraie was promoted to Senior Vice-President, General Counsel and Corporate Secretary on September 9, 2021. Prior to that, he had been Vice-President, General Counsel and Corporate Secretary of the Company and a NEO since 2019.
- (4) Mr. Marcotte was promoted to Senior Vice-President, Corporate Development and Capital Markets of the Company on September 9, 2021. Prior to that, he had been Vice-President, Investor Relations of the Company since 2018.
- (5) 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.
- (6) Mr. Lawler was appointed Lead Director on August 30, 2023 following the last annual general meeting of the Company where Mr. Love did not stand for re-election.
- (7) Ms. Cormier was appointed to the board of directors of the Company (the "Board") in 2016 as a nominee of WC Strategic Opportunity, L.P. ("Wynnchurch") pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of ordinary shares of the Company (the "Shares") completed on April 11, 2016. Following the disposition of Shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.
- (8) Each of Mr. Love and Mr. Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date.

When used in this remuneration report, the terms "executives" and "management" are used to refer to the Company's NEOs and the members of the Company's senior executive team from time to time.

### A. Role of Remuneration, People and Governance Committee

The Remuneration, People and Governance Committee advises the Board on matters relating to corporate governance, remuneration, people and diversity, and board nomination and performance. Among other responsibilities, the Remuneration, People and Governance Committee assists the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and executives. The committee is notably responsible for setting policies for executives' remuneration and reviewing the salary levels of executives, and making recommendations to the Board on any proposed increases in compensation. As at March 31, 2024, the Remuneration, People and Governance Committee was comprised of Gary Lawler (Chair), Louise Grondin and Michelle Cormier, each of whom is an independent director and has direct knowledge and experience that is relevant to his or her responsibilities in executive compensation and governance as set out below. The Remuneration, People and Governance Committee has access to independent experts to provide advice in the conduct of its duties.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### A. Role of Remuneration, People and Governance Committee (continued)

The current Committee members are:

Gary Lawler (Chair) - Mr. Lawler has over 40 years of 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 and governance matters for, numerous listed companies throughout the years.

Michelle Cormier - Ms. Cormier is a CPA with over 30 years of experience in senior-level executive positions in management, including financial management, corporate finance, turnaround and strategic advisory situations and human resources. Ms. Cormier has a strong capital markets background in the United States and Canada, as well as significant experience in corporate governance, having served on several boards of directors in publicly listed and privately held companies as well as government-owned institutions and not-for-profit organizations.

Louise Grondin - Ms. Grondin is working as an independent consultant after retiring from Agnico Eagle Mines Ltd. in January 2021. Over her almost twenty years with Agnico Eagle, she held various leadership positions as Senior Vice-President, People and Culture, Senior Vice-President Environment, Sustainable Development and People, Regional Director Environment and Environmental Superintendent.

The Remuneration, People and Governance 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 ("LTIP"), and the Short-Term Incentive Program ("STIP") 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, by driving a performance culture that is closely aligned to the achievement of the Company's strategy and business objectives. To achieve this objective, executive remuneration is designed and based on the following principles:

- **To align with Champion's business** - reflect the Company's strategic goals and performance as an iron ore exploration, development and, particularly, a production company. Accordingly, executive performance targets are directly aligned with activities that create sustainable long-term shareholder value. Such principles aim to motivate Champion's executives to develop and operate iron ore assets efficiently and effectively to generate free cash flow from shareholder capital deployed, with an ultimate view to result in share price appreciation, while adopting and implementing sustainability practices and de-carbonization initiatives for the benefit of the communities in which the Company operates, its workforce and its various stakeholders;
- **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 and reflective of generally accepted market practices of the Company's peers and the markets in which it employs people. Although the Company is incorporated under the Corporations Act, as at March 31, 2024, almost all of the Company's workforce is located in the Province of Québec, Canada, such that the Company's executive remuneration program and strategy is intended to remain competitive within that market as well as the broader Canadian and North American markets, which markets have become increasingly competitive over the years, with companies aggressively pursuing mining executives with a successful track record;
- **Pay for performance** - align with Champion's desire to create a performance culture and create direct tangible relationships between pay and performance. Champion does not "pay for failure" nor does it incentivize undue risk taking to achieve performance objectives;
- **To maintain a successful team** - reflect the opportunity cost to retain key personnel who have successfully grown the Company's business over recent years, including the recommissioning of Bloom Lake's Phase I in 2018 and completion of the Bloom Lake Phase II expansion project ("Phase II") in 2022, in each case on time and on budget, the acquisition of several projects and the robust relationships created with several important stakeholders locally and globally;

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### B. Remuneration Philosophy & Approach (continued)

- **To align with shareholder interests** - align the interests of executives with those of the shareholders of the Company (the "Shareholders") through a compensation structure where the majority of an executive's compensation is "at risk", as short-term incentive (bonus) ["STI"] and long-term incentive ["LTI"] remuneration are tied directly or indirectly to Company performance and relative and/or absolute shareholder returns. Specifically, 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 (using a second peer group of mining companies for such purposes, which is believed to best reflect shareholders' investment alternatives to Champion).<sup>1</sup> In addition to financial alignment, Champion believes in the importance of aligning executive interests with Shareholders' Environmental, Social and Governance ("ESG") expectations. Consistent with the Company's commitment to sustainable development, the compensation plan for the financial year ended March 31, 2024 incorporated operational performance with 20% of total bonus awards under the STIP tied to sustainability targets relating to the Company's employees and the environment; and
- **Corporate governance** - continually review and, as appropriate for Champion, adopt executive remuneration practices that align with current market practices in the North American mining industry and the competitive landscape, and provide Shareholders with robust disclosure to enable them to fully evaluate compensation practices.

The Remuneration, People and Governance Committee has implemented a compensation regime that is structured to reflect the principles set out above and to reward outcomes beyond objectives. Executive remuneration consists of a combination of salary, short-term incentives in the form of annual performance bonus awards and longer-term equity-based incentives. A foundation principle of the Company's remuneration philosophy is the promotion of a strong "performance culture" within management.

At the Company's annual general meeting held in August 2023, Shareholders expressed concerns regarding the Company's executive remuneration practices, resulting in a "first strike" against the adoption of the remuneration report for the year ended March 31, 2023 (with 53.6% votes cast against, as compared to the 77.9% of votes cast in favour at the 2022 annual general meeting and 81.3% of votes cast in favour at the 2021 annual general meeting). The Board was disappointed with this result, and diligently sought and considered Shareholder feedback and wider perspectives through meetings with investors, proxy advisers and other Shareholder representatives. Throughout its shareholder engagement campaign, ahead of the August 2023 annual general meeting and directly following the meeting, the Company contacted over 100 Shareholders, including asset managers, brokers, individuals and custodians collectively representing over 70% of the Company's outstanding shares, resulting in over 70 meetings with management, including several with members of the Board. The outreach team included the Chair of the Remuneration, People and Governance Committee, the Company's Executive Chairman, members of the Company's investor relations team and legal department. Additionally, the team proactively responded to proxy research providers, including Institutional Shareholder Services (ISS) and Glass Lewis (GL), who had published a recommendation to vote *against* the adoption of the remuneration report at the Company's August 2023 annual general meeting. The objective of this process was to identify opportunities and mechanisms to improve the Company's executive remuneration practices that would address Shareholders' concerns while ensuring such practices would remain competitive compared to peers in the context of an extremely competitive employment market for mining executives with successful project development and operation experience. In addition, the Board met numerous times throughout the year and worked with management and the Company's advisors, including the Company's independent compensation advisor, to ensure the main concerns raised by Shareholders would be addressed as necessary through the Company's remuneration practices and discussed with full transparency in this year's remuneration report.

As detailed in the 2023 remuneration report, the financial year ended March 31, 2023 was a challenging year for the Company and the iron ore industry in general, due to the difficult macroeconomic conditions, including the inflationary environment and strong market volatility, all of which adversely impacted the assumptions used to set the targets for the STI program. As a result, the actual conditions faced by the Company during the year were significantly different to the assumptions used in setting the targets for the STI. As such, the Board was of the view that certain KPIs did not reflect management's significant milestones completed, despite challenging operating environments, including the completion of the Phase II project on budget and ahead of schedule. The team's performance in the period contrasts with several other mining projects in the industry, experiencing material cost overruns, which resulted in destruction of shareholder value.

Further to such shareholder engagements, the Board understands that the primary concern of shareholders with last year's resolution on the remuneration report and which resulted in a "first strike", was with respect to the use of Board discretion to increase the STIP scorecard cash bonuses and to grant a "one-time" cash bonus not subject to vesting performance criteria. The Board has given serious consideration to all feedback received and has taken it into consideration as part of its decision-making processes.

<sup>1</sup> See "Compensation Peer Group Selection and Benchmarking" for a description of the peer group used for benchmarking total executive compensation in connection with the development and implementation of executive compensation practices, and see "Long-Term Incentives - Equity Incentives - RSU and PSU Grant" for a description of the peer group used for purposes of assessing total shareholder return relative to peers.

# Champion Iron Limited

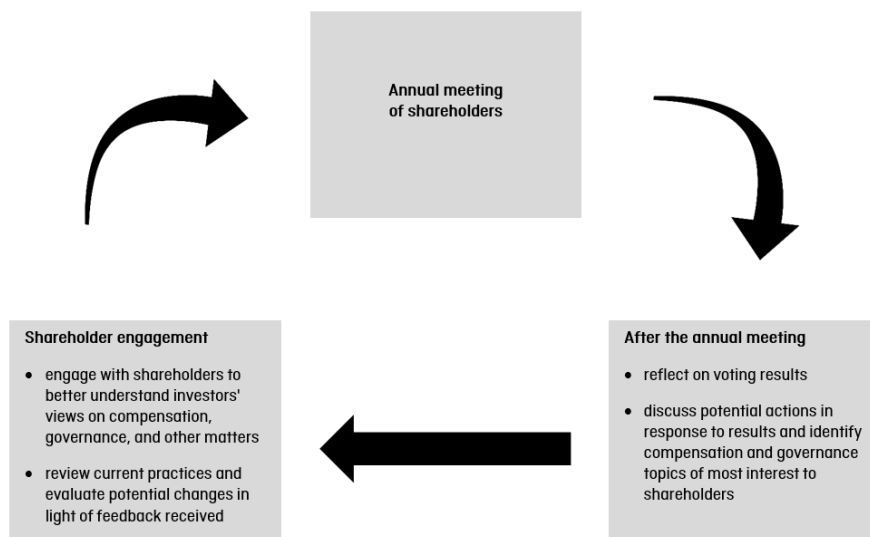
## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### B. Remuneration Philosophy & Approach (continued)

Those remuneration decisions were specifically discussed with Shareholders following last year's annual general meeting and while many Shareholders expressed support for the Board's decisions and compensation practices in general (indicating that such practices need to remain competitive and reflective of generally accepted Canadian market practices), the Board recognized that Shareholders representing a majority of votes cast on the remuneration report for the financial year ended March 31, 2023, at the Company's 2023 annual general meeting were not supportive of the Board's decisions on compensation. The vast majority of Shareholders engaged also acknowledged the work and performance of the management and the Board, which has resulted in substantial corporate growth over recent years, and expressed support for the management and the Board.

The Company also discussed with certain investors the impact of the Company being subject to Australian proxy voting guidelines, which are in certain cases more restrictive and not aligned with equivalent guidelines applicable to the compensation of Canadian public companies and their Canadian executives. While the Company aims to align its approach to governance with best practices for Australia, being its country of incorporation and which defines applicable proxy advisory firms guidelines, the Company also needs to implement best practice elements in relation to the region in which it operates as almost all of the Company's employees are located in the Province of Québec, Canada. The Board understands the message received from Shareholders with respect to the use of its discretion in determining compensation as well as other compensation practices that were perceived by Shareholders as potentially creating misalignment between executive compensation and the Company's long-term growth and Shareholder returns.



The Board has considered the feedback and is of the view that the main concerns raised by Shareholders have been addressed with the changes identified in the table below:

| Feedback Topics / What We Heard                                                                          | Board Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Status      |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Use of Board Discretion</b>                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |
| • Use of Board discretion to increase STIP scorecard bonuses for the financial year ended March 31, 2023 | The Board understands that discretionary increases in STIP scorecard bonuses should only be awarded in exceptional circumstances and should generally be structured as LTI grants as opposed to cash. Going forward, the Board intends to limit any discretionary cash awards to such exceptional circumstances, and, as applicable, the Board will consider various factors if/when so doing, including the exceptional circumstances warranting the use of such discretion; to whom discretion should apply; the accountability of the individual and/or group for the issue at hand; and the appropriate impact to remuneration and/or other consequences. | Implemented |
| • Use of Board discretion to grant a 'one-time' cash bonus to the CEO                                    | The Board understands that one-time payments should be limited to extraordinary circumstances, communicated as such directly to Shareholders, and generally consist of equity-based compensation subject to performance criteria. The Board currently has no plans for similar payments.                                                                                                                                                                                                                                                                                                                                                                      | Implemented |

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### B. Remuneration Philosophy & Approach [continued]

| Feedback Topics / What We Heard                                                                                                                                                                                                                                                                                                                       | Board Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Status                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Long-Term Incentive Program</b>                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>LTI vesting under the relative Total Shareholder Return hurdle beginning at the 25th percentile with 100% vesting at the 50th percentile; 40% of the LTI grant is in the form of time-based restricted share units ("RSUs") vesting equally over three years with no additional performance hurdles</li> </ul> | <p><b>Vesting percentiles</b> - While proxy advisors and Australian market practice are in favour of no vesting for relative total shareholder return ("TSR") below the 50<sup>th</sup> percentile, this is still common market practice in North America. The Company will continue to monitor North American market practices, and use a vesting schedule that is competitive and reflective of generally accepted market practices in North America.</p> <p><b>Cliff-vesting</b> - We discussed with shareholders the fact that, while RSUs vest equally over three-years, all Shares underlying a RSU grant are only paid at the end of the three-year vesting period based on the Company's Share price at such time. In practice, the RSUs remain fully "at-risk" for three years; this equates to a cliff-vesting after the end of the three-year vesting period. Shareholders engaged understood and agreed that this practice is customary for TSX-listed issuers, including issuers in the North American mining industry.</p>                                                                                                                                   | The Board will continue to assess executive compensation practices in light of North American market practice to ensure compensation remains competitive and reflective of generally accepted market practices of its peers |
| <ul style="list-style-type: none"> <li>No LTI grant resolution</li> </ul>                                                                                                                                                                                                                                                                             | Australian proxy advisory firms have historically raised the fact that the Company has not submitted for Shareholder approval its annual LTI grants. The Company LTI grants are currently being made under the Company's 2018 Omnibus Incentive Plan (the "Omnibus Plan"), which contains provisions providing for the automatic replenishment of the number of securities reserved for issuance and is therefore considered a "rolling plan" under TSX rules relating to security based compensation arrangements. As per TSX rules, rolling plans such as the Omnibus Plan must be re-approved by shareholders every three years. In this context, the Omnibus Plan was last approved by the Shareholders in 2021 and is due for re-approval at the Company's 2024 annual general meeting. The Board believes that the practice of submitting the Omnibus Plan every three years to a Shareholder vote is appropriate in the circumstances and has no intention to change its practice.                                                                                                                                                                                  | The Board will continue, in accordance with the rules of the TSX, to submit the renewal of the Omnibus Plan for approval by its Shareholders every three years.                                                             |
| <ul style="list-style-type: none"> <li>No re-testing or lowering of performance conditions</li> </ul>                                                                                                                                                                                                                                                 | The Board has not and does not intend to re-test or lower performance conditions associated with performance share units ("PSUs").                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Not applicable; no action required                                                                                                                                                                                          |
| <b>Short-Term Incentive Program</b>                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>Choice of financial and operating key performance indicators ("KPIs") used to determine performance and payout under the STIP</li> </ul>                                                                                                                                                                       | <p>The Board was pleased to hear from Shareholders that they generally agreed with the financial and operating KPIs used under the STIP (including measures, mix, weighting and targets) and that those were appropriate and aligned with the Company's strategic goals, including in light of the changes in STIP metrics for the financial year ended March 31, 2024, which were set by the Board prior to the "first strike". As discussed in "<i>Bonus Awards for the Financial Year Ended March 31, 2024</i>" on pages 85 to 87 of this report, starting this year, the Board introduced new performance metrics for the STIP, namely realized sales price and total cash cost. The Board introduced those measures to ensure the measures used to determine payout under the STIP were less directly correlated to the iron ore's price and more closely tied to the Company's actual execution of its operating strategy.</p> <p>Shareholders also acknowledged that the adjustment to the payout under the STIP for 2023 was a result of extraordinary circumstances and not a deficiency in the KPIs nor methodology used to determinate performance targets.</p> | Shareholders generally agree with the methodology used to determinate performance targets under the STIP; no action required.                                                                                               |

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### B. Remuneration Philosophy & Approach (continued)

| Feedback Topics / What We Heard                                                                                                                                                                                                                       | Board Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Short-Term Incentive Program (continued)</b>                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>No deferral of STIP</li> </ul>                                                                                                                                                                                 | Australian proxy advisors and Australian market practice are in favour of having part of STI awards deferred. As this is not a common practice in North America and implementing such a deferral mechanism could be a real deterrent to recruiting executives, the Company has not implemented such a mechanism and does not intend to do so in the future. Rather than focusing on a specific narrow area of a remuneration profile such as STI deferral, the Company focuses on the fundamentals that influence the structure of remuneration profiles and developing and maintaining aggregate compensation packages that pay for performance, are competitive within the North American mining industry and are aligned with Shareholders' interests. | While the Company will continue to focus on the fundamentals that influence the structure of remuneration and ensuring alignment of interests with shareholders; it does not believe a STI deferral mechanism would be appropriate in the context of a North American mining company; no action required. |
| <ul style="list-style-type: none"> <li>Certain sustainable development objectives under the STIP relate to day-to-day responsibilities of the CEO and KMPs and are not worthy of any additional remuneration above executive base salaries</li> </ul> | Sustainability is an essential component of the Company's future and the Board believes the executives' compensation should in part depend on their ability to achieve specific objectives that support the Company's sustainability journey and maintain its strong relationship with local communities. The Board believes the objectives applicable to the 2024 executive compensation program reflect industry best practices, are ambitious and well aligned with Shareholders' focus on sustainability.                                                                                                                                                                                                                                             | The Board will continue to integrate ESG as part of executives' compensation and ensure that the ESG-related objectives under the STIP remain ambitious and well aligned with Shareholders' focus on sustainability.                                                                                      |
| <b>Alignment with Shareholders Interests</b>                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>Executive securities ownership guidelines</li> </ul>                                                                                                                                                           | The Company implemented a securities ownership policy applicable to senior executives and non-executive directors as further described in "Senior Executives Securities Ownership Policy" under "2024 Executive Performance Metrics and Incentives", and "Non-Executive Directors - Securities Ownership Policy" under "Director Remuneration". The new securities ownership policy replaced the Company's prior share-based ownership policy, which applied only to non-executive directors, and aims at ensuring that Champion's senior executives' interests, in particular, the value of their personal holdings of Champion securities, are aligned to the interests of Champion's Shareholders.                                                     | <i>Securities Ownership Policy</i> implemented in January 2024, which applies to the executives and the Board.                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>Emphasis of performance-based pay</li> </ul>                                                                                                                                                                   | The Board was pleased to hear from Shareholders that they generally viewed the aggregate compensation packages, including pay mix and weighting of performance-based awards, as appropriate and aligned with North American market practice. Shareholders also acknowledged that it was essential for the Company to prioritize North American market practices with respect to executive compensation, even when seeking to align its governance approach to the best practices of Australia, given the Company operates in the Province of Québec and the extremely competitive North American employment market for mining executives.                                                                                                                 | No action required                                                                                                                                                                                                                                                                                        |

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### B. Remuneration Philosophy & Approach (continued)

| Feedback Topics / What We Heard                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Board Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Status                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Alignment with Shareholders Interests <small>(continued)</small>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>The treatment of equity incentive securities upon a change of control provided for in the employment agreements with the Company's NEOs, including accelerated vesting at target without pro-ration; severance entitlements.</li> </ul>                                                                                                                                                                                                                                                                                                                | <p>The Board has no intention to change the NEOs' current employment agreements and will continue to monitor the market practice.</p> <p>Australian proxy advisory firms noted last year that the termination payment paid to the Company's former CFO was excessive. The employment agreements entered into with the Company's executives are governed by the laws of the Province of Québec, where notice period and other requirements relating to termination without cause are more generous than what is provided under Australian corporation law. The Board believes that providing such severance entitlements upon termination without cause is required in order to provide NEOs with severance entitlements that are reflective of generally accepted market practices of the Company's peers and that would not reasonably be expected to be below the minimum applicable notice period required under employment laws applicable in the Province of Québec in light of the applicable case law. This has been clearly disclosed in the Company's past remuneration reports and the Company will continue with that practice.</p> | <p>The Company will continue to comply with applicable employment laws. In addition, the Company will not re-negotiate legacy agreements and will continue to ensure that the terms relating to a change of control for all NEOs remain generally aligned.</p> |
| Peer Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>The utilization of ASX-listed peer comparator companies by a third-party advisory firm in their quantitative and qualitative analyses, as Australian compensation practices differ significantly from those generally accepted in the North American mining industry. Notably, the use by ISS of a peer group comprised only of ASX-listed issuers resulted in CEO compensation for 2023 being materially above ISS-selected peers, while such compensation was slightly below the median of the Company's own peer group in North America.</li> </ul> | <p>The Board was pleased to hear from Shareholders that the Company's methodology to use a mix of predominantly North American peers to benchmark executive compensation was appropriate, given that the Company's executives and almost all of its employees are based in the Province of Québec, Canada. There was no negative feedback on the Company's existing peer group selection.</p> <p>Nevertheless, the Company understands the importance of this information for Shareholders and will ensure it continues to provide Shareholders with clear disclosure with respect to executive remuneration decisions, including when salary increases are more significant.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>Champion to continue providing clear disclosure with respect to the rationale for peer selection as the competitive landscape evolves and for executive remuneration decisions that result from that evolution.</p>                                         |

In determining the level of annual performance bonus awards, the Remuneration, People and Governance Committee takes into account overall corporate performance against predetermined performance objectives and metrics. In setting equity-based incentive awards, the Remuneration, People and Governance Committee establishes time-based and performance-based vesting criteria in line with retention and reward objectives. If it is deemed appropriate, the Remuneration, People and Governance Committee has 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*" on page 83 of this report.

Based on these assessments and within the context of pay for performance principles, the Remuneration, People and Governance Committee makes its recommendations 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 national and international levels, industry norms for such awards and other elements of executive compensation.

The Remuneration, People and Governance Committee and the Board as a whole have discretion to reward above the noted plan parameters when an individual or team has made an exceptional contribution to the performance of the Company or to apply downward discretion where deemed appropriate, provided that, as explained above, the Board intends to limit any discretionary cash awards to exceptional circumstances. When determining whether it is appropriate and necessary to use its discretion to adjust compensation, the Board gives consideration, among other things, to the circumstances warranting discretion; to whom discretion should apply; the accountability of the individual and/or group for the issue at hand; and the appropriate impact to remuneration and/or other consequences. Compensation is about incentivizing the right behaviour and Champion does not want to cap the incentive to outperform.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### B. Remuneration Philosophy & Approach (continued)

The Remuneration, People and Governance Committee has considered the implications of the risks associated with the Company's remuneration program by structuring executive remuneration 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 RSUs, which vest over three years, and (iii) the achievement of performance criteria over a period of three years for PSUs.

The Remuneration, People and Governance 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, among other things, strategic and operational risks; compliance risk; reputational risk; and financial and economic risks. Risks are assessed and considered on both an individual element basis and in totality.

Policies of the Company include certain prohibitions which prevent KMPs from engaging in short-term dealings or short selling or margin lending or other secured financing arrangements in respect of the Company's securities without the prior approval of the Senior Vice-President, General Counsel and Corporate Secretary and the Executive Chairman. KMPs are prohibited from engaging in derivatives in respect of Shares of the Company (such as put and call options), or any other hedging or equity monetization transaction in which the individual's economic interest and risk exposure in Shares is changed (such as collars or forward sales contracts).

In addition, policies of the Company require all KMPs to comply with certain share and share-based ownership requirements. In January 2024, in light of the feedback received from certain Shareholders and proxy advisory firms, the Board, with the advice of third-party advisors, implemented a new securities ownership policy for directors and senior executives (the "Securities Ownership Policy") setting out ownership requirements for all senior executives as an additional measure to align senior executives' remuneration with the long-term performance of the Company and further reduce the risk of any inappropriate risk taking. The Securities Ownership Policy, which replaced the prior share and share-based ownership policy of the Company that only applied to non-executive directors, implemented share and share-based ownership requirements for the senior executives of Champion and its subsidiaries, and is designed to align the interests of those subject to the policy with the long-term interests of Shareholders. See "Senior Executives Securities Ownership Policy" under "2024 Executive Performance Metrics and Incentives" on page 98 of this report, and "Non-Executive Directors - Securities Ownership Policy" under "Director Remuneration" on pages 106 to 108 of this report for more details around the Company's securities ownership policy. The Securities Ownership Policy continues to apply to all non-executive directors.

The Board will continue to review executive remuneration to ensure that executive remuneration continues to align with the Company's strategy, motivate management, reflect market practices in the North American mining industry and support the delivery of sustainable long-term returns to Shareholders. As part of the review process, the Board will continue to engage with major Shareholders, and receive advice from independent experts.

### C. External Advice

Since December 2021, Meridian Compensation Partners LLC ("Meridian") has been engaged to assist the Board and to provide independent, third-party analysis and advice on the remuneration levels and practices for the executives as well as the remuneration for the Board. Meridian provided advice and recommendations on the remuneration program for KMPs during each of the financial years ended March 31, 2024 and 2023. The Remuneration, People and Governance Committee exercises oversight over the retention of and interaction with remuneration consultants to ensure that remuneration recommendations are made free from undue influence by the KMPs to whom they relate.

The table below provides an overview of the total fees paid to Meridian for services rendered during the financial years ended March 31, 2024 and 2023.

| (in Canadian dollars)                                          | 2024      | 2023      |
|----------------------------------------------------------------|-----------|-----------|
| Fees for services related to executives and Board compensation | \$137,444 | \$141,684 |
| All other fees                                                 | —         | —         |
| Total                                                          | \$137,444 | \$141,684 |

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### D. Compensation Peer Group Selection and Benchmarking

When developing and implementing compensation packages for KMPs, it is standard practice to benchmark total compensation for KMPs against a peer group of companies at similar stages of development, operations, regional geography and of similar size in terms of market capitalization and revenue.

In order to implement market-competitive compensation arrangements for the executives, the Company's independent directors and the Remuneration, People and Governance Committee, in consultation with Meridian, identified a peer group of mining companies with similar operations. For the financial year ended March 31, 2024, the Remuneration, People and Governance Committee approved the following compensation peer group that includes 16 similarly-sized publicly-traded mining peers that are generally within 0.5x to 2.5x of Champion's market capitalization and/or total revenues:

| Executive Compensation Peer Group <sup>(1)</sup> |                           |
|--------------------------------------------------|---------------------------|
| Alamos Gold Inc.                                 | Capstone Copper Corp.     |
| Centerra Gold Inc.                               | Coeur Mining, Inc.        |
| Compass Minerals International, Inc.             | Eldorado Gold Corp.       |
| Endeavour Mining plc                             | Equinox Gold Corp         |
| Hecla Mining Company                             | HudBay Minerals Inc.      |
| IAMGOLD Corp.                                    | Lundin Mining Corporation |
| New Gold Inc.                                    | SSR Mining Inc.           |
| Torex Gold Resources Inc.                        | Yamana Gold Inc.          |

Note:

[1] Pretium Resources Inc., who was included in the executive compensation peer group in previous years, was removed as a result of being acquired and compensation disclosure therefore no longer being available. Coeur Mining, Inc., Compass Minerals International, Inc., Hecla Mining Company and Lundin Mining Corporation have been added to the peer group to ensure robust compensation data over time.

In order to benchmark relative total shareholder return for purposes of performance share units grants, the Company's independent directors and the Remuneration, People and Governance Committee also identified a second peer group of mining companies further described under the heading "*Long-Term Incentives – Equity Incentives - RSU and PSU Grant*". This peer group is believed to best reflect shareholders' investment alternatives to Champion, considering the underlying commodity, market capitalization and countries where share are listed. Accordingly, this peer group differs from the peer group set to implement market-competitive compensation, which in contrast reflects the industry competitive dynamics to retain and attract management in their region of domicile.

### E. Key Achievements of the Named Executive Officers in the Financial Year Ended March 31, 2024

Following the successful acquisition and commissioning of the Bloom Lake mine in the Province of Québec, Canada, Champion became a producing company in the 2018 calendar year. The milestone, in addition to a series of other strategic acquisitions in the region, contributed to the growth of Champion's market capitalization and cash flows over the ensuing period which benefited Shareholders. Additionally, the Company focused on integration of sustainability principles in its day-to-day operations and decision-making, in line with its commitment to deploy industry best practices in ESG responsibilities. During the financial year ended March 31, 2024, management continued to deploy its vision and execute on its long-term strategy, including the achievement of nameplate capacity of the Phase II declared in its first financial quarter of 2024, which is expected to double Bloom Lake's nameplate capacity to 15 Mtpa annually.

Key achievements of management during the financial year ended March 31, 2024 include:

- Annual production of 14.2 million wmt of high-grade 66.2% Fe concentrate, representing an increase of 27% year-on-year;
- Achieved revenues of \$1,524.3 million, and annual EBITDA of \$552.5 million<sup>1</sup>;
- Achieved nameplate capacity of the Phase II concentrator in the first quarter, and then surpassed the expanded nameplate capacity of the Phase II concentrator in the third quarter;

<sup>1</sup> Non-IFRS financial measure, ratio or other financial measure with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P – Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### E. Key Achievements of the Named Executive Officers in the Financial Year Ended March 31, 2024

(continued)

- Announced a final investment decision by the Board to proceed with the direct reduction ("DR") pellet feed (DRPF) project, with construction work expected to reach its peak early in calendar year 2025 and commissioning expected in the second half of 2025, a timeline which is subject to the completion of key construction milestones;
- Issued a new technical report in respect of the Bloom Lake mine, confirming the 18-year life of mine ("LoM"), based on the mineral reserves, with an opportunity to extend operations beyond the LoM plan, with a 40% increase to the measured and indicated resources and a 360% increase to inferred resources;
- Announced the filing of the pre-feasibility study for the Kamistatusset Project (the "Kami Project"), which evaluated the construction of mining and processing facilities to produce DR grade pellet feed iron ore from the mining properties of the Kami Project;
- Continued to evaluate DR pelletizing projects to further participate in the green steel supply chain and align with the accelerating industry transition to direct reduced iron and electric arc furnaces steelmaking;
- Employee recordable injury frequency rate of 1.91 for the year, which continues to compare favourably with Québec's open pit industry statistics;
- Met and exceeded most annual sustainability KPIs detailed in the Company's 2023 Sustainability Report, which incorporated industry best practice disclosure frameworks including the Global Reporting Initiative, Sustainability Accounting Standard Board and Task Force on Climate-Related Financial Disclosures; and
- Paid two dividends of \$0.10 per Share during the financial year ended March 31, 2024, totalling approximately \$103 million of capital returns to shareholders.

### F. Remuneration of Executive Chairman

Mr. O'Keeffe was CEO and Chairman of the Board for the period of August 13, 2013 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. Mr. O'Keeffe remains an executive and for the financial year ended March 31, 2024, was paid an annual base salary in the amount of \$586,143 but was not eligible to receive any annual short and long-term incentives in the form of annual bonus or equity-based compensation. In addition, for the financial year ended March 31, 2024, Mr. O'Keeffe received non-monetary compensation in the amount of \$21,607 paid to a superannuation on behalf of the KMP as well as expense reimbursements in the aggregate amount of \$7,585.

### G. 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, People and Governance Committee determined the following elements to be key to executive compensation for the 2024 financial year.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall Company Strategic Objectives: | <ul style="list-style-type: none"><li>To maximize operational performance and continue its organic growth.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                       |
| Key Deliverables:                     | <p>The executives needed to:</p> <ul style="list-style-type: none"><li>deliver operational performance while ensuring strict adherence to the Company's safety culture and the continuing integration of the Company's sustainability principles in its day-to-day operations and decision-making; and</li><li>pursue the Company's organic growth, including by continuing work towards, and achieving nameplate capacity of the Phase II expansion of the Bloom Lake Mine, its flagship asset.</li></ul> |
| Short-term Incentives: (Annual Bonus) | <ul style="list-style-type: none"><li>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.</li></ul>                                                                                                                                                                                                                                                                                                    |
| Long-term Incentives: (RSUs)          | <ul style="list-style-type: none"><li>The Company utilized time vesting RSU grants to incentivize and retain the executives in accordance with Canadian practice for the compensation of executives of public companies.</li></ul>                                                                                                                                                                                                                                                                         |
| Long-term Incentives: (PSUs)          | <ul style="list-style-type: none"><li>The Company utilized PSU grants, the vesting of which is based on the performance of the Company against a set of peer companies and certain performance conditions compared to internal targets over a three year period.</li></ul>                                                                                                                                                                                                                                 |

#### i) Base Salary

The Company provides executives 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 executives 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, People and Governance Committee's recommendations to the Board. In making its recommendations, the Remuneration, People and Governance Committee, with the assistance of third-party advisors, annually reviews the base salaries of the Company's executives against the base salaries of executives in comparable positions at public companies in the Company's peer group of mining companies.

#### Base Salary for the Financial Year Ended March 31, 2024

The NEO's base salaries are intended to be competitive with those paid in the North American mining industry and align with the Company's performance. In the context of recognizing achievements contributing to significant shareholder value, it is crucial to retain the executives that contributed to value creating drivers over the years including:

- Successful recommissioning of the Bloom Lake mine Phase I on time and on budget in the 2018 calendar year;
- A series of asset consolidations in the Labrador Trough, including repurchase of a minority stake in the Bloom Lake mine and the Kami Project, and infrastructure in the region, including the Pointe-Noire Pellet Plant;
- Commitment to sustainable management of the business, highlighted by filing in recent years of sustainability reports which incorporate industry best practice disclosure frameworks as well as the fact that there have been no significant environmental issues since the recommissioning of Bloom Lake in 2018;
- Diligent management of the business, including several refinancings to maintain a healthy financial situation throughout the delivery of growth projects, and return to shareholders via dividends;
- Delivery and ongoing technical studies on several organic growth projects;
- Successful commissioning of the Phase II expansion project in late April 2022, leading to commercial production in December 2022, and achievement of nameplate capacity in the first financial quarter of financial year ended March 31, 2024, all of which were achieved on time and on budget;
- The Company's vision to align with the steel industry green steel transition and innovation leading to the ongoing conversion of half of Bloom Lake's nameplate capacity to an industry leading DRPF iron ore at 69% Fe, which is expected to result in significant emission reductions across the steelmaking supply chain; and
- Creation of over 1,000 high quality jobs since commissioning of the Bloom Lake mine, and being the largest employer of First Nations in the Québec Côte-Nord region.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### i) Base Salary (continued)

##### Base Salary for the Financial Year Ended March 31, 2024 (continued)

The CEO's base salary for the financial year ended March 31, 2024, was \$1,120,000. The Board increased the CEO's base salary compared to prior years in order to better align his base salary and total direct compensation within the median of the Company's peer group as a result of the Company's and CEO's outstanding performance in past years and to ensure that the CEO's compensation remains competitive within the Company's peer group.

The salary for the financial year ended March 31, 2024, for each NEO is set out in a table under the heading "2024 Remuneration Awards for the Named Executive Officers".

#### ii) Short-Term Incentives (Annual Bonus)

Target bonus levels (as a percentage of salary) are established to achieve total cash compensation (salary + bonus) at not less than 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, which are further described below. 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 NEOs against pre-determined KPIs. KPIs reflect key deliverables for a particular year.

The STI is an annual incentive plan designed to reward executives for achieving or exceeding financial and non-financial objectives over a one-year period. The STI has been designed to foster an organizational culture of collaboration, co-operation and mutual respect which supports the objective of a long-term outperformance in both the financial and non-financial areas of the business, mainly with annual measures linked to the business strategy, set at levels that are challenging, yet achievable.

##### Bonus Awards for the Financial Year Ended March 31, 2024

For the financial year ended March 31, 2024, the Board set a target bonus for each NEO as follows, based on their role and responsibilities and competitive opportunities in the Company's peer group of mining companies:

| NEO               | Target Bonus<br>(% Salary) <sup>(1)</sup> |
|-------------------|-------------------------------------------|
| David Cataford    | 125%                                      |
| Donald Tremblay   | 90%                                       |
| Alexandre Belleau | 90%                                       |
| Steve Boucraite   | 80%                                       |
| Michael Marcotte  | 80%                                       |

Note:

(1) As a percentage of base salary for the financial year ended March 31, 2024.

Directors who are not NEOs have not received any bonus awards.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### ii) Short-Term Incentives (Annual Bonus) (continued)

##### Bonus Awards for the Financial Year Ended March 31, 2024 (continued)

For the financial year ended March 31, 2024, the Board introduced new performance metrics for the STIP, namely realized sales price and total cash cost, which replaced the EBITDA and free cash flow measures used in prior years. The Board introduced those measures given they are less directly correlated to the iron ore's price and more closely tied to the executive's performance and Company's actual execution of its operating strategy. For the financial year ended March 31, 2024, the following financial and operating KPIs were established and evaluated:

- 50% of the total bonus was based on meeting a total production target of 14,329,608 dmt and total cash cost of \$69.73/dmt sold respectively, in each case based on the budget for the financial year. The Board selected production volume and total cash costs as key performance metrics given that high production volume and costs efficiency represent meaningful operating measures for an iron ore producer;
- 15% of the total bonus was based on obtaining a realized sales price per dmt of P65 - US\$3/dmt - (C3 x 1.25), based on the budget for the financial year. The Board selected realized sale price as a key performance metric given that it is a strong reflection of operational efficiency and cost management while also reflecting the impact of the iron ore concentrate price throughout a period; and
- 35% of the total bonus was based on overall performance imperatives comprising of health and safety and sustainable development objectives:
  - 15% was based on health and safety targets including no fatalities and minimal time lost due to injuries.
  - 20% was based on sustainability and environmental goals of the Company. The goals are set out below:

| Category                                   | Sustainable Development Objectives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ESG disclosure                             | <ul style="list-style-type: none"><li>- Initiate disclosure on annual ESG objectives, monitor progress and report on their development in subsequent annual sustainability report</li></ul>                                                                                                                                                                                                                                                                                                                                           |
| Sustainable Environment                    | <ul style="list-style-type: none"><li>- No major or critical environmental event or violation</li><li>- Advance projects in line with the Company's vision to reduce Scope 3 emissions, select methodology to calculate the Company's Scope 3 emissions and identify and disclose a list of initiatives that could enable the Company to reach its 2030 emission reduction targets</li><li>- Position additional external communications regarding the Company's opportunity to reduce emissions in the steelmaking process</li></ul> |
| Communities and Cultural Training          | <ul style="list-style-type: none"><li>- Develop and implement First Nations wealth growth strategy within the community through partnership and engagement</li><li>- Employee participation in an annual First Nations cultural training of 100%</li></ul>                                                                                                                                                                                                                                                                            |
| Talent Acquisition and Employee Retention  | <ul style="list-style-type: none"><li>- Optimize talent acquisition strategy to ensure attractiveness and retention by investing in strong Employee Value Proposition (EVP) and Employee Experience</li></ul>                                                                                                                                                                                                                                                                                                                         |
| Talent Development and Succession Planning | <ul style="list-style-type: none"><li>- Develop succession planning strategy to create a skilled, engaged, and committed workforce by investing in the development of the Company's employees as well as creating an environment and culture that supports growth and well-being</li></ul>                                                                                                                                                                                                                                            |

All objectives were subject to a gradation scale allowing them to be met either at 0% or anywhere from 50% to 150%. No amount of STI is payable in relation to a KPI unless the minimum performance level for that KPI is met. As a result of the application of the gradation scale (0% to 150%) to the target bonus (as a % of salary), the total annual bonus payable to the NEOs is capped at 187.5% of base salary for the CEO, 135% of base salary for the CFO and COO, and 120% of base salary for the Senior Vice-President, General Counsel and Corporate Secretary and Senior Vice-President, Corporate Development and Capital Markets.

The budget for the financial year ended March 31, 2024, was approved in March 2023, as part of the regular Board approval timetable. At such time, the iron ore price assumptions were set through a consensus of various industry experts market iron ore price forecasts for the forthcoming year, plus a critical assessment and scenario analysis on forward looking operational performance assessed by management. Both the timeline and budget preparation approach were consistent with previous years. The targets for the STI program for the financial year ended March 31, 2024, were recommended by the Remuneration, People and Governance Committee to the Board, and approved by the Board, in May 2023.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### ii) Short-Term Incentives (Annual Bonus) (continued)

##### Bonus Awards for the Financial Year Ended March 31, 2024 (continued)

The following bonus score card table outlines the weighting, performance objectives, actual results and payout factor for the bonus awards for the financial year ended March 31, 2024.

| KPIs                                              | Weighting | Minimum Threshold (50% Performance Level) | Target (100% Performance Level) | Stretch (150% Performance Level) | Actual Results <sup>(2)</sup> | Payout Factor |
|---------------------------------------------------|-----------|-------------------------------------------|---------------------------------|----------------------------------|-------------------------------|---------------|
| Total Production (dmt)                            | 25%       | 13,183,239                                | 14,329,608                      | 14,759,496                       | 13,733,747                    | 18.5 %        |
| Total Cash Cost (\$/dmt)                          | 25%       | \$76.70                                   | \$69.73                         | \$66.24                          | \$75.92                       | 13.9 %        |
| Realized Sales Price <sup>1</sup> /P65 (US\$/dmt) | 15%       | P65 - US\$5/dmt - (C3 x 1.30)             | P65 - US\$3/dmt - (C3 x 1.25)   | P65 + US\$1/dmt - (C3 x 1.20)    | US\$100.91                    | 21.2 %        |
| Meet Sustainable Development Objectives           | 20%       | 2 objectives                              | 3 objectives                    | 5 objectives                     | 5 objectives                  | 30.0 %        |
| Incident Frequency <sup>(1)</sup> (Q10)           | 7.5%      | 2.6                                       | 2.0                             | 1.7                              | 1.91                          | 8.6 %         |
| Incident Frequency <sup>(1)</sup> (Contractor)    | 7.5%      | 4.0                                       | 3.1                             | 2.6                              | 4.18                          | — %           |
| Total 2024 Bonus Payout Factor                    |           |                                           |                                 |                                  |                               | 92.2 %        |

Notes:

(1) Lost time injury frequency rate, calculated as the (i) total lost time injury, restricted work injury and medical treatment injury, divided by (ii) the total hours worked multiplied by 200,000 (100 employees working full time).

(2) If there is a fatality at Q10 or with a contractor, as applicable, the actual result for the applicable KPI is 0.

The following table sets out the tabulations for bonuses awarded to NEOs under the Company's STIP for the financial year ended March 31, 2024:

| NEO               | Target Bonus (% Salary) <sup>(1)</sup> | Weighted Score | Actual Bonus (% Salary) | Annual Bonus (\$) |
|-------------------|----------------------------------------|----------------|-------------------------|-------------------|
| David Cataford    | 125 %                                  | 92.2 %         | 115 %                   | 1,290,800         |
| Donald Tremblay   | 90 %                                   | 92.2 %         | 83 %                    | 456,390           |
| Alexandre Belleau | 90 %                                   | 92.2 %         | 83 %                    | 547,668           |
| Steve Boucraite   | 80 %                                   | 92.2 %         | 74 %                    | 401,992           |
| Michael Marcotte  | 80 %                                   | 92.2 %         | 74 %                    | 387,240           |

Note:

(1) As a percentage of base salary for the financial year ended March 31, 2024.

Non-executive directors are not eligible to receive any bonus awards, and directors who are not NEOs have not received any bonus awards.

<sup>1</sup> Non-IFRS financial measure, ratio or other financial measure with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives

Equity-based incentives are a particularly important component of compensation in the mining industry given the long lifecycle of mining 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 Shares through "at risk" pay. 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 median market positioning, or above median when performance warrants.

The tables under the section "RSU and PSU Grants made in the Financial Year ended March 31, 2024" on pages 91 to 93 of this report sets out the tabulation for the NEO LTI awards that were made during the financial year ended March 31, 2024. Such RSUs and PSUs will vest over a period of three years following the date of grant, and the value of such grants is reported below on pages 96-97 of this report under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table - Non-Statutory".

#### 2018 Omnibus Plan

The Omnibus Plan provides 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 initial approval of the Omnibus Plan by the Shareholders at the 2018 annual and special meeting, all grants of equity-based awards are made pursuant to, or as otherwise permitted by, the Omnibus Plan. The Omnibus Plan was re-approved by the Shareholders at the annual shareholder meeting held on August 25, 2021, and will again be put to shareholder approval in 2024.

The purpose of the Omnibus 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. The Omnibus Plan assists the Company in attracting and retaining skilled and experienced employees and aligns their incentives with the longer-term goals of the Company.

#### Stock Options

At the discretion of the Board, options may be granted under the Omnibus 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 or four-year term before expiring.

No stock options were granted to NEOs during the financial year ended March 31, 2024.

The following table provides the annual burn rate associated with the Omnibus Plan for each of the Company's three most recent financial years ended March 31, 2024, 2023 and 2022:

| Equity Compensation Plan    | Financial Year Ended March 31, | Number of Securities Granted under the Plan <sup>(1)</sup> | Weighted Average Number of Securities Outstanding <sup>(2)</sup> | Annual Burn Rate <sup>(3)</sup> |
|-----------------------------|--------------------------------|------------------------------------------------------------|------------------------------------------------------------------|---------------------------------|
| Omnibus Plan <sup>(4)</sup> | 2024                           | 2,095,418                                                  | 517,579,000                                                      | 0.40%                           |
|                             | 2023                           | 1,101,501                                                  | 517,046,000                                                      | 0.21%                           |
|                             | 2022                           | 2,038,784                                                  | 507,591,000                                                      | 0.40%                           |

Notes:

(1) Corresponds to the number of dilutive securities granted under the Omnibus Plan in the applicable financial 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 dilutive securities granted under the Omnibus Plan divided by the weighted average number of securities outstanding.

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

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives (continued)

##### Types of Awards under the Omnibus Plan

The following types of awards may be made under the Omnibus 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 Omnibus Plan, and will be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Plan and in accordance with applicable law, the Board may accelerate or defer the vesting or payment of Awards, cancel or amend outstanding Awards, and waive any condition imposed with respect to Awards or Shares issued pursuant to Awards. Any cancellation or amendment to an outstanding Award that may materially adversely alter or impair the rights of a participant under any Award previously granted requires the consent of the affected Participant.

##### 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 a Share at the time the option is issued, determined as the volume weighted average trading price ("VWAP") of the Shares on the ASX if the eligible person is resident in Australia and otherwise the VWAP of the Shares on the TSX, calculated by dividing the total value by the total volume of securities traded during the period of five 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 subject to the options. No Shares will be issued upon the exercise of stock options in accordance with the terms of the grant until full payment for the Shares has been received by the Company.

No stock options were granted during the financial year ended March 31, 2024.

##### 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 Omnibus Plan, as the Board shall determine; provided that no RSU granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the RSU was granted. When cash dividends are paid by the Company on outstanding Shares, the Company credits additional dividend equivalent RSUs to the participant's account. Dividend equivalent RSUs are subject to the same terms and conditions as the RSUs and vest and are settled at the same time and in the same form as the RSUs to which such dividend equivalent RSUs relate. As is the case for RSUs granted under incentive plans of many TSX-listed issuers, including issuers in the North American mining industry, vesting of the RSUs is based on time-based vesting conditions rather than performance-based vesting conditions. The Company believes that grants of time-based RSUs that are only paid at the end of the three-year vesting period based on the Company's Share price at such time is an effective means of retaining executives by providing compensation packages that remain competitive and reflective of generally accepted market practices of its peers and which reward past performance against pre-established targets and contribute to the Company's annual profitability and growth, and tying executive remuneration to the long-term performance of the Company. This time-based vesting approach with payment at the end of three years based on the Company's Share price at such time is effectively "cliff-vesting" of the of grants.

##### 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, subject to the achievement of performance goals established by the Board over a period of time or with respect to certain project-related specific milestones.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

##### Performance Share Units (PSUs) (continued)

The Board has 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 31 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 Omnibus 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. When cash dividends are paid by the Company on outstanding Shares, the Company credits additional dividend equivalent PSUs to the participant's account. Dividend equivalent PSUs are subject to the same terms and conditions as the PSUs and vest and are settled at the same time and in the same form as the PSUs to which such dividend equivalent PSUs relate.

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.

The Company began granting PSUs under the Omnibus Plan during the financial year ended March 31, 2020. The PSUs granted during the financial year ended March 31, 2021 vested, in accordance with the applicable performance-based vesting conditions, during the financial year ended on March 31, 2024, and the payout thereunder is disclosed in the section "*Corporate Performance Measures, Results and Related Payout during the Financial Year Ended March 31, 2024*" on page 94 of this report.

##### 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 Omnibus 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 a bi-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. When cash dividends are paid by the Company on outstanding Shares, the Company credits additional dividend equivalent DSUs to the participant's account. Dividend equivalent DSUs are subject to the same terms and conditions as the DSUs and vest and are settled at the same time and in the same form as the DSUs to which such dividend equivalent DSUs relate.

##### Other Share-Based Awards

The Board may grant to an eligible person, subject to the terms of the Omnibus 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, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Board to be consistent with the purpose of the Omnibus Plan.

The Board deems equity awards as a valuable retention and incentive mechanism for management. Retention of executives and highly skilled staff continues to be a high priority for the Company for the following reasons:

- the market for executives with experience in development of mining assets, mining operations in the Province of Québec and public company experience is very competitive;
- it requires a significant amount of lead time for executives to become totally familiar with the Company's operations and assets; and
- if there is an interruption to production for any number of reasons, the Company needs to be able to restart production in a safe environment as soon as reasonably possible. The necessary skills that have been developed internally to deal with these challenges cannot be procured easily outside the Company.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

##### RSU and PSU Grants made in the Financial Year ended March 31, 2024

During the financial year ended March 31, 2024, the Board granted RSUs and PSUs to its NEOs under the Omnibus Plan. In determining the size of such grants and setting a target for the LTI for each NEO, the Board considered among other things their roles and responsibilities and competitive opportunities in the Company's peer group of mining companies, as described below. The number of RSUs or PSUs granted was determined according to the VWAP of the Shares on the TSX during the period of five trading days immediately prior to the date of grant. The value of such grants is also reported below under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table - Non-Statutory" on pages 96-97 of this report.

| NEO               | LTIP Target<br>[% salary] <sup>(1)</sup> | Value of Annual<br>Equity Awards<br>(\$) | RSUs<br>(\$) | RSUs<br>[# of units] <sup>(2)</sup> | PSUs<br>(\$) | PSUs<br>[# of units] <sup>(2)</sup> |
|-------------------|------------------------------------------|------------------------------------------|--------------|-------------------------------------|--------------|-------------------------------------|
| David Cataford    | 265 %                                    | 2,968,000                                | 1,187,200    | 234,624                             | 1,780,800    | 351,937                             |
| Donald Tremblay   | 145 %                                    | 797,500                                  | 319,000      | 63,044                              | 478,500      | 94,565                              |
| Alexandre Belleau | 180 %                                    | 1,188,000                                | 475,200      | 93,913                              | 712,800      | 140,870                             |
| Steve Boucraite   | 155 %                                    | 844,750                                  | 337,900      | 66,779                              | 506,850      | 100,168                             |
| Michael Marcotte  | 145 %                                    | 761,250                                  | 304,500      | 60,178                              | 456,750      | 90,267                              |

Notes:

(1) As a percentage of base salary for the financial year ended March 31, 2024.

(2) The number of units granted was determined according to the VWAP per Share on the TSX during the period of five trading days immediately prior to the date of grant, being \$5.06.

None of the directors who are not NEOs received any grants of RSUs or PSUs in the financial year ended March 31, 2024.

The value of the LTIP and related grants are reported in a table on pages 96-97 of this report under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table - Non-Statutory" for the applicable financial year in which grants were made, irrespective of whether the performance criteria for vesting had been achieved during such period. The portion of any such LTI 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" on page 109 of this report.

The grants of RSU and PSU awards made during the financial year ended March 31, 2024, consisted of the following components:

- RSU Grant (40% of LTI): vesting equally over a three-year period following the date of grant and subject to no performance hurdles (RSUs effectively "cliff-vest" because they are not paid out until the end of the three-year vesting period and the payment for all RSUs is based on the Company's Share price at such time); and
- PSU Grant (60% of LTI): measured against certain performance conditions over the three years commencing on April 1, 2023, and ending on March 31, 2026, and which vest at the end of that three-year period subject to the key performance measures having been met.

The Board established the following key performance measures for the PSUs which the Board believes provide the most suitable link to long-term shareholder value creation. Specifically, the criteria encourage executives to focus on the key performance drivers which underpin the Company's strategy with a view to delivering long-term growth in shareholder value. The potential "maximum" earning opportunity is not expected to be achieved each year, but is designed to only be achieved in respect of exceptional performance or circumstances.

- 40% of the grant based on the performance of the Company's Share price (or TSR) relative to a peer group, between April 1, 2023, and March 31, 2026. 175% 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. This approach as to vesting relative to the peer group is customary in the North American mining industry and is taken into account by the Board when determining the overall compensation of NEOs. The Board believes this approach is appropriate to ensure executive compensation remains competitive and reflective of generally accepted market practices of the Company's peers.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

RSU and PSU Grants made in the Financial Year ended March 31, 2024 (continued)

Relative TSR provides an appropriate, external market performance measure having regard to a peer group of companies with which the Company competes for capital, customers and talent. The use of relative TSR ensures that executives are motivated to deliver returns that are superior to what a shareholder could achieve in the broader market and ensures management maintain a strong focus on shareholder outcomes. In order to benchmark relative TSR for purposes of the grants of PSUs made in the financial year ended March 31, 2024, the Company's independent directors and the Remuneration, People and Governance Committee identified a peer group of mining companies with generally similar stage of development operations, annual revenues and market capitalization. The group has been designed to include (i) internationally listed companies that are involved in the same commodity, and (ii) companies that are involved in metallurgical coal, or companies having thermal coal exposure, given its correlation to iron ore (since both are used in the steelmaking process).

| TSR Peer Group <sup>(1)</sup>   |                                             |
|---------------------------------|---------------------------------------------|
| 29Metals Ltd. (ASX)             | Cleveland-Cliffs Inc. (NYSE)                |
| Capstone Copper Corp. (TSX)     | Deterra Royalties Ltd. (ASX)                |
| Ero Copper Corp. (TSX)          | Fortescue Metals Group Ltd. (ASX)           |
| Grange Resources Limited (ASX)  | Hudbay Minerals Inc. (TSX)                  |
| Kumba Iron Ore Ltd. (JSX)       | Labrador Iron Ore Royalty Corporation (TSX) |
| Lundin Mining Corporation (TSX) | Mineral Resources Ltd. (ASX)                |
| Mount Gibson Iron Limited (ASX) | Sandfire Resources Ltd. (ASX)               |
| Stelco Holdings Inc. (TSX)      | Whitehaven Coal Limited (ASX)               |

Note:

(1) OZ Minerals Ltd., who was included in the TSR peer group for grants made in previous years, was removed as a result of being acquired.

- 60% of the grant based on an actual ratio of return on capital employed ("ROCE") compared to a target ratio set by the Board. The actual ratio is measured over the three-year period commencing on April 1, 2023, and ending on March 31, 2026, by dividing (i) average EBITDA for each year in the three-year period by (ii) average capital employed (long-term debt plus Champion's consolidated total equity, including options and warrants, including lease liabilities and excluding cash and cash equivalents up to a certain threshold) for each year in the three-year period.

For the PSUs granted in the financial year ended March 31, 2024, if the actual ratio represents more than 120% of the corresponding target ratio based on the Company's budget for the three-year reference period (which was set at 0.30 for the financial year ended March 31, 2024), 175% of that portion of the PSUs grant will vest at the end of the three-year period. If the actual ratio equals the corresponding target ratio based on the Company's budget for the three-year reference period, 100% of that portion of the PSUs grant will vest at the end of the reference period. If the actual ratio is less than the target ratio based on the Company's budget for the three-year reference period, a reduced percentage of this portion of the PSUs grant will vest. Proportional vesting will occur if the actual ratio represents between 70% to 100% or 100% to 120% of the target ratio, and will be between 75% and 175%. No vesting will occur if the actual ratio is less than 70% of the target ratio based on the Company's budget for the three-year reference period. The Board believes that the use of ROCE as a performance measure allows executive pay to be linked to capital allocation discipline and therefore further aligns executives' interests with Shareholders' interests.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

RSU and PSU Grants made in the Financial Year ended March 31, 2024 (continued)

The following table outlines the payout percentages associated to the specific ranges of actual ratio of ROCE, for the PSU grants made during the financial year ended March 31, 2024:

| Targets - ROCE | Vesting of 60% Portion of PSU Grants |
|----------------|--------------------------------------|
| 0.36 and above | 175%                                 |
| 0.30           | 100%                                 |
| 0.21           | 75%                                  |
| Less than 0.21 | Nil                                  |

The ROCE target continues to be set using the same methodology year-over-year and continues to reflect the same challenging threshold relative to Company's operational and financial budgets as in prior years, even if the absolute ROCE targets for the PSUs granted in the financial year ended March 31, 2024, are lower than in prior years as a result of the growing capital employed in the business over time as well as fluctuations in iron ore prices.

The methodology used to establish ROCE targets for a given grant is based on the Company's financial plan approved by the Board near the end of the financial year, which includes certain assumptions with respect to the expected operational results for the Company and the forward-looking iron ore prices in the context of the market and analyst consensus. While operational elements embedded in the financial plan submitted to the board assume operational initiative to improve the performance of the business year-over-year, the financial budget remains influenced by fluctuations of iron ore prices. The ROCE is also impacted by the growing capital employed in the business. Since acquiring Bloom Lake in 2016, the company recommissioned Phase I in 2018, with a nameplate capacity of 7.4 Mtpa, and increased Bloom Lake's nameplate capacity to 15 Mtpa with the completion of the Phase II project in the second half of the financial year ended March 31, 2023. The Phase II expansion was mostly funded through retained earnings and cash from operation. The Company continues to seek to efficiently deploy capital in order to expand its production and improve the valuation of its high-grade concentrate. While Champion acquired Bloom Lake for approximately \$10 million in 2016, the asset benefited from approximately US\$3 billion of capital invested by its previous owners. Accordingly, the Company had a very low base of capital employed during the early years since the 2018 recommissioning of Bloom Lake. Since 2022, significant increases in capital employed were required to grow the business, including doubling Bloom Lake's nameplate capacity. Accordingly, this growing base of capital employed influenced the absolute ROCE target ratio through time. Additionally, the year-over-year decline in iron ore prices also resulted in a decline in ROCE target and performance over time. Accordingly, the P65 index used as a benchmark for the Company's iron ore concentrate sales declined by over 40% since the financial year ended March 31, 2022. As a result of the substantial decline in iron ore prices and increase in capital employed resulting from the reinvestment in the business that significantly increased the Company's iron ore production, the annual ROCE targets related to the PSU grants declined from 154% in the financial year ended March 31, 2022 to 34% in the financial year ended March 31, 2024. The targeted ROCE for the financial year ended March 31, 2024 continues to reflect the same challenging threshold in meeting the Company's operational and financial budgets in the context of the industry at the time of grant.

The Board believes that the performance criteria for such PSU grants provide the most suitable link to long-term shareholder value creation. Specifically, the performance criteria encourage executives to focus on the key performance drivers which underpin the Company's strategy to deliver long-term growth in shareholder value. Generally, the potential "maximum" earning opportunity is not expected to be achieved each year, but is designed to only be achieved in respect of exceptional performance or circumstances. The value of the LTI grants is reported in a table on pages 96-97 of this report under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table - Non-Statutory", irrespective of whether the performance criteria for vesting had been achieved during such period. The portion of any such LTI awards that vested during any year is shown in the table presented on page 109 of this report "Incentive Plan Awards - Value Vested or Earned During the Year".

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iii) Long-Term Incentive - Equity-Based Incentives (continued)

##### Corporate Performance Measures, Results and Related Payout during the Financial Year Ended March 31, 2024

During the financial year ended March 31, 2024, the PSUs granted during the financial year ended March 31, 2021, which vested over a three-year period subject to the achievement of performance-based vesting conditions, vested and paid out at the maximum performance level as a result of the TSR and ROCE performance criteria having exceeded the maximum payout targets for the performance period.

| Financial Measure | Weighting    | Actual Result                                              | Payout                                                                      |
|-------------------|--------------|------------------------------------------------------------|-----------------------------------------------------------------------------|
| TSR               | 40 %         | 84.5 <sup>th</sup> percentile of peer group <sup>(1)</sup> | Paid out at maximum performance-level given maximum payout targets exceeded |
| ROCE              | 60 %         | 0.72 <sup>1</sup>                                          |                                                                             |
| <b>Total</b>      | <b>100 %</b> | <b>—</b>                                                   |                                                                             |

Note:

(1) Based on the total shareholder return over the three-year period ended on March 31, 2023, compared to the Company's applicable PSU peer group average.

##### Update on Phase II PSU Grant

During the financial year ended March 31, 2024, nameplate capacity for Phase II, which was the last milestone under the PSUs granted during the financial year ended March 31, 2022, for which vesting was aligned with the achievement of key milestones related to the successful completion of the Phase II expansion project (the "Phase II PSUs"), was achieved. In addition, vesting for the prior milestones under the Phase II PSUs occurred during the financial year ended March 31, 2024, following the achievement of such milestones in the prior year. Vesting for the portions of such PSUs with respect to the nameplate capacity milestone occurred on April 3, 2024, being 12 months following the achievement of such milestone. The table below indicates payout factor for each milestone that was achieved during the financial years ended March 31, 2023 and 2024.

| NEO                                                        | Weighting    | Target [100% Performance Level] | Actual Result   | Payout Factor <sup>(1)</sup> | Weighted Payout Factor <sup>(1)</sup> |
|------------------------------------------------------------|--------------|---------------------------------|-----------------|------------------------------|---------------------------------------|
| Construction Milestone <sup>(2)(3)</sup>                   | 28 %         | May 1, 2022                     | April 26, 2022  | 94 %                         | 26.3 %                                |
| Incident Frequency during Construction (per 200,000 hours) | 12 %         | 5 incidents                     | 0.5 incident    | 160 %                        | 19.2 %                                |
| Commercial Production Milestone <sup>(2)</sup>             | 40 %         | August 1, 2022                  | October 4, 2022 | 65 %                         | 26.0 %                                |
| Nameplate Capacity Milestone <sup>(4)</sup>                | 20 %         | January 31, 2023                | April 3, 2023   | 65 %                         | 13.0 %                                |
| <b>Total</b>                                               | <b>100 %</b> |                                 | <b>—</b>        | <b>—</b>                     | <b>84.6 %</b>                         |

Notes:

- (1) As a percentage of base value of equity award, as disclosed in the Company's 2022 remuneration report for the financial year ended March 31, 2022.
- (2) With respect to the portion of the PSUs the vesting of which was aligned with the Construction and Commercial Production, PSUs would have vested at target if the applicable milestone was completed on or before the applicable target date (which, in the case of the Commercial Production Milestone, was the first day of the 60-day period during which commercial production was achieved), with the possibility of a stretch payout if the milestone was completed on or before the date that was three months before the applicable target date. In each case, only 50% of the PSUs would have vested if the milestone was completed on the date that was three months after the target date, and no vesting would have occurred if the applicable milestone was not completed by the date that was three months after the applicable target date.
- (3) Vesting was also subject to completing construction within a certain specific range of the pre-determined budget. If construction would have been completed or for a cost above budget by not more than 15%, 80% of the PSUs would have vested upon completion of construction, and if construction would have been completed for a cost above budget by more than 15%, none of such PSUs would have vested.
- (4) With respect to the portion of the PSUs the vesting of which was aligned with the achievement of nameplate capacity, PSUs would have vested at target if nameplate capacity was completed on or before the applicable target date (the "Nameplate Capacity Target Date"), with the possibility of a stretch payout if nameplate capacity was completed on or before the date that was three months before the Nameplate Capacity Target Date. In each case, only 50% of the PSUs would have vested if Nameplate Capacity was completed on the date that was three months after the Nameplate Capacity Target Date, and no vesting would have occurred if nameplate capacity was not completed by the date that was three months after the Nameplate Capacity Target Date.

<sup>1</sup> Non-IFRS financial measure, ratio or other financial measure with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iv) Retirement Plan Contributions and Personal Benefits

Champion has adopted a registered pension plan and a non-registered savings plan for its NEOs. The executive plan design is based on employer contributions solely and calculated on base salary and STI. 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 executives                                                                                                                           |
| Participation                  | Compulsory                                                                                                                                                        |
| Employer Contributions         | Effective April 1, 2022, 10.5% of base salary and STI                                                                                                             |
| Employer Maximum Contributions | Employer contribution up to a maximum of \$31,500 for the calendar year 2024 within the registered pension plan, excess is vested in non-registered savings plan. |
| Vesting                        | Immediate                                                                                                                                                         |
| Transfers from Other Plans     | Permitted in non-registered savings plan                                                                                                                          |

The following table sets out, for each NEO, the accumulated value at the start of the financial year, the compensatory value and the accumulated value at the end of the financial year ended March 31, 2024.

| Name              | Accumulated Value at Start of Year (\$) | Employer's Contribution (\$) | Accumulated Value at Year-End (\$) |
|-------------------|-----------------------------------------|------------------------------|------------------------------------|
| David Cataford    | 808,769                                 | 259,228                      | 1,067,997                          |
| Donald Tremblay   | 67,978                                  | 110,235                      | 178,213                            |
| Alexandre Belleau | 391,923                                 | 132,932                      | 524,855                            |
| Steve Boucratie   | 287,807                                 | 103,855                      | 391,662                            |
| Michael Marcotte  | 221,873                                 | 100,399                      | 322,272                            |

Directors who are not NEOs are not eligible for, and have not received, any of the retirement plan contributions and personal benefits set out above during the financial year ended March 31, 2024 (except in the case of Mr. O'Keefe, who received non-monetary compensation during the financial year ended March 31, 2024, in the amount of \$21,607 paid to a superannuation on behalf of the KMP).

#### 2024 Remuneration Awards for the Named Executive Officers

Annual base salary, bonus, PSU grants and RSU grants in the financial year ended March 31, 2024, to the NEOs were as follows.

| Name                                                                                        | Annual Base Salary (\$) | Bonus (\$) | Total PSU Grant (\$) | Total RSU Grant (\$) |
|---------------------------------------------------------------------------------------------|-------------------------|------------|----------------------|----------------------|
| <b>David Cataford</b><br>CEO                                                                | 1,120,000               | 1,290,800  | 1,780,800            | 1,187,200            |
| <b>Donald Tremblay</b><br>CFO                                                               | 550,000                 | 456,390    | 478,500              | 319,000              |
| <b>Alexandre Belleau</b><br>COO                                                             | 660,000                 | 547,668    | 712,800              | 475,200              |
| <b>Steve Boucratie</b><br>Senior Vice-President, General Counsel and Corporate Secretary    | 545,000                 | 401,992    | 506,850              | 337,900              |
| <b>Michael Marcotte</b><br>Senior Vice-President, Corporate Development and Capital Markets | 525,000                 | 387,240    | 456,750              | 304,500              |

Further information pertaining to the NEO's remuneration for the past three financial years is found in the section, "Tabular Remuneration Disclosure for the Named Executive Officers – Summary Remuneration Table – Non-Statutory", on page 96 of this report.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### iv) Retirement Plan Contributions and Personal Benefits (continued)

##### Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory

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, 2024, 2023 and 2022. As described in the footnotes to the summary remuneration table, amounts presented under the columns entitled "Share-based Awards" and "Option-based Awards" reflect the full fair values of the awards as measured at their respective grant dates. Accordingly, the amounts presented thereunder are not reflective of the related accounting expense for the current financial year. Refer to "Details of Total Statutory Remuneration for KMP (NEOs and Directors)" on pages 110-111 of this report for the statutory remuneration table for this financial year as calculated with reference to the Corporations Act, Australian Accounting Standards and International Financial Reporting Standards.

The value of an incentive award is included below in the year during which the grant of the award was made. Further information pertaining to the NEOs' LTI remuneration for the 2024 financial year is presented in the section, "2024 Remuneration Awards for the Named Executive Officers" on page 95 of this report.

| Name and Principal Position                                                                                      | Year | Salary (\$) | Share-Based Awards <sup>(1)</sup> (\$) | Option-Based Awards (\$) | Non-Equity Incentive Plan Compensation |                                | Pension Value (\$) | All Other Compensation (\$) | Total (\$) | At Risk (%) |
|------------------------------------------------------------------------------------------------------------------|------|-------------|----------------------------------------|--------------------------|----------------------------------------|--------------------------------|--------------------|-----------------------------|------------|-------------|
|                                                                                                                  |      |             |                                        |                          | Annual Incentive Plans (\$)            | Long-Term Incentive Plans (\$) |                    |                             |            |             |
| <b>David Cataford</b><br>CEO                                                                                     | 2024 | 1,120,000   | 2,968,000                              | —                        | 1,290,800                              | —                              | 259,228            | 67,273                      | 5,705,301  | 75 %        |
|                                                                                                                  | 2023 | 936,000     | 2,025,000                              | —                        | 1,335,000 <sup>(2)</sup>               | —                              | 241,427            | 43,953                      | 4,581,380  | 57 %        |
|                                                                                                                  | 2022 | 900,000     | 4,500,000                              | —                        | 1,381,219                              | —                              | 96,228             | 42,400                      | 6,919,847  | 85 %        |
| <b>Donald Tremblay</b> <sup>(3)</sup><br>CFO                                                                     | 2024 | 550,000     | 797,500                                | —                        | 456,390                                | —                              | 110,235            | 50,351                      | 1,964,476  | 64 %        |
|                                                                                                                  | 2023 | 288,750     | 576,250                                | —                        | 236,250                                | —                              | 56,280             | 15,744                      | 1,173,274  | 69 %        |
|                                                                                                                  | 2022 | —           | —                                      | —                        | —                                      | —                              | —                  | —                           | —          | — %         |
| <b>Alexandre Belleau</b><br>COO                                                                                  | 2024 | 660,000     | 1,188,000                              | —                        | 547,668                                | —                              | 132,932            | 61,694                      | 2,590,294  | 67 %        |
|                                                                                                                  | 2023 | 540,000     | 650,000                                | —                        | 243,000                                | —                              | 84,233             | 19,992                      | 1,537,225  | 58 %        |
|                                                                                                                  | 2022 | 500,000     | 1,516,000                              | —                        | 552,488                                | —                              | 53,344             | 17,585                      | 2,639,417  | 78 %        |
| <b>Steve Boucrairie</b> <sup>(4)</sup><br>Senior Vice-President,<br>General Counsel and<br>Corporate Secretary   | 2024 | 545,000     | 844,750                                | —                        | 401,992                                | —                              | 103,855            | 51,579                      | 1,947,176  | 64 %        |
|                                                                                                                  | 2023 | 500,000     | 576,000                                | —                        | 200,000                                | —                              | 76,338             | 30,321                      | 1,382,659  | 56 %        |
|                                                                                                                  | 2022 | 480,000     | 1,480,000                              | —                        | 471,456                                | —                              | 51,238             | 21,999                      | 2,504,693  | 78 %        |
| <b>Michael Marcotte</b> <sup>(5)</sup><br>Senior Vice-President,<br>Corporate Development<br>and Capital Markets | 2024 | 525,000     | 761,250                                | —                        | 387,240                                | —                              | 100,399            | 51,219                      | 1,825,108  | 63 %        |
|                                                                                                                  | 2023 | 400,000     | 456,000                                | —                        | 140,000                                | —                              | 53,134             | 29,889                      | 1,079,023  | 55 %        |
|                                                                                                                  | 2022 | 380,000     | 746,500                                | —                        | 326,582                                | —                              | 34,990             | 21,630                      | 1,509,702  | 71 %        |

Notes:

- (1) Share-based awards consist of RSUs and/or PSUs which are subject to vesting criteria. The Share-based awards value is based on the fair market value of the Share price at the time of the grant. Until and up to the financial year ended March 31, 2023, prior to completing a grant of PSUs or RSUs under the Omnibus Plan, the Board considered the annual performance for the most-recently completed financial year and took such performance into account in determining the size of such grants, which grants were made as a percentage of an NEO base salary for the most-recently completed financial year. Accordingly, grants would typically be made after the publication of the annual results for such financial year based on the VWAP per Share on the TSX during the period of five trading days immediately prior to grant. Starting with the financial year ending March 31, 2024, in order to better align with generally accepted market practice followed by the Company's peers, the Board determined that RSU and PSU grants made during any financial year will relate to an NEO's compensation for that particular year and will be made as a percentage of the NEO's base salary for such year. For the awards granted in the financial year ended March 31, 2024, the fair market value of the stock at the time of grant was at \$5.06. For the awards granted in the financial year ended March 31, 2023, the fair market value of the stock at the time of grant was at \$6.89 and the amounts included in this column represent the value of the RSUs and PSUs granted in the year taking into consideration the financial year ended March 31, 2022. For the awards granted in the financial year ended March 31, 2022, the fair market value of the stock at the time of grant was at \$6.16, and the amounts included in this column represent (i) the value of the RSUs and PSUs granted in the year taking into consideration the financial year ended March 31, 2021, and which vest over a three-year period following the date of grant, and (ii) the value of the PSUs granted in the year for which the vesting was aligned with the achievement of key milestones to successful completion of the Phase II project.
- (2) Represents amounts paid to Mr. Cataford under the company's short term incentive plan for the financial year ended March 31, 2023, and the one-time bonus of \$750,000 paid to Mr. Cataford in recognition for his outstanding performance during the year and the work achieved on several key projects.
- (3) Mr. Tremblay was appointed as CFO of the Company on July 4, 2022, effective September 12, 2022. Mr. Tremblay did not earn any remuneration from the Company prior to September 12, 2022. Upon joining the Company, Mr. Tremblay was granted 125,000 RSUs with a value of \$576,250.
- (4) Mr. Boucrairie was promoted to Senior Vice-President, General Counsel and Corporate Secretary of the Company on September 9, 2021. Prior to that, Mr. Boucrairie was Vice-President, General Counsel and Corporate Secretary of the Company and earned remuneration from the Company in such role.
- (5) Mr. Marcotte was promoted to Senior Vice-President, Corporate Development and Capital Markets of the Company on September 9, 2021. Prior to that, Mr. Marcotte was Vice-President, Investor Relations of the Company and earned remuneration from the Company in such role.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory (continued)

#### 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, 2024, the end of the Company's most recently completed financial year.

| Name                                                                                              | Option-Based Awards                                     |                            |                                |                                                               | Share-Based Awards <sup>[2]</sup>                            |                                                                        |                                                                                      |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------|--------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|                                                                                                   | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date (M/D/Y) | Value of Unexercised In-the-Money Options (\$) <sup>[1]</sup> | 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 (\$) |
| <b>David Cataford</b><br>CEO                                                                      | 37,500                                                  | 5.00                       | February 5, 2025               | 53,250                                                        | 1,131,824                                                    | 7,266,309                                                              | 723,562                                                                              |
| <b>Donald Tremblay</b><br>CFO                                                                     | —                                                       | —                          | —                              | —                                                             | 247,976                                                      | 1,592,006                                                              | 282,564                                                                              |
| <b>Alexandre Belleau</b><br>COO                                                                   | 37,500                                                  | 5.00                       | February 5, 2025               | 53,250                                                        | 415,826                                                      | 2,669,602                                                              | 242,703                                                                              |
| <b>Steve Boucrairie</b><br>Senior Vice-President,<br>General Counsel and<br>Corporate Secretary   | 37,500                                                  | 5.00                       | February 5, 2025               | 53,250                                                        | 332,340                                                      | 2,133,622                                                              | 221,960                                                                              |
| <b>Michael Marcotte</b><br>Senior Vice-President,<br>Corporate Development<br>and Capital Markets | 37,500                                                  | 5.00                       | February 5, 2025               | 53,250                                                        | 257,621                                                      | 1,653,925                                                              | 135,319                                                                              |

Notes:

[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 \$6.42 on March 28, 2024 (the last trading day of the financial year), 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 Omnibus Plan, and include RSUs and PSUs issued as dividend equivalents. RSUs vest over a specific period of time while PSUs vest over a predetermined period of time upon meeting predetermined performance criteria. For more information regarding RSU and PSU vesting, please see the Omnibus Plan Awards. The market or payout value is based on the TSX market closing price of the Shares on March 28, 2024 (the last trading day of the financial year), being \$6.42.

#### Omnibus Plan Awards - Value Vested or Earned During the Financial Year Ended March 31, 2024

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, 2024 (all dollar amounts in Canadian dollars):

| Name              | Value Vested During the Year (\$) <sup>[1]</sup> |                    | Value Earned During the Year (\$)      |
|-------------------|--------------------------------------------------|--------------------|----------------------------------------|
|                   | Option-Based Awards                              | Share-Based Awards | Non-Equity Incentive Plan Compensation |
| David Cataford    | —                                                | 4,162,280          | 1,290,800                              |
| Donald Tremblay   | —                                                | 236,495            | 456,390                                |
| Alexandre Belleau | —                                                | 1,271,394          | 547,668                                |
| Steve Boucrairie  | —                                                | 1,243,228          | 401,992                                |
| Michael Marcotte  | —                                                | 733,052            | 387,240                                |

Note:

[1] Option-based awards value vested during the year is the difference between the market price of the underlying securities at vesting date and the exercise price of the options under the option-based award. 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 RSUs and PSUs, and include RSUs and PSUs issued as dividend equivalents.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### Senior Executives Securities Ownership Policy

In January 2024, Champion implemented the Securities Ownership Policy, which replaces the prior share and share-based ownership policy of the Company that only applied to non-executive directors. The Securities Ownership Policy implemented share and share-based ownership requirements for the senior executives of Champion and its subsidiaries ("Senior Executives") and non-executive directors of Champion, and is designed to align the interests of those subject to the policy with the long-term interests of Shareholders.

Pursuant to the Securities Ownership Policy, the executive Chairman and the CEO of Champion are each required to hold an aggregate number of Shares, vested and unvested RSUs, and a portion (only 65%) of vested and unvested PSUs (for purposes of this section, collectively, "Champion Equity") having an aggregate value of at least three times their annual base salary, and the CFO, the COO and the senior vice presidents of Champion are each required to hold an aggregate number of Champion Equity having an aggregate value of at least two times their annual base salary. The required level of ownership of Champion Equity held by Senior Executives is referred to as the "Relevant Threshold". Ownership requirements must be achieved by January 30, 2029, or within five years of the date of appointment as a Senior Executive, whichever occurs later. If a Senior Executive's base salary increases, such Senior Executive shall meet the required level of ownership of the Securities Ownership Policy taking into account such increased salary within five years of the increase occurring.

Once the value of the Champion Equity held by a Senior Executive exceeds the Relevant Threshold, calculated as the greater of either the aggregate acquisition value for the Champion Equity held by the Senior Executive or the fair market value of the Champion Equity held by the Senior Executive at the relevant time (in each case with only 65% of PSUs held being taken into account), such individual is deemed to meet the applicable ownership guideline. A Senior Executive who has achieved the necessary ownership level will be deemed to meet the applicable ownership guideline on an ongoing basis as long as such Senior Executive does not dispose of Shares which would cause such individual to no longer meet the Relevant Threshold immediately following such disposition based on the Champion Equity then held or deemed to be held by such individual. In developing the Securities Ownership Policy, the Board, with the advice of Meridian, determined that, given the heavier weighting of PSUs in the Champion's LTI program compared to market standards, a portion of the PSUs held by Senior Executives would be taken into account for purposes of the Securities Ownership Policy, provided that PSUs would only be accounted for assuming vesting at the threshold level (i.e., 65% of the PSUs).

Where the value of the Champion Equity held by a Senior Executive's is below the applicable requirement, the Senior Executive is required to use 50% of the after-tax proceeds from any cash settlement of his or her RSUs or PSUs to purchase Shares on-market.

As of the date of this Remuneration Report, all NEOs have met the minimum securities ownership requirements. Without considering the PSUs that are taken into account for purposes of the Securities Ownership Policy (being 65% of the PSUs held at the relevant time, as explained above), all NEOs would still meet the minimum securities ownership requirements. The table below sets out, for each NEO, his security ownership requirements, whether he satisfied such requirements and his ownership of Champion Equity for purposes of the Securities Ownership Policy, in each case as of the end of the financial year ended March 31, 2024:

| Name              | Total Number of Securities Owned                                | Total Value of Champion Equity <sup>(1)</sup> | Value Required to meet Guidelines | Latest Date to Comply | Satisfies Requirements | Ownership as Multiple of Annual Base Salary | Total Value of Shares and RSUs <sup>(1)</sup> |
|-------------------|-----------------------------------------------------------------|-----------------------------------------------|-----------------------------------|-----------------------|------------------------|---------------------------------------------|-----------------------------------------------|
| David Cataford    | 2,459,284 Shares<br>470,149 RSUs<br>503,347 PSUs <sup>(2)</sup> | \$22,038,448                                  | 3x Base Salary                    | January 30, 2029      | Yes                    | 19.7x Base Salary                           | \$18,806,960<br>16.8x Base Salary             |
| Donald Tremblay   | 38,000 Shares<br>196,019 RSUs<br>62,381 PSUs <sup>(2)</sup>     | \$1,902,885                                   | 2x Base Salary                    | January 30, 2029      | Yes                    | 3.5x Base Salary                            | \$1,502,402<br>2.7x Base Salary               |
| Alexandre Belleau | 304,022 Shares<br>172,231 RSUs<br>182,909 PSUs <sup>(2)</sup>   | \$4,231,818                                   | 2x Base Salary                    | January 30, 2029      | Yes                    | 6.4x Base Salary                            | \$3,057,544<br>4.6x Base Salary               |
| Steve Boucrairie  | 151,822 Shares<br>137,545 RSUs<br>149,089 PSUs <sup>(2)</sup>   | \$2,814,885                                   | 2x Base Salary                    | January 30, 2029      | Yes                    | 5.2x Base Salary                            | \$1,857,736<br>3.4x Base Salary               |
| Michael Marcotte  | 245,930 Shares<br>106,870 RSUs<br>111,689 PSUs <sup>(2)</sup>   | \$2,982,018                                   | 2x Base Salary                    | January 30, 2029      | Yes                    | 5.7x Base Salary                            | \$2,264,976<br>4.3x Base Salary               |

Notes:

(1) Calculated as the greater of (i) the aggregate acquisition value of the Champion Equities held by the Senior Executive, being the acquisition cost of all Shares held by the Senior Executive and the sum of the "market price" at the time of grant of each PSUs and RSUs held by the Senior Executive, and (ii) the aggregate market value of the Champion Equities held by the Senior Executive, calculated based on the closing market price of the Company's Shares on the TSX of \$6.42 on March 28, 2024, the last trading day of the financial year.

(2) Represents the PSUs that are taken into account for purposes of the Securities Ownership Policy (being 65% of the PSUs held at the relevant time).

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### H. 2024 Executive Performance Metrics and Incentives (continued)

#### Agreements with Named Executive Officers (NEOs)

The Company has written employment agreements with its NEOs. These contracts, which are governed by the laws of the Province of Québec, provide for the payment and provision of other benefits triggered by a termination without cause. Employment laws applicable in the Province of Québec require the Company to provide employees, in the case of termination other than for cause, reasonable notice or pay in lieu thereof, and such reasonable notice period which, in the case of the NEOs, would reasonably be expected to exceed 12 months in each case. The cash amount in lieu of reasonable notice provided for in the employment agreements entered into between the Company and each of the NEOs are generally aligned with the severance benefits that an executive working in similar circumstances would have been entitled to pursuant to applicable Province of Québec case law had such executive been terminated without cause without the benefit of a written employment agreement. The Board believes that providing such severance entitlements upon termination without cause is advisable in order to provide NEOs with severance entitlements that are reflective of generally accepted market practices of the Company's peers and that would not reasonably be expected to be below the minimum applicable notice period required under employment laws applicable in the Province of Québec in light of the applicable case law. In addition, the employment agreement of each NEO provides for the acceleration of vesting (as if vesting occurred at 100%) of incentive awards in the event a change of control occurs during the term of their employment, as described on page 101 of this report.

#### David Cataford – CEO

Mr. Cataford was appointed CEO of the Company on April 1, 2019. Mr. Cataford had been Champion's CEO since March 20, 2017. Mr. Cataford and Champion entered into an employment agreement under which Mr. Cataford 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.

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. In such scenario, the Company would pay to Mr. Cataford a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 24 months of Mr. Cataford's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Cataford in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 24, (iii) an indemnity for loss of pension plan contributions of Mr. Cataford's then current annual base salary divided by 12 and multiplied by 24, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on a 24-month period. In addition, the Company will be required to maintain Mr. Cataford's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 24 months, and all unvested stock options, RSUs or PSUs held by Mr. Cataford that would have otherwise vested during the 24 months following termination had Mr. Cataford remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. Stock options, RSUs and PSUs held by Mr. Cataford that did not otherwise become vested, exercisable and payable in accordance with such provisions will vest and become exercisable and payable up to an amount equivalent to Mr. Cataford's 12-month base salary as calculated in accordance with the Corporations Act. 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.

#### Donald Tremblay – CFO

Mr. Tremblay was appointed as CFO of the Company on July 4, 2022, effective September 12, 2022. In 2022, Mr. Tremblay and Champion entered into an employment agreement under which Mr. Tremblay 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.

Mr. Tremblay's employment agreement includes termination remuneration and benefit scenarios. Under the terms of the 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.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### H. 2024 Executive Performance Metrics and Incentives (continued)

#### Agreements with Named Executive Officers (NEOs) (continued)

##### Donald Tremblay – CFO (continued)

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. In such scenario, the Company would pay to Mr. Tremblay a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Tremblay's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Tremblay in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18 (if at the date of termination, Mr. Tremblay had not completed three years of employment with the Company, the indemnity for loss of STIP bonus shall be based on the STIP bonus paid to Mr. Tremblay in the year prior to the date of termination, divided by 12 and multiplied by 18), (iii) an indemnity for loss of pension plan contributions of Mr. Tremblay's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Tremblay's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Tremblay that would have otherwise vested during the 18 months following termination had Mr. Tremblay remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. Stock options, RSUs and PSUs held by Mr. Tremblay that did not otherwise become vested, exercisable and payable in accordance with such provisions will vest and become exercisable and payable up to an amount equivalent to Mr. Tremblay's 12-month base salary as calculated in accordance with the Corporations Act. If Mr. Tremblay resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Tremblay's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Tremblay been terminated without cause.

##### Alexandre Belleau – COO

Mr. Belleau was appointed COO of the Company on July 22, 2020. Mr. Belleau and Champion entered into an employment agreement under which Mr. Belleau 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.

Mr. Belleau's employment agreement includes termination remuneration and benefit scenarios. Under the terms of the 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. In such scenario, the Company would pay to Mr. Belleau a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Belleau's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Belleau in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18, (iii) an indemnity for loss of pension plan contributions of Mr. Belleau's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Belleau's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Belleau that would have otherwise vested during the 18 months following termination had Mr. Belleau remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. Stock options, RSUs and PSUs held by Mr. Belleau that did not otherwise become vested, exercisable and payable in accordance with such provisions will vest and become exercisable and payable up to an amount equivalent to Mr. Belleau's 12-month base salary as calculated in accordance with the Corporations Act. If Mr. Belleau resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Belleau's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Belleau been terminated without cause.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### H. 2024 Executive Performance Metrics and Incentives (continued)

#### Agreements with Named Executive Officers (NEOs) (continued)

##### Steve Boucratie – Senior 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 September 9, 2021, Mr. Boucratie was promoted to Senior Vice-President, General Counsel and Corporate Secretary. Mr. Boucratie and Champion entered into an employment agreement under which Mr. Boucratie 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.

Mr. Boucratie's employment agreement includes termination remuneration and benefit scenarios. Under the terms of the 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. In such scenario, the Company would pay to Mr. Boucratie a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Boucratie's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Boucratie in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18, (iii) an indemnity for loss of pension plan contributions of Mr. Boucratie's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Boucratie's participation in the same group insurance and/or health benefit plans as those he was entitled to or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Boucratie that would have otherwise vested during the 18 months following termination had Mr. Boucratie remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. Stock options, RSUs and PSUs held by Mr. Boucratie that did not otherwise become vested, exercisable and payable in accordance with such provisions will vest and become exercisable and payable up to an amount equivalent to Mr. Boucratie's 12-month base salary as calculated in accordance with the Corporations Act. 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.

##### Michael Marcotte – Senior Vice-President, Corporate Development and Capital Markets

Mr. Marcotte was appointed Vice-President, Investor Relations of the Company on January 10, 2019. On September 9, 2021, Mr. Marcotte was promoted to Senior Vice-President, Corporate Development and Capital Markets. Mr. Marcotte and Champion entered into an employment agreement under which Mr. Marcotte 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.

Mr. Marcotte's employment agreement includes termination remuneration and benefit scenarios. Under the terms of the 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. In such scenario, the Company would pay to Mr. Marcotte a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Marcotte's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Marcotte in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18, (iii) an indemnity for loss of pension plan contributions of Mr. Marcotte's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Marcotte's participation in the same group insurance and/or health benefit plans as those he was entitled to or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Marcotte that would have otherwise vested during the 18 months following termination had Mr. Marcotte remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. Stock options, RSUs and PSUs held by Mr. Marcotte that did not otherwise become vested, exercisable and payable in accordance with such provisions will vest and become exercisable and payable up to an amount equivalent to Mr. Marcotte's 12-month base salary as calculated in accordance with the Corporations Act. If Mr. Marcotte resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Marcotte's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Marcotte been terminated without cause.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### H. 2024 Executive Performance Metrics and Incentives (continued)

#### Agreements with Named Executive Officers (NEOs) (continued)

##### Executive Employment Agreements – Change of Control

The employment agreements entered into between the Company and each of the NEOs further provides that in the event a change of control (as such term is defined in the agreement) occurs during their respective term of employment (that does not involve a transfer of the whole or any part of the undertaking or property of the Company), all of their respective unvested stock options, RSUs and PSUs will immediately vest (as if vesting occurred at 100%) and become exercisable.

##### Executive Employment Agreements – Non-Competition, Non-Solicitation and Confidentiality Restrictions

NEOs gain strategic business knowledge during their employment. Champion ensures that this information is not used to the detriment of the Company by any executive following termination. To protect the Company's interests, the employment agreements entered into between Champion and its NEOs include customary non-competition and non-solicitation covenants applicable during the term of the agreements and for a period of twelve months following the end of employment, together with customary confidentiality clauses.

The following table sets forth the estimated incremental value that would become payable to each NEO in the event of employment termination by the Company without cause (including following a change of control) or in the event of a change of control of the Company, in each case as if the triggering event (change of control or termination without cause) had occurred on March 31, 2024.

|                                                                                             | Termination Without Cause <sup>(1)</sup><br>(\$) | Termination Without Cause Following Change of Control <sup>(2)</sup><br>(\$) | Change of Control <sup>(3)</sup><br>(\$) |
|---------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------|
| <b>David Cataford</b><br>CEO                                                                | 10,383,623                                       | 12,200,854                                                                   | 7,266,309                                |
| <b>Donald Tremblay</b><br>CFO                                                               | 2,907,111                                        | 3,122,658                                                                    | 1,592,006                                |
| <b>Alexandre Belleau</b><br>COO                                                             | 3,995,531                                        | 4,550,648                                                                    | 2,669,602                                |
| <b>Steve Boucrairie</b><br>Senior Vice-President, General Counsel and Corporate Secretary   | 3,385,714                                        | 3,675,045                                                                    | 2,133,622                                |
| <b>Michael Marcotte</b><br>Senior Vice-President, Corporate Development and Capital Markets | 2,757,042                                        | 3,040,861                                                                    | 1,653,925                                |

Notes:

- (1) Amounts represent the value of the severance entitlements described under "Agreements with Named Executive Officers (NEOs)" above, and include the incremental value of the unvested stock options, RSUs or PSUs held by the NEO that would have otherwise vested during the severance period had the NEO remained employed that will immediately vest (as if vesting occurred at 100%) and become exercisable upon termination without cause (based on the TSX market closing price of the Shares on March 28, 2024 (the last trading day of the financial year) of \$6.42). Amounts do not include the value of vested in-the-money options and vested and undelivered RSUs.
- (2) Amounts represent the aggregate of (i) the incremental value of unvested stock options, RSUs and PSUs which will immediately vest (as if vesting occurred at 100%) and become exercisable upon a change of control of the Company (based on the TSX market closing price of the Shares on March 28, 2024 (the last trading day of the financial year) of \$6.42), and (ii) the value of the severance entitlements described under "Agreements with Named Executive Officers (NEOs)" above (without duplication with respect to unvested stock options, RSU and PSUs which would have immediately vested and become exercisable upon the change of control). Amounts do not include the value of vested in-the-money options and vested and undelivered RSUs.
- (3) Amounts represent the incremental value of unvested stock options, RSUs and PSUs which will immediately vest (as if vesting occurred at 100%) and become exercisable upon a change of control of the Company (based on the TSX market closing price of the Shares on March 28, 2024 (the last trading day of the financial year) of \$6.42).

# Champion Iron Limited

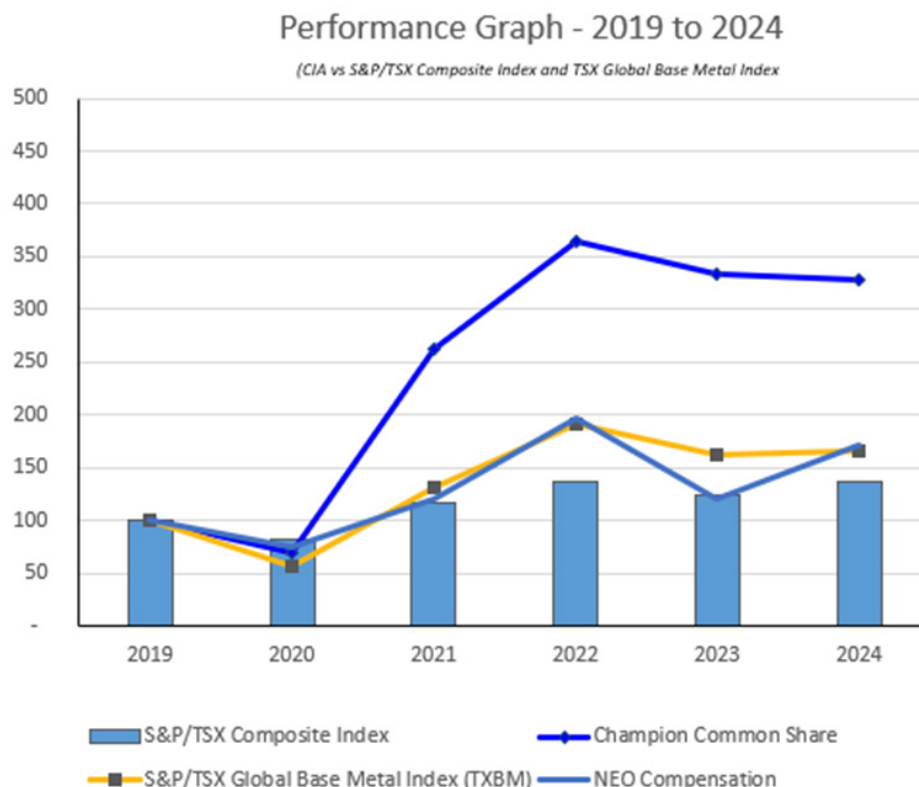
## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### I. Performance

#### i. 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 Shares on that date (April 1, 2019), 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 financial years ended on March 31.



#### ii. Performance Metrics

The following table discloses key production, revenue, net income, EBITDA and share price metrics for each of the financial years during the period from April 1, 2019 to March 31, 2024:

|                                | Year Ended<br>March 31, 2024 | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 | Year Ended<br>March 31, 2021 | Year Ended<br>March 31, 2020 |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Production (wet metric tonnes) | 14,162,400                   | 11,186,600                   | 7,907,300                    | 8,001,200                    | 7,903,700                    |
| Revenue                        | 1,524,294,000                | 1,395,088,000                | 1,460,806,000                | 1,281,815,000                | 785,086,000                  |
| EBITDA <sup>1</sup>            | 552,549,000                  | 493,176,000                  | 925,817,000                  | 819,477,000                  | 347,433,000                  |
| Net income                     | 234,191,000                  | 200,707,000                  | 522,585,000                  | 464,425,000                  | 121,050,000                  |
| Share price at March 31        | 6.42                         | 6.52                         | 7.16                         | 5.16                         | 1.35                         |
| Share price at March 31 (A\$)  | 7.41                         | 7.14                         | 7.81                         | 5.48                         | 1.51                         |

<sup>1</sup> Non-IFRS financial measure, ratio or other financial measure with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P – Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### I. Performance (continued)

#### ii. Performance Metrics (continued)

From April 1, 2019 to March 31, 2024, the share price of the Company increased by 228% compared to an increase of 38% and 65% 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 71%, from a base of \$8,202,000 in 2019 to \$14,032,000 in 2024. When comparing the increase in aggregate remuneration for the four NEOs in 2019 (on a full-year basis) to the aggregate remuneration of the four highest compensated NEOs in 2024, this represents an increase of 23% over the period.

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, which resulted in the addition of new officers, along with the development of the Company as it transitioned from development to production. Additionally, the Company has been focused on executing several complex growth projects, including its Phase II expansion and ongoing studies regarding organic growth opportunities such as the DR pellet feed plant and other de-carbonization initiatives as well as the Kami Project. As such, the Company announced in December 2022 and April 2023 achievement of commercial production and nameplate capacity, respectively, of its Phase II expansion. The compensation of NEOs also reflects the tightening of the employment market for mining executives over that period, with companies aggressively pursuing mining executives with a successful track record, and the fact that compensation for mining executives has increased in response thereof.

Accordingly, the Company's share price has significantly outperformed its peers since April 1, 2019, while also outpacing the growth in NEO remuneration. The Board is of the view that this has been driven by:

- management's advancement of the Bloom Lake Mine through several stages, including acquisition, evaluation, financing, restart of operation and production ramp-up of the Phase I project, the planning and construction of the Phase II expansion throughout volatile macroeconomic environments and within budgeted constraints;
- achievement of commercial production of the Phase II concentrator in December 2022, and nameplate capacity in April 2023;
- the operational and financial performance generated by the Bloom Lake iron ore mine since it went into production in 2018;
- achieving record production to capture elevated Fe prices and generate record EBITDA during the COVID-19 pandemic while progressing the construction of the Phase II expansion aiming at doubling the Bloom Lake iron mine's production;
- the acquisition of several properties in the Labrador Trough, including the Kami Project and the Lac Lamêlée project, and agreements entered into with respect to the acquisition of the Pointe-Noire Pellet Plant;
- the Company's vision to align with the steel industry green steel transition and innovation leading to the proposed conversion of half of Bloom Lake's nameplate capacity to an industry leading DR pellet feed iron ore at 69% Fe, which is expected to result in significant emission reductions across the steelmaking supply chain;
- diligent management of the Company's financial position while deploying growth projects and implementing a shareholder return strategy; and
- sustainable management, including the filing in recent years of sustainability reports which incorporate industry best practice disclosure frameworks as well as the fact that there have been no significant environmental issues since the recommissioning of Bloom Lake in 2018.

As previously indicated, the majority of NEO remuneration is subject to KPIs ("at risk"), as STI (bonus) and LTI remuneration are tied directly or indirectly to Company performance and relative and/or absolute shareholder returns (including performance of the Company's Share price relative to a peer group, with a view to ensure that executives are motivated to deliver returns that are superior to what a shareholder could achieve in the broader market). As a consequence, actual NEO remuneration will increase with the outperformance of the Company's share price compared to industry peers, 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.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

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### J. Director Remuneration

#### i. 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 the interests of non-executive directors with shareholder interests. Since the introduction of the Omnibus Plan, non-executive directors may receive equity-based remuneration in the form of DSU grants in lieu of the whole or part of their annual compensation. See *"Remuneration Arrangements for Non-Executive Directors"* below for details on the Omnibus Plan.

The Remuneration, People and Governance Committee reviews director compensation periodically and makes remuneration recommendations to the Board for its consideration and approval. Recommendations take into consideration the directors' skills, time commitment, duties and responsibilities, and director remuneration practices and levels at comparable companies.

#### ii. Remuneration Arrangements for Non-Executive Directors

In conjunction with the review of executive compensation conducted for the financial year ended March 31, 2021, the Remuneration, People and Governance Committee of the Board engaged Mercer Canada Limited ("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 2021 Mercer report, the Board set the following non-executive director remuneration framework starting August 2021:

- annual cash retainer of \$200,000 for non-executive directors;
- cash retainer of \$60,000 for lead director;
- cash retainer of \$40,000 for Chair of Audit Committee and Chair of Remuneration, People and Governance Committee;
- cash retainer of \$20,000 for Chair of Sustainability and Indigenous Affairs Committee;
- no retainer 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.

At the 2021 annual meeting of shareholders of the Company, shareholders approved, for the purpose of ASX Listing Rule 10.17, Clause 10.2 of the Company's constitution and for all other purposes, that the aggregate maximum sum available for the remuneration of non-executive directors be increased by \$750,000 from \$1.0 million per year to \$1.75 million per year. The aggregate maximum sum available for the remuneration of non-executive directors has not been increased since.

Directors may elect to receive all or a portion of any of their annual fees in DSUs granted under the Omnibus Plan. The purpose of the DSU portion of the Omnibus Plan is to promote the alignment of interests between directors and Shareholders and it is an important component of non-executive 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.

With respect to directors having the ability to elect to receive all or a portion of any of their annual fees in DSUs, the Securities Ownership Policy provides that, where the value of the Champion Equity held by a non-executive director is below the applicable requirement, such non-executive director will be required to receive 50% of his or her annual cash retainer in the form of DSUs until he or she meets the applicable requirement. See *"Non-Executive Directors - Securities Ownership Policy"* on pages 106 to 108 of this report. DSUs are priced based on the five-day volume weighted average price of the Shares over the last five trading days preceding the grant. DSUs issued under the Omnibus Plan may be settled in cash or 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 held management positions in the financial year ended March 31, 2024, and consequently did not receive compensation for their service as directors. In addition, Mr. Jyothish George has elected not to receive compensation and, as such, is not considered a Compensated Director (as defined herein).

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### J. Director Remuneration (continued)

#### iii. Non-Executive Directors - Securities Ownership Policy

The Securities Ownership Policy, which was implemented in January 2024 and replaced the prior share and share-based ownership requirements that applied to non-executive directors, sets out the securities ownership requirements for the non-executive directors of Champion who are compensated in their capacity as a director of Champion (collectively the "Compensated Directors"). The Securities Ownership Policy, which also applies to Senior Executives, is designed to align the interests of those subject to the policy with the long-term interests of Shareholders.

Pursuant to the Securities Ownership Policy, each Compensated Director is required to hold Champion Equity having an aggregate value of at least three times the gross amount of his or her annual board cash retainer. The required level of ownership of Champion Equity held by non-executive directors is referred to as the "Relevant Threshold". Ownership requirements must be achieved by January 30, 2029, or within five years of the date of appointment or election as a non-executive director, whichever occurs later. If a non-executive director's annual cash retainer increases, the non-executive director shall meet the required level of ownership of the Securities Ownership Policy taking into account such increased cash retainer within five years of the increase occurring. As Mr. Jyothish George has elected not to receive compensation, he is not considered a Compensated Director and the Securities Ownership Policy did not require Mr. George to hold securities under the Securities Ownership Policy.

Once the value of the Champion Equity held by a Compensated Director exceeds the Relevant Threshold, calculated as the greater of either the aggregate acquisition value for the Champion Equity held by the Compensated Director or the fair market value (as of the relevant date) of the Champion Equity held by the Compensated Director, such individual is deemed to meet the applicable ownership guideline. A Compensated Director who has achieved the necessary ownership level will be deemed to meet the applicable ownership guideline on an ongoing basis as long as such Compensated Director does not dispose of Shares which would cause 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.

As of the date of this Remuneration Report, all Compensated Directors have met the minimum share ownership requirements, other than Ms. Louise Grondin, Ms. Jessica McDonald and Mr. Ronnie Beevor who joined the board in August 2020, August 2023 and March 2024, respectively, and are in transition towards satisfying their minimum ownership requirements. The table below sets out, for each non-executive director, his or her security ownership requirements, whether he or she satisfied such requirements and his or her ownership of Champion Equity for purposes of the Securities Ownership Policy, in each case as of the end of the financial year ended March 31, 2024:

| Name                            | Total Number of Securities Owned | Total Value of Champion Equity <sup>(1)</sup> | Value Required to meet Guidelines | Latest Date to Comply | Satisfies Requirements |
|---------------------------------|----------------------------------|-----------------------------------------------|-----------------------------------|-----------------------|------------------------|
| Michael O'Keeffe <sup>(2)</sup> | 41,523,830 Shares                | \$266,582,989                                 | 3x Base Salary                    | January 30, 2029      | Yes                    |
| Gary Lawler                     | 1,719,725 Shares<br>111,756 DSUs | \$11,758,108                                  | 3x Cash Retainer                  | January 30, 2029      | Yes                    |
| Jyothish George <sup>(3)</sup>  | -                                | -                                             | -                                 | -                     | -                      |
| Michelle Cormier                | 456,500 Shares<br>101,815 DSUs   | \$3,584,382                                   | 3x Cash Retainer                  | January 30, 2029      | Yes                    |
| Louise Grondin                  | 91,282 DSUs                      | \$586,030                                     | 3x Cash Retainer                  | January 30, 2029      | No                     |
| Jessica McDonald                | 19,848 DSUs                      | \$127,424                                     | 3x Cash Retainer                  | January 30, 2029      | No                     |
| Ronnie Beevor                   | 60,000 Shares<br>11,466 DSUs     | \$458,812                                     | 3x Cash Retainer                  | March 3, 2029         | No                     |

Notes:

- (1) Calculated as the greater of (i) the aggregate acquisition value of the Champion Equities held by the non-executive director, being the acquisition cost of all Shares held by the non-executive director and the sum of the "market price" at the time of grant of each DSU held by the non-executive director, and (ii) the aggregate market value of the Champion Equities held by the Senior Executive, calculated based on the closing market price of the Shares on the TSX of \$6.42 on March 28, 2024, the last trading day of the financial year.
- (2) As Executive Chairman of the Company, Mr. O'Keeffe is required to comply with the Securities Ownership Requirements in such capacity such that requirements applicable to non-executive directors do not apply to Mr. O'Keeffe.
- (3) As Mr. George has elected not to receive compensation and, he is not considered a Compensated Director and the Securities Ownership Policy did not require Mr. George to hold securities under the Securities Ownership Policy.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### J. Director Remuneration (continued)

#### iii. Non-Executive Directors - Securities Ownership Policy (continued)

##### Director Remuneration Table - Non-Statutory

The following table discloses all compensation provided to directors, other than any director who is an NEO of the Company, for the Company's most recently completed financial year ended March 31, 2024. Amounts presented under the column entitled "Fees Earned in DSUs" reflect the full fair values of the awards as measured at their respective grant dates. Accordingly, the amounts presented thereunder are not reflective of the related accounting expense for the period. Refer to "Details of Total Statutory Remuneration for KMP (NEOs and Directors)" on pages 110-111 of this report for the statutory remuneration table as calculated with reference to the Corporations Act. Fees to Canadian resident directors are paid on a bi-weekly basis and fees to Australian resident directors are paid on a monthly basis. All DSUs were fully vested on March 31, 2024.

| Name                            | Fees Earned in Cash (\$) | Fees Earned in DSU (\$) | Other Share-Based Awards (\$) | Option-Based Awards (\$) | All Other Compensation (\$) | Total (\$) |
|---------------------------------|--------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------|------------|
| Michael O'Keeffe <sup>(1)</sup> | —                        | —                       | —                             | —                        | —                           | —          |
| Gary Lawler <sup>(2)</sup>      | 142,054                  | 132,946                 | —                             | —                        | —                           | 275,000    |
| Jyothish George                 | —                        | —                       | —                             | —                        | —                           | —          |
| Michelle Cormier <sup>(3)</sup> | 180,000                  | 60,000                  | —                             | —                        | —                           | 240,000    |
| Louise Grondin                  | 100,000                  | 120,000                 | —                             | —                        | —                           | 220,000    |
| Jessica McDonald <sup>(4)</sup> | 55,385                   | 60,000                  | —                             | —                        | —                           | 115,385    |
| Ronnie Beevor <sup>(5)</sup>    | 15,054                   | —                       | —                             | —                        | —                           | 15,054     |
| Andrew Love <sup>(6)</sup>      | 108,333                  | —                       | —                             | —                        | —                           | 108,333    |
| Wayne Wouters <sup>(6)</sup>    | 25,385                   | 70,000                  | —                             | —                        | —                           | 95,385     |

Notes:

- (1) Mr. O'Keeffe was not compensated in the financial year ended March 31, 2024, for acting as a director by virtue of his employment with the Company. See the section "Remuneration of Executive Chairman" on page 83 of this report.
- (2) Mr. Lawler was appointed Lead Director on August 30, 2024 and has been remunerated in such capacity since then.
- (3) Ms. Cormier was appointed to the Board in 2016 as a nominee of Wynnchurch pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of Shares completed on April 11, 2016. Following the disposition of Shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.
- (4) Ms. McDonald was appointed to the Board at the last annual general meeting of the Company held on August 30, 2023.
- (5) Mr. Beevor was appointed to the Board on March 3, 2024.
- (6) Each of Mr. Love and Mr. Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### J. Director Remuneration (continued)

#### iii. Non-Executive Directors - Securities Ownership Policy (continued)

##### Fees Paid

The following table discloses a detailed breakdown of the fees paid to directors, other than any director who is an NEO of the Company, for the Company's most recently completed financial year (ended March 31, 2024). Fees to Canadian resident directors are paid on a bi-weekly basis and fees to Australian resident directors are paid on a monthly basis. All DSUs were fully vested on March 31, 2024.

| Name                            | Board Retainer Fee (\$) | Committee Retainers (\$) | Meeting Fees (\$) | Total (\$) | Fees Paid in Cash <sup>(1)</sup> (\$) | Fees Earned in DSUs <sup>(2)</sup> (\$) | Total Fees (\$) |
|---------------------------------|-------------------------|--------------------------|-------------------|------------|---------------------------------------|-----------------------------------------|-----------------|
| Michael O'Keeffe <sup>(3)</sup> | Nil                     | Nil                      | Nil               | Nil        | Nil                                   | Nil                                     | Nil             |
| Gary Lawler <sup>(4)</sup>      | 200,000                 | 75,000                   | Nil               | 275,000    | 142,054                               | 132,946                                 | 275,000         |
| Jyothish George                 | Nil                     | Nil                      | Nil               | Nil        | Nil                                   | Nil                                     | Nil             |
| Michelle Cormier                | 200,000                 | 40,000                   | Nil               | 240,000    | 180,000                               | 60,000                                  | 240,000         |
| Louise Grondin                  | 200,000                 | 20,000                   | Nil               | 220,000    | 100,000                               | 120,000                                 | 220,000         |
| Jessica McDonald <sup>(5)</sup> | 115,385                 | Nil                      | Nil               | 115,385    | 55,385                                | 60,000                                  | 115,385         |
| Ronnie Beevor <sup>(6)</sup>    | 15,054                  | Nil                      | Nil               | 15,054     | 15,054                                | Nil                                     | 15,054          |
| Andrew Love <sup>(7)</sup>      | 83,333                  | 25,000                   | Nil               | 108,333    | 108,333                               | Nil                                     | 108,333         |
| Wayne Wouters <sup>(7)</sup>    | 95,385                  | Nil                      | Nil               | 95,385     | 25,385                                | 70,000                                  | 95,385          |

Notes:

(1) Portion of total fees paid to the non-executive directors in cash.

(2) Portion of the total fees paid to the non-executive directors in DSUs.

(3) Mr. O'Keeffe was not compensated in the financial year ended March 31, 2024, for acting as a director by virtue of his employment with the Company. See the section "Remuneration of Executive Chairman" on page 83 of this report.

(4) Mr. Lawler was appointed Lead Director on August 30, 2024 and his remuneration was adjusted accordingly.

(5) Ms. McDonald was appointed to the Board at the last annual general meeting of the Company held on August 30, 2023.

(6) Mr. Beevor was appointed to the Board on March 3, 2024.

(7) Each of Mr. Love and Mr. Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### J. Director Remuneration (continued)

#### iv. Tabular Remuneration Disclosure for the Directors

##### Outstanding Share-Based Awards and Option-Based Awards

As at March 31, 2024, the end of the Company's most recently completed financial year, outstanding option-and share-based awards for all directors, other than any director who is an NEO of the Company, 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 (\$) | 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 (\$) <sup>(1)</sup> |
| Michael O'Keeffe | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                                                 |
| Gary Lawler      | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | 717,474                                                                                             |
| Jyothish George  | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | Nil                                                                                                 |
| Michelle Cormier | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | 653,652                                                                                             |
| Louise Grondin   | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | 586,030                                                                                             |
| Jessica McDonald | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | 127,424                                                                                             |
| Ronnie Beevor    | Nil                                                     | Nil                        | Nil                            | Nil                                            | Nil                                                          | Nil                                                                    | 73,612                                                                                              |

Note:

(1) Calculated based on the TSX market closing price of the Shares on March 28, 2024 (the last trading day of the financial year) of \$6.42.

##### Incentive Plan Awards - Value Vested or Earned During the Year

The following table discloses incentive plan awards to directors, other than any director who is an NEO of the Company, for the financial year ended March 31, 2024. Except for Mr. O'Keeffe, all of the share-based awards vested during the year which are referred to in the following table represent DSUs which directors elected to receive in lieu of annual fees paid in cash.

| Name                         | Option-Based Awards Value Vested During the Year (\$) | Share-Based Awards Value Vested During the Year <sup>(1)</sup> (\$) | Non-Equity Incentive Plan Compensation Value Earned During the Year (\$) |
|------------------------------|-------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------|
| Michael O'Keeffe             | Nil                                                   | Nil                                                                 | Nil                                                                      |
| Gary Lawler                  | Nil                                                   | 179,965                                                             | Nil                                                                      |
| Jyothish George              | Nil                                                   | Nil                                                                 | Nil                                                                      |
| Michelle Cormier             | Nil                                                   | 85,380                                                              | Nil                                                                      |
| Louise Grondin               | Nil                                                   | 144,129                                                             | Nil                                                                      |
| Jessica McDonald             | Nil                                                   | 127,424                                                             | Nil                                                                      |
| Ronnie Beevor                | Nil                                                   | 73,612                                                              | Nil                                                                      |
| Andrew Love <sup>(2)</sup>   | Nil                                                   | 2,786                                                               | Nil                                                                      |
| Wayne Wouters <sup>(2)</sup> | Nil                                                   | 11,588                                                              | Nil                                                                      |

Notes:

(1) With respect to Mr. Lawler, Ms. Cormier, Ms. Grondin, Ms. McDonald and Mr. Beevor, share-based awards value vested during the year also includes DSUs related to the 2025 financial year issued in March 2024 in the amount of \$73,612, \$29,814, \$49,691, \$53,665 and \$73,612, respectively, and, where applicable, includes DSUs issued as dividend equivalents, calculated in each case based on the TSX market closing price of the Shares on March 28, 2024 (the last trading day of the financial year) of \$6.42.

(2) Each of Mr. Love and Mr. Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### K. Details of Total Statutory Remuneration for KMP (NEOs and Directors)

The following table discloses statutory remuneration for KMPs as calculated with reference to the Corporations Act, Australian Accounting Standards and International Financial Reporting Standards, and reflects for share-based and option-based awards, the related accounting expense for the current financial year. Accordingly, amounts disclosed in this section are different than amounts disclosed under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table - Non-Statutory" on pages 96-97 of this report, which are disclosed in accordance with Canadian securities laws (which require, among other things, to include the full fair values of share-based and option-based awards as measured at their respective grant dates).

| Financial Year Ended<br>March 31, 2024 | Short-Term (\$)  |                 |                  |                | Termination Payments (\$) | Pension (\$)   | Options and Share-Based Awards <sup>(1)</sup> (\$) | DSUs <sup>(2)</sup> (\$) | Total (\$)        | Performance Related | Consisting of Options |
|----------------------------------------|------------------|-----------------|------------------|----------------|---------------------------|----------------|----------------------------------------------------|--------------------------|-------------------|---------------------|-----------------------|
|                                        | Salary           | Consulting Fees | Bonus            | Non-Monetary   |                           |                |                                                    |                          |                   |                     |                       |
| Michael O'Keeffe                       | 586,143          | —               | —                | 29,192         | —                         | —              | —                                                  | —                        | 615,335           | — %                 | — %                   |
| Gary Lawler                            | 142,054          | —               | —                | —              | —                         | —              | —                                                  | 171,591                  | 313,645           | — %                 | — %                   |
| Michelle Cormier <sup>(3)</sup>        | 180,000          | —               | —                | —              | —                         | —              | —                                                  | 76,528                   | 256,528           | — %                 | — %                   |
| Jyothish George                        | —                | —               | —                | —              | —                         | —              | —                                                  | —                        | —                 | — %                 | — %                   |
| Louise Grondin                         | 100,000          | —               | —                | —              | —                         | —              | —                                                  | 137,244                  | 237,244           | — %                 | — %                   |
| Jessica McDonald <sup>(4)</sup>        | 55,385           | —               | —                | —              | —                         | —              | —                                                  | 127,426                  | 182,811           | — %                 | — %                   |
| Ronnie Beevor <sup>(5)</sup>           | 15,054           | —               | —                | —              | —                         | —              | —                                                  | 73,612                   | 88,666            | — %                 | — %                   |
| David Cataford                         | 1,120,000        | —               | 1,290,800        | 67,273         | —                         | 259,228        | 2,180,298                                          | —                        | 4,917,599         | 26.25 %             | 44.34 %               |
| Donald Tremblay                        | 550,000          | —               | 456,390          | 50,351         | —                         | 110,235        | 661,715                                            | —                        | 1,828,691         | 24.96 %             | 36.19 %               |
| Alexandre Belleau                      | 660,000          | —               | 547,668          | 61,694         | —                         | 132,932        | 846,696                                            | —                        | 2,248,990         | 24.35 %             | 37.65 %               |
| Steve Boucraite                        | 545,000          | —               | 401,992          | 51,579         | —                         | 103,855        | 687,620                                            | —                        | 1,790,046         | 22.46 %             | 38.41 %               |
| Michael Marcotte                       | 525,000          | —               | 387,240          | 51,219         | —                         | 100,399        | 506,560                                            | —                        | 1,570,418         | 24.66 %             | 32.26 %               |
| Andrew Love <sup>(6)</sup>             | 108,333          | —               | —                | —              | —                         | —              | —                                                  | [30,819]                 | 77,514            | — %                 | — %                   |
| Wayne Wouters <sup>(6)</sup>           | 25,385           | —               | —                | —              | —                         | —              | —                                                  | [144,299]                | [118,914]         | — %                 | — %                   |
| <b>Total</b>                           | <b>4,612,354</b> | <b>—</b>        | <b>3,084,090</b> | <b>311,308</b> | <b>—</b>                  | <b>706,649</b> | <b>4,882,889</b>                                   | <b>411,283</b>           | <b>14,008,573</b> |                     |                       |

Notes:

(1) Represents PSUs and RSUs granted under the Omnibus Plan. No stock options were granted to KMPs during the financial year ended March 31, 2024.

(2) Represents DSUs which directors elected to receive in lieu of annual fees paid in cash.

(3) Ms. Cormier was appointed to the Board in 2016 as a nominee of Wynnchurch pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of Shares completed on April 11, 2016. Following the disposition of Shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.

(4) Ms. McDonald was appointed to the Board at the last annual general meeting of the Company held on August 30, 2023.

(5) Mr. Beevor was appointed to the Board on March 3, 2024.

(6) Each of Mr. Love and Mr. Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### K. Details of Total Statutory Remuneration for KMP (NEOs and Directors) (continued)

| Financial Year Ended<br>March 31, 2023 | Short-Term (\$)  |                 |                  |                | Termination Payments (\$) | Pension (\$)   | Options and Share-Based Awards <sup>(1)</sup> (\$) | DSUs <sup>(2)</sup> (\$) | Total (\$)        | Performance Related | Consisting of Options |
|----------------------------------------|------------------|-----------------|------------------|----------------|---------------------------|----------------|----------------------------------------------------|--------------------------|-------------------|---------------------|-----------------------|
|                                        | Salary           | Consulting Fees | Bonus            | Non-Monetary   |                           |                |                                                    |                          |                   |                     |                       |
| Michael O'Keeffe                       | 571,779          | —               | —                | 35,971         | —                         | —              | [68,551]                                           | —                        | 539,199           | — %                 | [12.71] %             |
| Gary Lawler                            | 178,360          | —               | —                | —              | —                         | —              | —                                                  | 34,821                   | 213,181           | — %                 | — %                   |
| Michelle Cormier <sup>(3)</sup>        | 180,000          | —               | —                | —              | —                         | —              | —                                                  | 48,156                   | 228,156           | — %                 | — %                   |
| Jyothish George                        | —                | —               | —                | —              | —                         | —              | —                                                  | —                        | —                 | — %                 | — %                   |
| Louise Grondin                         | 110,000          | —               | —                | —              | —                         | —              | —                                                  | 122,486                  | 232,486           | — %                 | — %                   |
| David Cataford                         | 936,000          | —               | 1,335,000        | 43,953         | —                         | 241,427        | 3,953,137                                          | —                        | 6,509,517         | 8.99 %              | 60.73 %               |
| Donald Tremblay <sup>(4)</sup>         | 288,750          | —               | 236,250          | 15,744         | —                         | 56,280         | 278,945                                            | —                        | 875,969           | 26.97 %             | 31.84 %               |
| Alexandre Belleau                      | 540,000          | —               | 243,000          | 19,992         | —                         | 84,233         | 1,253,255                                          | —                        | 2,140,480         | 11.35 %             | 58.55 %               |
| Steve Boucraite                        | 500,000          | —               | 200,000          | 30,321         | —                         | 76,338         | 1,202,928                                          | —                        | 2,009,587         | 9.95 %              | 59.86 %               |
| Michael Marcotte                       | 400,000          | —               | 140,000          | 29,889         | —                         | 53,134         | 795,265                                            | —                        | 1,418,288         | 9.87 %              | 56.07 %               |
| Natacha Garoute <sup>(5)</sup>         | 90,385           | —               | —                | 13,934         | 3,015,146                 | 9,870          | 1,054,468                                          | —                        | 4,183,803         | — %                 | 25.20 %               |
| Andrew Love                            | 260,000          | —               | —                | —              | —                         | —              | —                                                  | [8,683]                  | 251,317           | — %                 | — %                   |
| Wayne Wouters                          | 60,000           | —               | —                | —              | —                         | —              | —                                                  | 150,764                  | 210,764           | — %                 | — %                   |
| <b>Total</b>                           | <b>4,115,274</b> | <b>—</b>        | <b>2,154,250</b> | <b>189,804</b> | <b>3,015,146</b>          | <b>521,282</b> | <b>8,469,447</b>                                   | <b>347,544</b>           | <b>18,812,747</b> |                     |                       |

Notes:

(1) Represents PSUs and RSUs granted under the Omnibus Plan. No stock options were granted to KMPs during the financial year ended March 31, 2023.

(2) Represents DSUs which directors elected to receive in lieu of annual fees paid in cash.

(3) Ms. Cormier was appointed to the Board in 2016 as a nominee of Wynnchurch pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of Shares completed on April 11, 2016. Following the disposition of Shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.

(4) Mr. Tremblay was appointed as CFO of the Company on July 4, 2022, effective September 12, 2022. Mr. Tremblay did not earn any remuneration from the Company prior to September 12, 2022.

(5) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### L. Movement of Equity Held by Key Management Personnel (Named Executive Officers and Directors)

#### Stock Options as at March 31, 2024

| Name <sup>(1)</sup>             | Balance<br>April 1, 2023 | Grant | Exercised | Cancelled | Held and Vested<br>March 31, 2024 | Unvested<br>March 31, 2024 |
|---------------------------------|--------------------------|-------|-----------|-----------|-----------------------------------|----------------------------|
| Michael O'Keeffe                | —                        | —     | —         | —         | —                                 | —                          |
| David Cataford                  | 300,000                  | —     | 262,500   | —         | 37,500                            | —                          |
| Donald Tremblay                 | —                        | —     | —         | —         | —                                 | —                          |
| Alexandre Belleau               | 300,000                  | —     | 262,500   | —         | 37,500                            | —                          |
| Steve Boucraite                 | 300,000                  | —     | 262,500   | —         | 37,500                            | —                          |
| Michael Marcotte                | 300,000                  | —     | 262,500   | —         | 37,500                            | —                          |
| Gary Lawler                     | —                        | —     | —         | —         | —                                 | —                          |
| Jyothish George                 | —                        | —     | —         | —         | —                                 | —                          |
| Michelle Cormier                | —                        | —     | —         | —         | —                                 | —                          |
| Louise Grondin                  | —                        | —     | —         | —         | —                                 | —                          |
| Jessica McDonald <sup>(2)</sup> | —                        | —     | —         | —         | —                                 | —                          |
| Ronnie Beevor <sup>(3)</sup>    | —                        | —     | —         | —         | —                                 | —                          |

Notes:

(1) Each of Andrew Love and Wayne Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date and are therefore not included in this table.

(2) Ms. McDonald was appointed to the Board at the last annual general meeting of the Company held on August 30, 2023.

(3) Mr. Beevor was appointed to the Board on March 3, 2024.

#### Shares as at March 31, 2024

| Name <sup>(1)</sup>             | Balance<br>April 1, 2023 | Purchased | Acquired Upon<br>Exercise of<br>Equity Award | Sold      | Balance<br>March 31, 2024 | Value of Shares<br>Issued During<br>the Year <sup>(2)</sup> |
|---------------------------------|--------------------------|-----------|----------------------------------------------|-----------|---------------------------|-------------------------------------------------------------|
| Michael O'Keeffe                | 45,023,830               | —         | —                                            | 3,500,000 | 41,523,830                | —                                                           |
| Gary Lawler                     | 1,719,725                | —         | —                                            | —         | 1,719,725                 | —                                                           |
| Michelle Cormier                | 456,500                  | —         | —                                            | —         | 456,500                   | —                                                           |
| Jyothish George                 | —                        | —         | —                                            | —         | —                         | —                                                           |
| Louise Grondin                  | —                        | —         | —                                            | —         | —                         | —                                                           |
| Jessica McDonald <sup>(3)</sup> | —                        | —         | —                                            | —         | —                         | —                                                           |
| Ronnie Beevor <sup>(4)</sup>    | —                        | —         | —                                            | —         | 60,000                    | —                                                           |
| David Cataford                  | 2,436,365                | —         | 262,500                                      | 239,581   | 2,459,284                 | 1,789,875                                                   |
| Donald Tremblay                 | —                        | 38,000    | —                                            | —         | 38,000                    | —                                                           |
| Alexandre Belleau               | 260,200                  | —         | 301,322                                      | 257,500   | 304,022                   | 2,257,479                                                   |
| Steve Boucraite                 | 108,000                  | —         | 301,322                                      | 257,500   | 151,822                   | 2,257,479                                                   |
| Michael Marcotte                | 163,296                  | 20,000    | 281,912                                      | 219,278   | 245,930                   | 2,023,680                                                   |

Notes:

(1) Each of Andrew Love and Wayne Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date and are therefore not included in this table.

(2) Represents value of Shares issued during the year upon exercise of option-base awards and settlement of share based-awards, calculated as at the applicable exercise date(s) based on the TSX market closing price of the Shares on the exercise date(s) multiplied by the number of options or rights exercised.

(3) Ms. McDonald was appointed to the Board at the last annual general meeting of the Company held on August 30, 2023.

(4) Mr. Beevor was appointed to the Board on March 3, 2024. As at the date of his appointment and as at March 31, 2024, Mr. Beevor had a balance of 60,000 Shares.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### M. Outstanding Grants of PSUs and Related Performance Periods

| Name                                                                                        | Grant Date     | Performance Period               | Number of PSUs Granted | Value per PSU Granted at Grant Date (\$) | Value of PSUs Granted at Grant Date (\$) | Number of Additional PSUs Granted as Dividend Equivalent <sup>(1)</sup> | % of Performance Achieved, and Vested vs Forfeited PSUs |
|---------------------------------------------------------------------------------------------|----------------|----------------------------------|------------------------|------------------------------------------|------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|
| <b>David Cataford</b><br>CEO                                                                | June 7, 2021   | April 1, 2021 to March 31, 2024  | 146,103                | 6.16                                     | 899,994                                  | 13,001                                                                  | Will be determined in Financial Year 2025               |
|                                                                                             | June 7, 2021   | June 7, 2021 to January 30, 2023 | 97,403                 | 6.16                                     | 600,000                                  | 7,492                                                                   | 65% - Determined in Financial Year 2024 <sup>(2)</sup>  |
|                                                                                             | June 6, 2022   | April 1, 2022 to March 31, 2025  | 176,342                | 6.89                                     | 1,214,996                                | 12,609                                                                  | Will be determined in Financial Year 2026               |
|                                                                                             | August 9, 2023 | April 1, 2023 to March 31, 2026  | 351,937                | 5.06                                     | 1,780,801                                | 5,229                                                                   | Will be determined in Financial Year 2027               |
| <b>Donald Tremblay</b><br>CFO                                                               | August 9, 2023 | April 1, 2023 to March 31, 2026  | 94,565                 | 5.06                                     | 478,499                                  | 1,405                                                                   | Will be determined in Financial Year 2027               |
| <b>Alexandre Belleau</b><br>Chief Operating Officer                                         | June 7, 2021   | April 1, 2021 to March 31, 2024  | 50,259                 | 6.16                                     | 309,595                                  | 4,472                                                                   | Will be determined in Financial Year 2025               |
|                                                                                             | June 7, 2021   | June 7, 2021 to January 30, 2023 | 32,468                 | 6.16                                     | 200,000                                  | 2,497                                                                   | 65% - Determined in Financial Year 2024 <sup>(2)</sup>  |
|                                                                                             | June 6, 2022   | April 1, 2022 to March 31, 2025  | 56,604                 | 6.89                                     | 390,002                                  | 4,047                                                                   | Will be determined in Financial Year 2026               |
|                                                                                             | August 9, 2023 | April 1, 2023 to March 31, 2026  | 140,870                | 5.06                                     | 712,802                                  | 2,093                                                                   | Will be determined in Financial Year 2027               |
| <b>Steve Boucrairie</b><br>Senior Vice-President, General Counsel and Corporate Secretary   | June 7, 2021   | April 1, 2021 to March 31, 2024  | 46,753                 | 6.16                                     | 287,998                                  | 4,160                                                                   | Will be determined in Financial Year 2025               |
|                                                                                             | June 7, 2021   | June 7, 2021 to January 30, 2023 | 32,468                 | 6.16                                     | 200,000                                  | 2,497                                                                   | 65% - Determined in Financial Year 2024 <sup>(2)</sup>  |
|                                                                                             | June 6, 2022   | April 1, 2022 to March 31, 2025  | 50,159                 | 6.89                                     | 345,596                                  | 3,587                                                                   | Will be determined in Financial Year 2026               |
|                                                                                             | August 9, 2023 | April 1, 2023 to March 31, 2026  | 100,168                | 5.06                                     | 506,850                                  | 1,488                                                                   | Will be determined in Financial Year 2027               |
| <b>Michael Marcotte</b><br>Senior Vice-President, Corporate Development and Capital Markets | June 7, 2021   | April 1, 2021 to March 31, 2024  | 24,009                 | 6.16                                     | 147,895                                  | 2,136                                                                   | Will be determined in Financial Year 2025               |
|                                                                                             | June 7, 2021   | June 7, 2021 to January 30, 2023 | 16,233                 | 6.16                                     | 100,000                                  | 1,249                                                                   | 65% - Determined in Financial Year 2024 <sup>(2)</sup>  |
|                                                                                             | June 6, 2022   | April 1, 2022 to March 31, 2025  | 39,710                 | 6.89                                     | 273,602                                  | 2,839                                                                   | Will be determined in Financial Year 2026               |
|                                                                                             | August 9, 2023 | April 1, 2023 to March 31, 2026  | 90,267                 | 5.06                                     | 456,751                                  | 1,341                                                                   | Will be determined in Financial Year 2027               |

Notes:

- (1) Represents PSUs granted as dividend equivalent. Dividend equivalent PSUs are subject to the same terms and conditions as the PSUs and vest and are settled at the same time and in the same form as the PSUs to which such dividend equivalent PSUs relate.
- (2) Represents the portion of the PSUs granted in the financial year ended March 31, 2022 for which vesting was aligned with the achievement of key milestones related to the successful completion of the Phase II expansion project that were tied to the nameplate capacity milestone (representing 20% of the total grant), which PSUs had not vested as at March 31, 2024. Such PSUs vested in April 2024, being 12 months following the achievement of such milestone, at a payout factor of 65% (representing 69,158, 15,369, 15,369 and 7,684 PSUs for Mr. Cataford, Mr. Belleau, Mr. Boucrairie and Mr. Marcotte, respectively, in each case taking into account dividend equivalents). See "Update on Phase II PSU Grant" under "Long-Term Incentive - Equity-Based Incentives" on page 94 of this report for details with respect to the performance versus target, and related payout factor, for each milestone that was achieved during the financial years ended March 31, 2024 and 2023.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### N. Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as at March 31, 2024, the end of the Company's last completed financial year, information regarding outstanding options, RSUs, PSUs and DSUs granted by the Company under the Omnibus Plan. As at March 31, 2024, the number of issued and outstanding Shares of the Company was 518,071,226.

#### 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     | 150,000 (Options)<br>336,167 (DSUs)<br>1,509,469 (RSUs)<br>2,212,215 (PSUs)                 | \$5.00 (Options)                                       | 47,599,272                                                                                                                                  |
| Equity Compensation plans not approved by security holders | Nil                                                                                         | N/A                                                    | N/A                                                                                                                                         |
| <b>Total</b>                                               | <b>4,207,851</b>                                                                            | <b>\$5.00 (Options)</b>                                | <b>47,599,272</b>                                                                                                                           |

### O. Other Information

#### 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 executive 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. Loans granted to Mr. Cataford and Mr. O'Keeffe in prior years were repaid in full during the financial year ended March 31, 2024.

#### 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.

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### O. Other Information (continued)

#### Director's Attendance for the Financial Year Ended March 31, 2024

| Name                            | Board of Directors Meetings | Audit Committee Meetings | Remuneration, People and Governance Committee Meetings | Sustainability and Indigenous Affairs Committee Meetings |
|---------------------------------|-----------------------------|--------------------------|--------------------------------------------------------|----------------------------------------------------------|
| Michael O'Keeffe                | 7 of 7                      | N/A                      | N/A                                                    | N/A                                                      |
| David Cataford                  | 7 of 7                      | N/A                      | N/A                                                    | N/A                                                      |
| Gary Lawler                     | 7 of 7                      | 5 of 5                   | 5 of 5                                                 | N/A                                                      |
| Jyothish George                 | 7 of 7                      | N/A                      | N/A                                                    | N/A                                                      |
| Michelle Cormier                | 7 of 7                      | 5 of 5                   | 5 of 5                                                 | 4 of 4                                                   |
| Louise Grondin                  | 7 of 7                      | N/A                      | 5 of 5                                                 | 4 of 4                                                   |
| Jessica McDonald <sup>(1)</sup> | 3 of 3                      | 2 of 2                   | N/A                                                    | 2 of 2                                                   |
| Ronnie Beevor <sup>(2)</sup>    | 1 of 1                      | N/A                      | N/A                                                    | N/A                                                      |
| Andrew Love <sup>(3)</sup>      | 4 of 4                      | 3 of 3                   | N/A                                                    | N/A                                                      |
| Wayne Wouters <sup>(3)</sup>    | 4 of 4                      | N/A                      | N/A                                                    | 2 of 2                                                   |

Notes:

(1) Ms. McDonald was appointed to the Board at the last annual general meeting of the Company held on August 30, 2023.

(2) Mr. Beevor was appointed to the Board on March 3, 2024.

(3) Each of Mr. Love and Mr. Wouters did not stand for re-election at the last annual general meeting of the Company held on August 30, 2023, and ceased to be directors of the Company on that date.

### P. Non-IFRS Financial Measures and Ratios

This Remuneration Report contains non-IFRS financial measures and ratios such as EBITDA, ROCE, cash cost and realized sales price. These measures are mainly derived from the financial statements but do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. These non-IFRS financial measures and ratios, which are representative of the Company's performance, are used to determine the executive compensation.

Additional details on EBITDA and cash cost, including reconciliations to the most directly comparable IFRS measures, have been incorporated by reference and can be found in section 20 — Non-IFRS and Other Financial Measures of the Directors' Report.

#### EBITDA

EBITDA is a non-IFRS financial measure which represents income (loss) before income and mining taxes, net finance costs and depreciation. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments, Phase II pre-commercial start-up costs, COVID-19-related expenditures and other income or expenses. EBITDA does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

|                                       | Year Ended March 31, |                |                |                |                |
|---------------------------------------|----------------------|----------------|----------------|----------------|----------------|
|                                       | 2024                 | 2023           | 2022           | 2021           | 2020           |
| (in thousands of dollars)             |                      |                |                |                |                |
| Income before income and mining taxes | 392,827              | 346,545        | 870,843        | 761,872        | 241,188        |
| Net finance costs                     | 36,138               | 25,587         | 11,045         | 22,428         | 84,244         |
| Depreciation                          | 123,584              | 121,044        | 43,929         | 35,177         | 22,001         |
| <b>EBITDA</b>                         | <b>552,549</b>       | <b>493,176</b> | <b>925,817</b> | <b>819,477</b> | <b>347,433</b> |

# Champion Iron Limited

## Directors' Report - Remuneration Report

(Expressed in Canadian dollars, except where otherwise indicated - audited)

### P. Non-IFRS Financial Measures and Ratios (continued)

#### Return on Capital Employed

ROCE is a non-IFRS ratio, which was defined as EBITDA divided by capital employed, which represents capital used by the business to generate revenues and income. It includes capital funded by way of debt, lease liabilities and equity as per the consolidated statements of financial position until the financial year ended March 31, 2023. Non-productive capital associated with growth projects under development are excluded from capital employed. ROCE is largely used in a capital-intensive industry such as mining. ROCE does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

|                                                         | Year Ended March 31,<br>2023 | Year Ended March 31,<br>2022 | Year Ended March 31,<br>2021 | Average<br>2021-2023 |
|---------------------------------------------------------|------------------------------|------------------------------|------------------------------|----------------------|
| (in thousands of dollars)                               |                              |                              |                              |                      |
| <b>EBITDA</b>                                           | 493,176                      | 925,817                      | 819,477                      | <b>746,157</b>       |
| Long-term debt                                          | 475,281                      | 323,360                      | 214,951                      | <b>337,864</b>       |
| Lease liabilities                                       | 86,841                       | 53,979                       | 1,902                        | <b>47,574</b>        |
| Total equity                                            | 1,262,704                    | 1,161,698                    | 853,017                      | <b>1,092,473</b>     |
| Cumulative Phase II capital expenditures <sup>(1)</sup> | (508,400)                    | (640,200)                    | (170,300)                    | <b>(439,633)</b>     |
| Cumulative DRPF capital expenditures                    | (917)                        | —                            | —                            | <b>(306)</b>         |
| <b>Capital Employed</b>                                 | <b>1,315,509</b>             | <b>898,837</b>               | <b>899,570</b>               | <b>1,037,972</b>     |
| <b>ROCE</b>                                             | <b>0.37</b>                  | <b>1.03</b>                  | <b>0.91</b>                  | <b>0.72</b>          |

(1) Capital expenditures, for the purposes of this definition, include addition to property, plant and mining equipment, in addition to deposits and advance payments to third party service providers used as part of the Phase II project as well as Phase II start-up costs incurred before the commissioning. For the purposes of the return on capital employed calculations, as Phase II achieved commercial operation on December 1, 2022, capital expenditures have been prorated to reflect the number of months it was in commercial operation over the year.

The table shows the reconciliation of the actual result of 0.72 related to the payout of the PSUs granted in the financial year ended March 31, 2021, and which vested in the financial year ended March 31, 2024. Starting this year, the calculation of the ROCE changed to better align the ratio with the Company's growth objectives, as detailed in Section H - iii) Long-Term Incentive - Equity-Based Incentives.

#### Realized Sales Price

Realized sales price is a non-IFRS ratio, which represents revenues before provisional pricing adjustments. This measure was selected by the Board as a key performance metric given that it is a strong reflection of operational efficiency and freight cost management while also reflecting the impact of the iron ore concentrate price throughout a period. Realized sales price does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

|                                            | Year Ended March 31,<br>2024 |
|--------------------------------------------|------------------------------|
| Iron ore concentrate sold (dmt)            | 11,643,700                   |
| (in thousands of dollars except per tonne) |                              |
| Revenues                                   | 1,524,294                    |
| Provisional pricing adjustments            | 60,255                       |
|                                            | 1,584,549                    |
| <b>Realized Sales Price in C\$</b>         | <b>136.1</b>                 |
| Foreign exchange rate conversion           | 35.2                         |
| <b>Realized Sales Price in US\$</b>        | <b>100.9</b>                 |

# III. SPECIFIC AND GENERAL INFORMATION

## Principal Activities

Champion's principal activities include the production of high-grade iron ore concentrate and the development and exploration of its iron ore properties in Québec and Newfoundland and Labrador, in the Labrador Trough, Canada.

## Operating and Financial Review

The review of operations and financials is set out in Section I and forms part of this Directors' Report.

## Events Occurring After the Reporting Period

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

Other than elements listed above, there are no significant matters, circumstances or events that have arisen since the end of the financial year ended March 31, 2024, that have significantly affected, or may significantly affect, in future financial years, the Company's operations, the results of those operations, or the Company's state of affairs.

## Directors

The Directors of the Company in office during the year and until the date of this report, their qualifications and experience are set out in Section 03 — Corporate Governance of the Annual Report.

## Company Secretary and Corporate Secretary

Bill Hundy is the Company Secretary - Australia and Steve Boucratie is the Corporate Secretary. Details of their qualifications and experience are set out in Section 01 — Overview (Management Team) of the Annual Report.

## Environmental Regulation and Compliance

Champion's operations are located in Canada and, as such, it is not subject to the environmental laws or regulations of the Commonwealth of Australia or any State or Territory in Australia.

# Champion Iron Limited

## Directors' Report - Specific and General Information

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### Dividends

A final unfranked dividend for the year ended March 31, 2023, in the amount of C\$0.10 per ordinary share was paid on July 5, 2023. An unfranked interim dividend in the amount of C\$0.10 per ordinary share, in connection with the semi-annual financial results for the period ended September 30, 2023, was paid on November 28, 2023. Additional information relating to dividends for the current and prior financial year is disclosed in note 17 — Share Capital and Reserves of the Financial Report.

### Indemnification and Insurance of Directors and Officers

There are indemnities in place for Directors and Officers and insurance policies in regard to their positions. Since the end of the previous year, the Company has paid premiums to insure the Directors and Officers of Champion. No payment has been made to indemnify any director or officer during or since the year ended March 31, 2024.

### Significant Changes in the 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 (Australia) during or since the end of the financial year.

### Non-Audit Services

Ernst & Young (Australia) performed other services in addition to their statutory duties. The details and remuneration for these services is disclosed in note 32 to the Financial Statements (Section 07 — Financial Report of the Annual Report). 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 does 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, 2024, has been received, as set out in Section 07 — Financial Report of the Annual Report.

### Rounding

The Company is of a kind referred to 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.

Signed in accordance with a resolution of the Directors

/s/ Michael O'Keeffe

**Michael O'Keeffe, Executive Chairman**

/s/ Gary Lawler

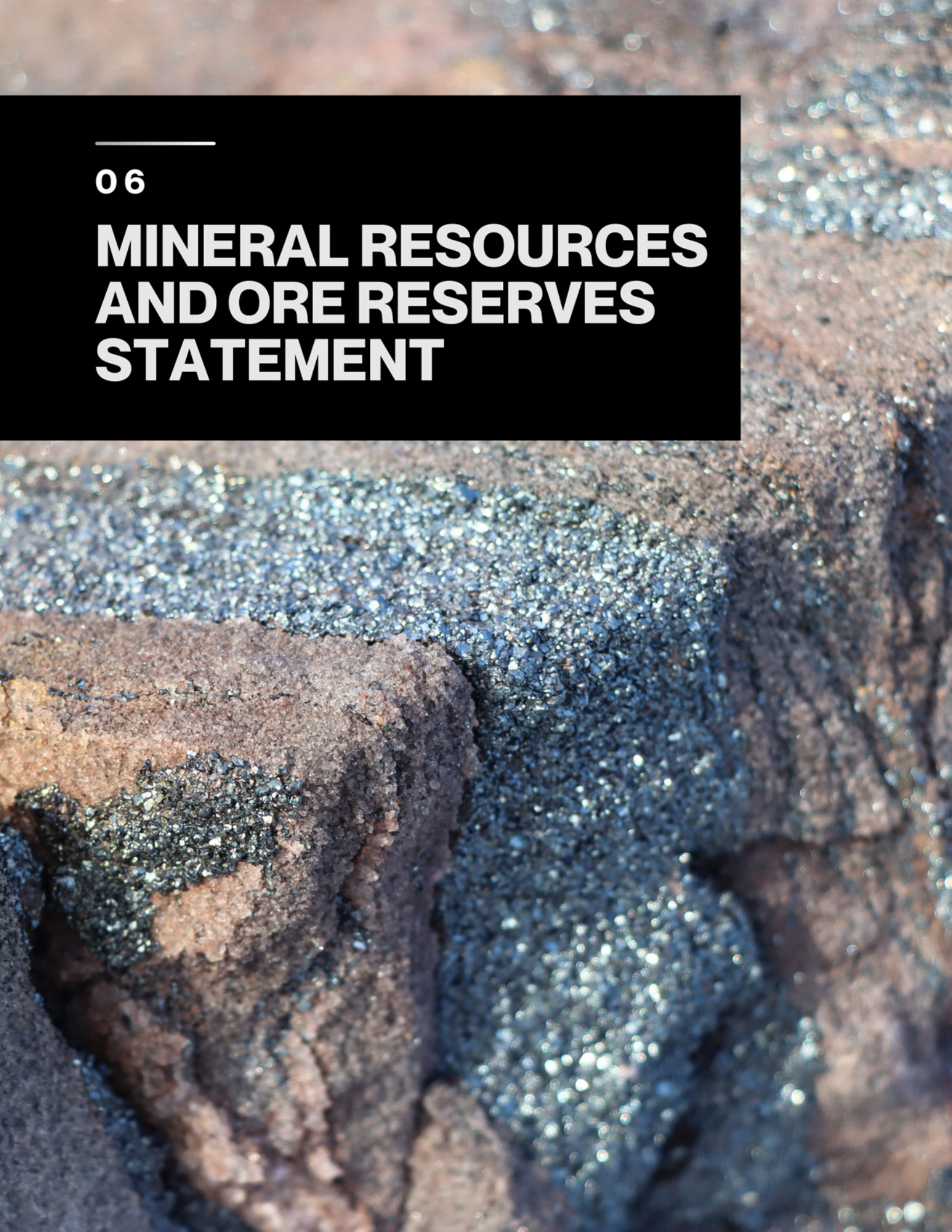
**Gary Lawler, Lead Director**

Dated on May 31, 2024

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06

# MINERAL RESOURCES AND ORE RESERVES STATEMENT



# MINERAL RESOURCES AND ORE RESERVES STATEMENT

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

## 1. Governance Arrangements and Internal Controls

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

## 2. Historical Mineral Reserves and Resources

The historical mineral reserves and resources mentioned in this Directors' Report are strictly historical in nature, are non-compliant with NI 43-101 or the Joint Ore Reserves Committee ("JORC") Code [2012 edition] and should therefore not be relied upon. Historical estimates have not been verified in accordance with the Appendix 5A (JORC Code) since their last technical report. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in the JORC Code [2012 edition], has not done sufficient work to upgrade or classify the historical estimates as current mineral resources, mineral reserves or ore reserves, and Champion is not treating the historical estimates as current mineral resources or reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code [2012 edition].

Certain resources mentioned are foreign estimates from an Australian perspective.

## 3. Bloom Lake Reserves and Resources as at March 31, 2024

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

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

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

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

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

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

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

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

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

**Table 1: Bloom Lake Mineral Resource Estimate (at 15% Fe Cut-Off Grade)**

|                                               | As at March 31, 2024 |        |         |         |                                    | As at March 31, 2023 |
|-----------------------------------------------|----------------------|--------|---------|---------|------------------------------------|----------------------|
| Category                                      | Mt Tonnage (dmt)     | Fe (%) | CaO (%) | MgO (%) | Al <sub>2</sub> O <sub>3</sub> (%) | Mt Tonnage (dmt)     |
| Measured                                      | 170                  | 30.4   | 1.3     | 1.2     | 0.3                                | 197                  |
| Indicated                                     | 1,056                | 28.4   | 1.3     | 1.2     | 0.5                                | 618                  |
| <b>Total measured and indicated resources</b> | 1,226                | 28.7   | 1.3     | 1.2     | 0.5                                | 814                  |
| <b>Inferred</b>                               | 246                  | 26.6   | 1.4     | 1.2     | 0.5                                | 128                  |

**Table 2: Bloom Lake Mineral Reserve Estimate (at 15% Fe Cut-Off Grade, Diluted)**

|                                  | As at March 31, 2024 |        |         |         |                                    | As at March 31, 2023 |
|----------------------------------|----------------------|--------|---------|---------|------------------------------------|----------------------|
| Category                         | Mt Tonnage (dmt)     | Fe (%) | CaO (%) | MgO (%) | Al <sub>2</sub> O <sub>3</sub> (%) | Mt Tonnage (dmt)     |
| Proven                           | 167                  | 29.9   | 1.3     | 1.3     | 0.3                                | 191                  |
| Probable                         | 523                  | 28.1   | 2.1     | 2.0     | 0.5                                | 522                  |
| <b>Total proven and probable</b> | 690                  | 28.6   | 1.9     | 1.8     | 0.4                                | 713                  |

### 4. Kami Project Reserves and Resources as at March 31, 2024

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

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

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

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

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

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

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

### 4. Kami Project Reserves and Resources as at March 31, 2024 [continued]

**Table 3: Kami Mineral Resource Estimate (at 15% Fe Cut-Off Grade)**

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

**Table 4: Kami Mineral Reserve Estimate (at 15% Fe Cut-Off Grade)**

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

### 5. Consolidated Reserves and Resources as at March 31, 2024

The reserves and resources mentioned below (except the Bloom Lake and Kami reserves and resources) are historical estimates. The historical mineral reserves and resources mentioned in this Directors' Report are strictly historical in nature, are non-compliant with NI 43-101 or the JORC Code (2012 edition) and should therefore not be relied upon. Historical estimates have not been verified in accordance with the Appendix 5A (JORC Code) since their last technical report. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in the JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources, mineral reserves or ore reserves, and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

**Table 5: Consolidated Mineral Resources (million dmt)**

| Property                                  | Group                                             | Measured   | Indicated    | Total Measured & Indicated | Inferred     |
|-------------------------------------------|---------------------------------------------------|------------|--------------|----------------------------|--------------|
| Bloom Lake                                | Bloom Lake                                        | 170        | 1,056        | 1,226                      | 246          |
| Kamistiatusset                            | Rose North                                        | 82         | 339          | 420                        | 90           |
|                                           | Rose Central                                      | 94         | 364          | 458                        | 60           |
|                                           | Mills Lake                                        | 37         | 61           | 98                         | 13           |
|                                           | <b>Total</b>                                      | <b>212</b> | <b>763</b>   | <b>976</b>                 | <b>163</b>   |
| Consolidated Fire Lake North <sup>1</sup> | Fire Lake North                                   | 27         | 667          | 694                        | 522          |
|                                           | Bellechasse                                       | —          | —            | —                          | 215          |
|                                           | Oil Can                                           | —          | —            | —                          | 967          |
|                                           | <b>Total</b>                                      | <b>27</b>  | <b>667</b>   | <b>694</b>                 | <b>1,704</b> |
| Moiré Lake <sup>2</sup>                   | Moiré Lake                                        | —          | 164          | 164                        | 417          |
| Quinto Claims <sup>3</sup>                | Peppler Lake                                      | —          | 327          | 327                        | 216          |
|                                           | Lamêlée North                                     | —          | 272          | 272                        | 653          |
|                                           | Hobdad                                            | —          | —            | —                          | 508          |
|                                           | <b>Total</b>                                      | <b>—</b>   | <b>599</b>   | <b>599</b>                 | <b>1,377</b> |
| Lamêlée South <sup>4</sup>                | Lamêlée South                                     | —          | 75           | 75                         | 229          |
| Harvey-Tuttle <sup>5</sup>                | Harvey-Tuttle                                     | —          | —            | —                          | 947          |
| Penguin Lake <sup>6</sup>                 | Penguin Lake (45% Champion Iron Limited interest) | —          | —            | —                          | 239          |
| <b>Total as at March 31, 2024</b>         |                                                   | <b>409</b> | <b>3,323</b> | <b>3,732</b>               | <b>5,322</b> |
| <b>Total as at March 31, 2023</b>         |                                                   | <b>761</b> | <b>2,862</b> | <b>3,622</b>               | <b>5,564</b> |

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

### 5. Consolidated Reserves and Resources as at March 31, 2024 (continued)

**Table 6: Consolidated Mineral Reserves (million dmt)**

| Property / Group                  | Proven     | Fe (%)      | Probable     | Fe (%)      | Reserves Proven & Probable | Fe (%)      |
|-----------------------------------|------------|-------------|--------------|-------------|----------------------------|-------------|
| Bloom Lake                        | 167        | 29.9        | 523          | 28.1        | 690                        | 28.6        |
| Kamistiatusset                    | 167        | 29.7        | 476          | 29.0        | 643                        | 29.2        |
| Fire Lake North <sup>7</sup>      | 24         | 36.0        | 441          | 32.2        | 465                        | 32.4        |
| <b>Total as at March 31, 2024</b> | <b>358</b> | <b>29.6</b> | <b>1,440</b> | <b>29.8</b> | <b>1,798</b>               | <b>29.8</b> |
| <b>Total as at March 31, 2023</b> | <b>608</b> | <b>29.6</b> | <b>1,088</b> | <b>29.8</b> | <b>1,695</b>               | <b>29.8</b> |

<sup>1</sup> The historical Consolidated Fire Lake resource estimates are based on the NI 43-101 technical reports titled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013, and having an effective date of January 25, 2013 (as regards Fire Lake North), "Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area, Québec, Canada" prepared by P&E Mining Consultants Inc. dated December 23, 2009, and having an effective date of November 10, 2009 (as regards Bellechasse), and "Technical Report and Mineral Resource Estimate on the Oil Can Deposit of the Consolidated Fire Lake North Property, Fermont Area, Quebec, Canada" by P&E Mining Consultants Inc. dated August 17, 2012, and having an effective date of July 1, 2012 (as regards Oil Can). The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

<sup>2</sup> The historical Moiré Lake resource estimates are based on the NI 43-101 technical report titled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012, and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>3</sup> The historical Quinto resource estimates are based on the NI 43-101 technical reports titled "Mineral Resource Technical Report, Peppler Project, Quebec" (as regards Peppler Lake), "Mineral Resource Technical Report, Lamêlée Project, Quebec" (as regards Lamêlée) and "Mineral Resource Technical Report, Hobdad Project, Quebec" (as regards Hobdad), each by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>4</sup> The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report titled "NI 43-101 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017, and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>5</sup> The historical Harvey-Tuttle resource estimates are based on the NI 43-101 technical report titled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011, and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>6</sup> The historical Penguin Lake resource estimates are based on the National Instrument 43-101 technical report titled "43-101 Technical Report and Mineral Resource Estimate on the Penguin Lake Project" by MRB & Associates dated February 3, 2014, and having an effective date of May 1, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>7</sup> The historical Fire Lake North reserve estimates are based on the NI 43-101 technical report titled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013, and having an effective date of January 25, 2013. The historical mineral reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These reserves are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

### 5. Consolidated Reserves and Resources as at March 31, 2024 <sup>(continued)</sup>

In addition to the Bloom Lake Mine and the Kami Project (refer to sections 3 — Bloom Lake Reserves and Resources as at March 31, 2024, and 4 — Kamistiatusset Reserves and Resources as at March 31, 2024, above), the Company owns interests in 12 other iron ore deposits (total of 13 deposits) located in the Labrador Trough ranging from 6 to 80 km west and south-west of Fermont. The other projects with historical reserves and resources are as follows:

#### I. Consolidated Fire Lake North

The consolidated Fire Lake North project includes three deposits, the Fire Lake North, Bellechasse and Oil Can deposits. All deposits are located north of ArcelorMittal's Fire Lake mine.

**Table 7: Fire Lake North Historical Mineral Resource Estimate at Cut-Off 15% Fe<sup>8</sup>**

| Category                                      | Mt Tonnage (dmt) | Fe (%)      |
|-----------------------------------------------|------------------|-------------|
| Measured                                      | 27               | 35.2        |
| Indicated                                     | 667              | 31.4        |
| <b>Total measured and indicated resources</b> | <b>694</b>       | <b>31.5</b> |
| <b>Inferred</b>                               | <b>522</b>       | <b>30.1</b> |

**Table 8: Fire Lake North Historical Mineral Reserve Estimate at Cut-Off 15% Fe<sup>8</sup>**

| Category                         | Mt Tonnage (dmt) | Fe (%)      | CaO (%)    | Weight Recovery (%) |
|----------------------------------|------------------|-------------|------------|---------------------|
| Proven                           | 24               | 36.0        | 0.5        | 45.0                |
| Probable                         | 441              | 32.2        | 2.8        | 39.6                |
| <b>Total proven and probable</b> | <b>465</b>       | <b>32.4</b> | <b>1.3</b> | <b>39.9</b>         |

**Table 9: Historical Inferred Resources for Other Consolidated Fire Lake North Deposits at Cut-Off 15% Fe<sup>9</sup>**

| Deposit     | Mt Tonnage (dmt) | Fe (%) |
|-------------|------------------|--------|
| Bellechasse | 215              | 28.7   |
| Oil Can     | 967              | 33.2   |

<sup>8</sup> The historical Fire Lake North resource and reserve estimates are based on the NI 43-101 technical report titled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013, and having an effective date of January 25, 2013. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These reserves and resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>9</sup> The historical Consolidated Fire Lake North resource estimates are based on the NI 43-101 technical reports titled "Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area, Québec, Canada" prepared by P&E Mining Consultants Inc. dated December 23, 2009, and having an effective date of November 10, 2009 (as regards Bellechasse), and "Technical Report and Mineral Resource Estimate on the Oil Can Deposit of the Consolidated Fire Lake North Property, Fermont Area, Québec, Canada" by P&E Mining Consultants Inc. dated August 17, 2012, and having an effective date of July 1, 2012 (as regards Oil Can). The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

### 5. Consolidated Reserves and Resources (continued)

#### II. Moiré Lake

Moiré Lake is a stand-alone deposit located approximately 6 km west from the city of Fermont and 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.

**Table 10: Moiré Lake Historical Resource Estimate at Cut-Off 15% Fe<sup>10</sup>**

| Category                                      | Mt Tonnage (dmt) | Fe (%)      |
|-----------------------------------------------|------------------|-------------|
| Measured                                      | —                | —           |
| Indicated                                     | 164              | 30.5        |
| <b>Total measured and indicated resources</b> | <b>164</b>       | <b>30.5</b> |
| <b>Inferred</b>                               | <b>417</b>       | <b>29.4</b> |

#### III. Quinto Claims

The Quinto holding is composed of 435 claims with several iron ore deposits and occurrences. The property is adjacent to the Consolidated Fire Lake North project. All the deposits have more magnetite than hematite with small amounts of iron silicates. The Peppler Lake and Lamêlée projects are part of the Quinto Claims.

**Table 11: Peppler Lake Historical Resource Estimate at Cut-Off 18% Fe<sup>11</sup>**

| Category                                      | Mt Tonnage (dmt) | Fe (%)      |
|-----------------------------------------------|------------------|-------------|
| Measured                                      | —                | —           |
| Indicated                                     | 327              | 28.0        |
| <b>Total measured and indicated resources</b> | <b>327</b>       | <b>28.0</b> |
| <b>Inferred</b>                               | <b>216</b>       | <b>27.5</b> |

**Table 12: Lamêlée North Historical Resource Estimate at Cut-Off 18% Fe<sup>12</sup>**

| Category                                      | Mt Tonnage (dmt) | Fe (%)      |
|-----------------------------------------------|------------------|-------------|
| Measured                                      | —                | —           |
| Indicated                                     | 272              | 29.4        |
| <b>Total measured and indicated resources</b> | <b>272</b>       | <b>29.4</b> |
| <b>Inferred</b>                               | <b>653</b>       | <b>30.5</b> |

<sup>10</sup> The historical Moiré Lake resource estimates are based on the NI 43-101 technical report titled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012, and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>11</sup> The historical Peppler Lake resource estimates are based on the NI 43-101 technical report titled "Mineral Resource Technical Report, Peppler Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>12</sup> The historical Lamêlée North resource estimates are based on the NI 43-101 technical report titled "Mineral Resource Technical Report, Lamêlée Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

### 5. Consolidated Reserves and Resources [continued]

#### III. Quinto Claims [continued]

**Table 13: Hobdad Historical Resource Estimate at Cut-Off 18% Fe<sup>13</sup>**

| Category                                      | Mt Tonnage (dmt) | Fe (%) |
|-----------------------------------------------|------------------|--------|
| Measured                                      | —                | —      |
| Indicated                                     | —                | —      |
| <b>Total measured and indicated resources</b> | —                | —      |
| <b>Inferred</b>                               | 508              | 27.4   |

#### IV. Lamêlée South

**Table 14: Lamêlée South Historical Resource Estimate at Cut-Off 18% Fe<sup>14</sup>**

| Category                                      | Mt Tonnage (dmt) | Fe (%) |
|-----------------------------------------------|------------------|--------|
| Measured                                      | —                | —      |
| Indicated                                     | 75               | 31.6   |
| <b>Total measured and indicated resources</b> | 75               | 31.6   |
| <b>Inferred</b>                               | 229              | 30.5   |

#### V. 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 historical resources. As a whole, the Harvey-Tuttle property has 947 Mt of inferred historical resources at 23.2% Fe.<sup>15</sup>

#### VI. Cluster 3

A series of 111 claims located near the closed Lac Jeannine Mine, identified as Cluster 3, were optioned to Cartier Silver Corporation (formerly Cartier Iron Corporation). Champion Iron Limited holds 45% of the property. The main asset in Cluster 3 is the Penguin Lake deposit. It has a total of 535 Mt of inferred historical resources (239 Mt attributable to the Company) at 33.1% Fe with a cut-off at 15% Fe.<sup>16</sup> Cluster 3 also includes a series of small deposits near Round Lake (north-west of Penguin Lake).

<sup>13</sup> The historical Hobdad resource estimates are based on the NI 43-101 technical reports titled "Mineral Resource Technical Report, Hobdad Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>14</sup> The historical Lac Lamêlée South resource estimates are based on the NI 43-101 technical report titled "NI 43-101 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017, and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>15</sup> The historical Harvey-Tuttle resource estimates are based on the NI 43-101 technical report titled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011, and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

<sup>16</sup> The historical Penguin Lake resource estimates are based on the NI 43-101 technical report titled "43-101 Technical Report and Mineral Resource Estimate on the Penguin Lake Project (Round Lake Property), NTS 23C/01, Quebec" by Geochryst Geological Consulting and MRB & Associates Geological Consultants dated February 3, 2014 and having an effective date of May 1, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

# Champion Iron Limited

## Mineral Resources and Ore Reserves Statement

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### 6. Material Changes

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

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

In addition, the Bloom Lake resources and reserves have decreased due to depletion. All changes have been detailed further in previous sections.

### 7. Qualified Person and Data Verification

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

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**07**

# **FINANCIAL REPORT**



# 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 Company's financial position as at March 31, 2024, 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 Company 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 Directors' Report for the year ended March 31, 2024, 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, 2024.

3) The Company 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/ Gary Lawler

**Gary Lawler, Lead Director**

Dated on May 31, 2024

# AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

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

## Auditor's independence declaration to the directors of Champion Iron Limited

As lead auditor for the audit of the financial report of Champion Iron Limited for the financial year ended March 31, 2024, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene 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.

A stylized signature of the Ernst &amp; Young firm, written in a cursive script.

Ernst & Young

A stylized signature of Scott Nichols, written in a cursive script.

Scott Nichols  
Partner  
Sydney, Australia  
May 31, 2024

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

# Champion Iron Limited

(ACN: 119 770 142)

## Consolidated Financial Statements For the Years Ended March 31, 2024 and 2023

(Expressed in thousands of Canadian dollars)

# Champion Iron Limited

## Management's Responsibility for Financial Reporting

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Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making material 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 Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

Ernst & Young, the independent auditors, has been appointed by the shareholders to audit the consolidated financial statements as at March 31, 2024 and 2023 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/ Donald Tremblay  
Donald Tremblay  
Chief Financial Officer

May 31, 2024



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

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

### Independent auditor's report to the 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 March 31, 2024, the consolidated statement of income, 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 material accounting policy information, 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 March 31, 2024 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 (including Independence Standards)* (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.

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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group recognised revenues of \$1,524 million from the sale of iron ore for the year ended March 31, 2024.</p> <p>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 revenue at the consideration received or expected to be received 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 revenue.</p> <p>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.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>Understood the Group's process relating to the initial recognition of revenue and the re-measurement of receivables.</li><li>For a sample of provisional and final sales, agreed key terms to offtake agreements and volumes, quality and pricing to shipping documentation and invoices and agreed cash receipts to bank statements.</li><li>For the sample referred to above, assessed whether the timing of recognition of revenue was appropriate.</li><li>Re-performed the measurement of receivables for which final pricing remained outstanding as at March 31, 2024, including assessing the appropriateness of forecast iron ore prices used in forming the estimate.</li><li>Considered the adequacy of the disclosures included within the financial report.</li></ul> |

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 2024 annual report, but does not include the financial report and our auditor's report thereon.

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

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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.

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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, actions taken to eliminate threats or safeguards applied.

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.

### Report on the audit of the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended March 31, 2024.

In our opinion, the Remuneration Report of Champion Iron Limited for the year ended March 31, 2024, 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.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Scott Nichols'.

Scott Nichols  
Partner  
Sydney, Australia  
May 31, 2024

# Champion Iron Limited

## Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

|                                      |       | As at March 31,<br>2024 | As at March 31,<br>2023 |
|--------------------------------------|-------|-------------------------|-------------------------|
|                                      | Notes |                         |                         |
| <b>Assets</b>                        |       |                         |                         |
| Current                              |       |                         |                         |
| Cash and cash equivalents            | 3     | 400,061                 | 326,806                 |
| Short-term investments               |       | —                       | 312                     |
| Receivables                          | 4     | 120,079                 | 162,268                 |
| Income and mining taxes receivable   | 24    | —                       | 37,912                  |
| Prepaid expenses and advances        | 5     | 47,368                  | 43,051                  |
| Inventories                          | 6     | 332,611                 | 167,670                 |
|                                      |       | 900,119                 | 738,019                 |
| Non-current                          |       |                         |                         |
| Non-current investments              | 7     | 14,509                  | 14,751                  |
| Advance payments                     | 8     | 83,374                  | 166,943                 |
| Intangible assets                    | 9     | 5,172                   | 7,866                   |
| Property, plant and equipment        | 10    | 1,545,961               | 1,261,968               |
| Exploration and evaluation assets    | 11    | 131,827                 | 117,127                 |
| Other non-current assets             | 12    | 8,589                   | 8,595                   |
| <b>Total assets</b>                  |       | <b>2,689,551</b>        | <b>2,315,269</b>        |
| <b>Liabilities</b>                   |       |                         |                         |
| Current                              |       |                         |                         |
| Accounts payable and other           | 13    | 251,778                 | 178,578                 |
| Income and mining taxes payable      | 24    | 40,232                  | —                       |
| Current portion of long-term debt    | 14    | 31,061                  | 27,080                  |
|                                      |       | 323,071                 | 205,658                 |
| Non-current                          |       |                         |                         |
| Long-term debt                       | 14    | 508,367                 | 448,201                 |
| Deferred grant                       | 14    | 9,797                   | 10,614                  |
| Lease liabilities                    | 15    | 70,649                  | 73,430                  |
| Rehabilitation obligation            | 16    | 84,593                  | 85,508                  |
| Other long-term liabilities          | 17    | 15,422                  | 13,427                  |
| Net deferred tax liabilities         | 24    | 281,142                 | 215,727                 |
| <b>Total liabilities</b>             |       | <b>1,293,041</b>        | <b>1,052,565</b>        |
| <b>Shareholders' equity</b>          |       |                         |                         |
| Share capital                        | 17    | 409,785                 | 401,282                 |
| Contributed surplus                  |       | 17,372                  | 22,796                  |
| Warrants                             | 17    | 22,288                  | 22,288                  |
| Foreign currency translation reserve |       | 429                     | 430                     |
| Retained earnings                    |       | 946,636                 | 815,908                 |
| <b>Total equity</b>                  |       | <b>1,396,510</b>        | <b>1,262,704</b>        |
| <b>Total liabilities and equity</b>  |       | <b>2,689,551</b>        | <b>2,315,269</b>        |
| Commitments and contingencies        | 29    |                         |                         |
| Subsequent event                     | 34    |                         |                         |

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

Approved on May 31, 2024 on behalf of the Directors

/s/ Michael O'Keeffe  
Executive Chairman

/s/ Gary Lawler  
Lead Director

# Champion Iron Limited

## Consolidated Statements of Income

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

|                                                               | Notes     | Year Ended March 31, |                |
|---------------------------------------------------------------|-----------|----------------------|----------------|
|                                                               |           | 2024                 | 2023           |
| <b>Revenues</b>                                               | <b>18</b> | <b>1,524,294</b>     | 1,395,088      |
| Cost of sales                                                 | <b>19</b> | <b>(884,022)</b>     | (822,762)      |
| Depreciation                                                  | <b>30</b> | <b>(123,584)</b>     | (121,044)      |
| <b>Gross profit</b>                                           |           | <b>516,688</b>       | 451,282        |
| <b>Other expenses</b>                                         |           |                      |                |
| Share-based payments                                          | <b>17</b> | <b>(7,455)</b>       | (8,662)        |
| General and administrative expenses                           | <b>20</b> | <b>(50,857)</b>      | (41,514)       |
| Sustainability and other community expenses                   | <b>21</b> | <b>(17,838)</b>      | (17,933)       |
| Innovation and growth initiative expenses                     |           | <b>(11,331)</b>      | (11,863)       |
| <b>Operating income</b>                                       |           | <b>429,207</b>       | 371,310        |
| Net finance costs                                             | <b>22</b> | <b>(36,138)</b>      | (25,587)       |
| Other income (expense)                                        | <b>23</b> | <b>(242)</b>         | 822            |
| <b>Income before income and mining taxes</b>                  |           | <b>392,827</b>       | 346,545        |
| Current income and mining taxes                               | <b>24</b> | <b>(93,221)</b>      | (55,103)       |
| Deferred income and mining taxes                              | <b>24</b> | <b>(65,415)</b>      | (90,735)       |
| <b>Net income</b>                                             |           | <b>234,191</b>       | 200,707        |
| <b>Earnings per share</b>                                     |           |                      |                |
| Basic                                                         | <b>25</b> | <b>0.45</b>          | 0.39           |
| Diluted                                                       | <b>25</b> | <b>0.44</b>          | 0.38           |
| <b>Weighted average number of ordinary shares outstanding</b> |           | (in thousands)       | (in thousands) |
| Basic                                                         | <b>25</b> | <b>517,579</b>       | 517,046        |
| Diluted                                                       | <b>25</b> | <b>527,525</b>       | 527,666        |

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)

|                                                                                      | Year Ended March 31, |         |
|--------------------------------------------------------------------------------------|----------------------|---------|
|                                                                                      | 2024                 | 2023    |
| <b>Net income</b>                                                                    | <b>234,191</b>       | 200,707 |
| <b>Other comprehensive loss</b>                                                      |                      |         |
| Item that may be reclassified subsequently to the consolidated statements of income: |                      |         |
| Net movement in foreign currency translation reserve                                 | (1)                  | (109)   |
| <b>Total other comprehensive loss</b>                                                | <b>(1)</b>           | (109)   |
| <b>Total comprehensive income</b>                                                    | <b>234,190</b>       | 200,598 |

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

# Champion Iron Limited

## Consolidated Statements of Changes in Equity

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

| Attributable to Champion Shareholders |      |                                       |         |                        |          |                                    |                      |           |
|---------------------------------------|------|---------------------------------------|---------|------------------------|----------|------------------------------------|----------------------|-----------|
|                                       |      | Share Capital                         |         |                        |          |                                    |                      |           |
|                                       |      | Ordinary Shares                       |         |                        |          |                                    |                      |           |
|                                       | Note | Shares <sup>1</sup><br>(in thousands) | \$      | Contributed<br>Surplus | Warrants | Foreign<br>Currency<br>Translation | Retained<br>Earnings | Total     |
| Balance - March 31, 2023              |      | 517,193                               | 401,282 | 22,796                 | 22,288   | 430                                | 815,908              | 1,262,704 |
| Net income                            |      | —                                     | —       | —                      | —        | —                                  | 234,191              | 234,191   |
| Other comprehensive loss              |      | —                                     | —       | —                      | —        | (1)                                | —                    | (1)       |
| Total comprehensive income (loss)     |      | —                                     | —       | —                      | —        | (1)                                | 234,191              | 234,190   |
| Exercise of stock options             | 17   | 1,050                                 | 7,508   | (2,258)                | —        | —                                  | —                    | 5,250     |
| Release of performance share units    | 17   | 161                                   | 995     | (2,132)                | —        | —                                  | 66                   | (1,071)   |
| Cancellation of ordinary shares       | 17   | (333)                                 | —       | —                      | —        | —                                  | —                    | —         |
| Dividends on ordinary shares          | 17   | —                                     | —       | —                      | —        | —                                  | (103,448)            | (103,448) |
| Dividend equivalents                  | 17   | —                                     | —       | 81                     | —        | —                                  | (81)                 | —         |
| Share-based payments                  | 17   | —                                     | —       | (1,115)                | —        | —                                  | —                    | (1,115)   |
| Balance - March 31, 2024              |      | 518,071                               | 409,785 | 17,372                 | 22,288   | 429                                | 946,636              | 1,396,510 |
|                                       |      |                                       |         |                        |          |                                    |                      |           |
| Balance - March 31, 2022              |      | 516,612                               | 398,635 | 21,339                 | 22,473   | 539                                | 718,712              | 1,161,698 |
| Net income                            |      | —                                     | —       | —                      | —        | —                                  | 200,707              | 200,707   |
| Other comprehensive loss              |      | —                                     | —       | —                      | —        | (109)                              | —                    | (109)     |
| Total comprehensive income (loss)     |      | —                                     | —       | —                      | —        | (109)                              | 200,707              | 200,598   |
| Exercise of stock options             | 17   | 300                                   | 2,145   | (645)                  | —        | —                                  | —                    | 1,500     |
| Exercise of warrants                  | 17   | 281                                   | 502     | —                      | (185)    | —                                  | —                    | 317       |
| Dividends on ordinary shares          | 17   | —                                     | —       | —                      | —        | —                                  | (103,344)            | (103,344) |
| Dividend equivalents                  | 17   | —                                     | —       | 167                    | —        | —                                  | (167)                | —         |
| Share-based payments                  | 17   | —                                     | —       | 1,935                  | —        | —                                  | —                    | 1,935     |
| Balance - March 31, 2023              |      | 517,193                               | 401,282 | 22,796                 | 22,288   | 430                                | 815,908              | 1,262,704 |

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

<sup>1</sup> All issued ordinary shares are fully paid and have no par value.

# Champion Iron Limited

## Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

|                                                                   |        | Year Ended March 31, |                  |
|-------------------------------------------------------------------|--------|----------------------|------------------|
|                                                                   | Notes  | 2024                 | 2023             |
| <b>Cash provided by (used in)</b>                                 |        |                      |                  |
| <b>Operating Activities</b>                                       |        |                      |                  |
| Net income                                                        |        | 234,191              | 200,707          |
| Adjustments for non-cash items                                    |        |                      |                  |
| Depreciation                                                      | 30     | 123,584              | 121,044          |
| Share-based payments                                              | 17     | 7,455                | 8,662            |
| Accretion expense of rehabilitation obligation                    | 16, 22 | 1,294                | 854              |
| Write-off of a non-current investment                             | 7, 26  | 2,744                | —                |
| Change in fair value of non-current investments                   | 7, 26  | (2,502)              | (593)            |
| Unrealized gain on derivative liabilities                         |        | —                    | (176)            |
| Unrealized foreign exchange loss                                  |        | 797                  | 7,867            |
| Loss on disposal of property, plant and equipment                 | 10     | 630                  | —                |
| Deferred income and mining taxes                                  | 24     | 65,415               | 90,735           |
| Amortization of transaction costs and accretion of long-term debt | 22     | 5,129                | 4,676            |
| Amortization of deferred grant                                    | 14, 22 | (817)                | —                |
| Other                                                             |        | (50)                 | (3)              |
|                                                                   |        | 437,870              | 433,773          |
| Changes in non-cash operating working capital                     | 30     | 36,715               | (197,789)        |
| <b>Net cash flows from operating activities</b>                   |        | <b>474,585</b>       | <b>235,984</b>   |
| <b>Investing Activities</b>                                       |        |                      |                  |
| Decrease in restricted cash                                       |        | —                    | 43,736           |
| Decrease in short-term investments                                |        | 312                  | 31,070           |
| Increase in advance payments                                      | 8      | (13,683)             | (30,001)         |
| Purchase of intangible assets                                     | 9      | (430)                | (2,455)          |
| Purchase of property, plant and equipment                         | 10, 30 | (328,144)            | (282,892)        |
| Proceeds from disposal of property, plant and equipment           | 10     | 2,688                | —                |
| Investment in exploration and evaluation assets                   | 11     | (14,700)             | (9,317)          |
| Increase in other non-current financial assets                    | 12     | (760)                | —                |
| <b>Net cash flows used in investing activities</b>                |        | <b>(354,717)</b>     | <b>(249,859)</b> |
| <b>Financing Activities</b>                                       |        |                      |                  |
| Issuance of long-term debt                                        | 14     | 337,920              | 219,167          |
| Repayment of long-term debt                                       | 14     | (273,792)            | (100,126)        |
| Transaction costs on long-term debt                               | 14     | (4,801)              | (4,606)          |
| Exercise of warrants                                              | 17     | —                    | 317              |
| Exercise of stock options                                         | 17     | 5,250                | 1,500            |
| Withholding taxes paid pursuant to the settlement of PSUs         | 17     | (1,071)              | —                |
| Dividends paid on ordinary shares                                 | 17     | (103,448)            | (103,344)        |
| Payment of lease liabilities                                      | 15     | (8,422)              | (6,004)          |
| <b>Net cash flows from (used in) financing activities</b>         |        | <b>(48,364)</b>      | <b>6,904</b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>       |        | <b>71,504</b>        | <b>(6,971)</b>   |
| Cash and cash equivalents, beginning of the year                  |        | 326,806              | 321,892          |
| Effects of exchange rate changes on cash and cash equivalents     |        | 1,751                | 11,885           |
| <b>Cash and cash equivalents, end of the year</b>                 |        | <b>400,061</b>       | <b>326,806</b>   |
| Interest paid                                                     |        | 36,707               | 26,138           |
| Interest received                                                 |        | 13,223               | 6,291            |
| Net income and mining taxes paid                                  |        | 15,077               | 115,759          |

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

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

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### 1. Description of Business

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), the Australian Securities Exchange (ASX: CIA) and trades on the OTCQX Best Market (OTCQX: CIAFF). The Company is domiciled in Australia and its principal administrative office is located on 1155 René-Lévesque Blvd. West, Suite 3300, Montréal, QC, H3B 3X7, Canada.

Champion, through its wholly-owned subsidiary Quebec Iron Ore Inc. ("QIO"), owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The two concentrators have a combined nameplate capacity of 15 million tonnes per annum and produce low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. Benefiting from one of the highest purity resources globally, the Company is investing to upgrade half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe (the "DRPF Project"). Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has delivered its iron ore concentrate globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistatusset Project, located a few kilometres south-east of Bloom Lake, and the Cluster II portfolio of properties, located within 60 km south of Bloom Lake.

### 2. Material Accounting Policy Information and Future Accounting Changes

#### A. Basis of preparation and statement of compliance

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

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 financial report is a general purpose financial report which has also been prepared for a for-profit enterprise in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards ("AAS") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

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 have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities which have been measured at fair value.

The nature of the operations and principal activities of the Company are described in the Directors' Report for the year ended March 31, 2024.

These consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") on May 31, 2024.

#### B. Material accounting policy information

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

##### **Consolidation**

The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. Subsidiaries are those entities which the Company controls. 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 (current ability to direct the relevant activities of the investee). Generally, there is a presumption that a majority of voting rights results in control. The Company considers all relevant facts and circumstances in assessing whether voting rights are sufficient to obtain control over an investee.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 2. Material Accounting Policy Information and Future Accounting Changes (continued)

#### B. Material accounting policy information (continued)

##### **Consolidation** (continued)

The significant subsidiaries are listed below:

|                                                 | <b>Ownership<br/>Percentage</b> | <b>Country of<br/>Incorporation</b> | <b>Functional<br/>Currency</b> |
|-------------------------------------------------|---------------------------------|-------------------------------------|--------------------------------|
| Champion Innovations Limited                    | 100 %                           | Canada                              | Canadian dollars               |
| Champion Iron Mines Limited                     | 100 %                           | Canada                              | Canadian dollars               |
| Québec Iron Ore Inc.                            | 100 %                           | Canada                              | Canadian dollars               |
| 12364042 Canada Inc. ("Kamistiatusset Project") | 100 %                           | Canada                              | Canadian dollars               |
| Lac Bloom Railcars Corporation Inc.             | 100 %                           | Canada                              | United States ("U.S.") dollars |

##### **Foreign currencies**

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

##### i) Transactions and balances

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 the appropriate average exchange rate. 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 foreign currencies are recognized in the consolidated statements of income within net finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

##### ii) Foreign operations

The financial statements of entities that have a functional currency different from the Company's presentation currency are translated into Canadian dollars as follows: assets and liabilities are translated at the closing exchange rate at the reporting date, and income and expenses are translated at the average exchange rate of the period. Equity transactions are translated using the exchange rate at the date of the transaction. Exchange differences arising from these translations are recognized directly in other comprehensive income within the foreign currency translation reserve until the subsidiary is disposed or dissolved, on which date the cumulative amount is reclassified to profit or loss.

##### **Inventories**

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

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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 2. Material Accounting Policy Information and Future Accounting Changes (continued)

#### B. Material accounting policy information (continued)

##### **Intangible assets**

Intangible assets acquired separately are carried at cost, less accumulated depreciation and accumulated impairment losses. Configuration and customization costs under cloud computing arrangements are capitalized only when the Company has control over the intellectual property of the underlying software code.

Depreciation on finite-life intangible assets is recognized on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful life and depreciation method are reviewed at least at each financial year-end, with the effect of changes in estimates being accounted for on a prospective basis if any. Depreciation is calculated on the following basis over the economic lives of the intangible assets with a finite useful life:

|             |                             |
|-------------|-----------------------------|
| Port access | Straight-line over 20 years |
| Software    | Straight-line over 3 years  |

##### **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 1 to 15 years or units-of-production basis over the recoverable reserves  |
| Locomotives, railcars and rails           | Straight-line over 24 years                                                                  |
| Tailings dikes                            | Straight-line over 7 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 10 to 24 years or units-of-production basis over the recoverable reserves |
| Right-of-use assets                       | Straight-line over 1 to 24 years or units-of-production basis over the recoverable reserves  |

Useful lives of the assets are reviewed annually and adjusted prospectively if appropriate. Gains and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized in the consolidated statements of income.

##### **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 include capitalized borrowing costs attributable to the acquisition, development or construction of assets that necessarily take a substantial period of time to get ready 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 are capitalized. 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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

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## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### B. Material accounting policy information (continued)

#### **Acquisition of a group of assets**

When acquiring a group of assets, the Company determines whether the set of activities and assets acquired meet the definition of a business. If they do not constitute a business, the group of assets, including intangible assets acquired and liabilities assumed, are accounted based on their relative fair values at the date of acquisition. The cost of acquisition, including directly attributable acquisition-related costs, is measured as the aggregate of the consideration transferred measured at the acquisition date fair value.

The cost of the assets on initial recognition excludes any variable contingent consideration. Accordingly, no liability is recognized for these contingent variable payments, which are instead presented as contingencies, as described in note 29 — Commitments and Contingencies.

#### **Production 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 production stripping asset within property, plant and equipment, if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- 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 in cost of sales as they are incurred.

The stripping ratio varies depending on the stage of the mine life. All costs related to a stripping ratio higher than 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. Stripping costs incurred in the pre-production period have also been capitalized using the same methodology. The life of mine stripping ratio for Bloom Lake is established at a weighted average of 0.99, for two separate open-pits, since the commencement of Phase II operations. Refer to the Material judgments, estimates and assumptions section below.

#### **Exploration and evaluation assets**

Exploration and evaluation expenditures, including the costs of acquiring licenses and directly attributable general and administrative costs, are initially 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 a 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 or expensed to the consolidated statements of income to the extent of any impairment.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 2. Material Accounting Policy Information and Future Accounting Changes [continued]

#### B. Material accounting policy information [continued]

##### **Impairment of non-financial assets**

The Company's non-financial assets, such as intangible assets, property, plant and equipment and exploration and evaluation assets are reviewed for indicators of impairment at least annually 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. Fair value is determined as the amount that would be obtained from the sale of the assets or CGUs in an arm's length transaction between knowledgeable and willing parties, using assumptions that an independent market participant may take into account. Value in use is determined as the present value of the future cash flows expected to arise from the continued use of the 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.

##### **Financial instruments**

###### **i) Financial assets recognition and classification**

On initial recognition, financial assets are either classified and measured at amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). In order for financial assets to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that represent solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortized cost include the Company's cash and cash equivalents, short-term investments, trade receivables associated with contracts not subject to provisional pricing and other receivables which are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest income received and impairment losses are recognized within net finance costs in the consolidated statements of income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTPL include the Company's trade receivables subject to provisional pricing and non-current investments. The Company's trade receivables subject to provisional pricing relate to sale 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. The embedded derivative related to this exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at FVTPL in its entirety from the date of recognition of the corresponding sale, with subsequent movements being recognized as provisional pricing adjustments within revenues in the consolidated statements of income. Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with subsequent net changes in fair value recognized in profit or loss.

Trade receivables are non-interest-bearing. Typically, 95% of the provisional invoice, independently of the quotation period, is received in cash between 15 and 30 days of the date of the sale, which reduces the credit risk associated with trade receivables. The remaining 5% balance in addition to price changes post-shipment is generally received (or paid) within 3 months of the vessel discharge date.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### B. Material accounting policy information (continued)

#### **Financial instruments** (continued)

##### ii) Impairment of financial assets

The Company recognizes an allowance for expected credit loss ("ECL") for all financial assets not held at FVTPL. 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).

For receivables (other than trade receivables subject to provisional pricing) 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 internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, which generally occurs when past due for more than one year and not subject to any 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.

##### iii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designed as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and change in fair value are recognized in profit or loss.

Other liabilities are subsequently measured at amortized cost using the EIR method by taking into account any discount or premium on acquisition and fees or costs. Interest expenses are recognized as finance costs in the consolidated statements of income. Financial liabilities at amortized cost include the Company's long-term debt and trade payable.

##### iv) Derecognition of financial liabilities

A financial liability is derecognized when the associated obligation is discharged, cancelled or expires with gains or losses on derecognition recognized in the consolidated statements of income. 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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### B. Material accounting policy information (continued)

#### **Financial instruments** (continued)

##### v) Derivative financial instruments

Derivative financial instruments are measured at FVTPL, unless they are designated as hedging instruments for which hedge accounting is applied. The Company has no hedging instrument. Changes in the fair value of derivative financial instruments not designated in a hedging relationship are recognized in other income (expense), based on the nature of the exposure.

Financial or non-financial contracts may include embedded derivatives. Embedded derivatives for which economic characteristics and risks are closely related to the host contracts are not accounted as a separate derivative. Embedded derivatives that are not closely related to the host contract such as prepayment options are measured at fair value, with the initial value recognized as an increase of the related long-term debt and amortized to income using the effective interest method. Subsequent changes in fair value of embedded derivatives are recorded either in net finance costs or other income (expense), depending on the nature of the derivative.

Reassessment of embedded derivatives 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 FVTPL category.

#### **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 on a straight-line basis over the lease term, taking into account any extensions that are likely to be exercised (or longer if a purchase option is reasonably certain to be exercised) 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.

At the time of full termination of the lease, the Company derecognizes the right-of-asset and lease liability. A gain or loss for any difference between the carrying amounts of the right-of-use asset and lease liability as of the date of termination is recognized under other income (expense) in the consolidated statements of income.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

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## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### B. Material accounting policy information (continued)

#### **Rehabilitation obligation**

The Company records a rehabilitation obligation for legal and constructive asset retirement obligations. Rehabilitation obligation is recorded for an amount that represents the expected 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, using a discount rate that reflects current market assessments of the time value and risks at the reporting period. The unwinding of the discount is recognized as finance cost.

#### **Share capital and dividend**

Share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary 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.

The Company recognizes a liability to pay a dividend when the distribution is authorized by the Board, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

#### **Employee benefits**

##### i) Post-employment benefits

Certain employees of the Company have entitlements under the Company's collective pension and retirement agreement, which operates as a defined-contribution pension plan. The cost of defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to the contributions.

##### ii) Stock option plan

The Company offers a stock option plan for eligible 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 payments 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 payments associated with the unvested portion of the stock options forfeited is reversed.

##### iii) Other awards

As part of the remuneration plan, the Company offers performance share unit ("PSU") awards, restricted share unit ("RSU") awards and deferred share unit ("DSU") awards. Recipient of these share-based awards are entitled to receive a dividend equivalent.

Equity-settled share-based payments 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 equity-settled share-based awards is determined using the share price of the Company on the TSX at the grant date. At a dividend record date, if any, the dividend equivalent is recognized directly as an increase in contributed surplus with a corresponding amount in retained earnings based on the vesting period, measured at the grant date fair value of the dividend equivalent.

Cash-settled share-based payments are measured at fair value at the grant date with a corresponding liability. The grant date fair value of the compensation is measured based on the closing share price of the Company on the TSX adjusted to take into account the terms and conditions upon which the shares were granted, if any, and the awards that are expected to vest. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, based on the closing share price, with any changes in the fair value measurement of the liability recognized in profit or loss. At a dividend record date, if any, the dividend equivalent is recognized as a liability for cash-settled awards with a corresponding amount as share-based payments in profit or loss.

When terms of an equity-settled share-based award are modified to be being cash-settled award, at the date of modification, a liability is recognized based on the fair value of the cash-settled award as at that date and the extent to which the vesting period has expired with a corresponding decrease in contributed surplus. Subsequently, the fair value of the liability is remeasured at the end of each reporting period with any changes in fair value recognized in profit or loss.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

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## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### B. Material accounting policy information (continued)

#### **Revenue**

The Company recognizes revenue from sales of iron ore concentrate, net of any discount, when control of the concentrate is transferred to the customer, which is when the concentrate is delivered to the vessel. Product is generally sold on Free On Board (FOB) Incoterm, where the Company has no responsibility for freight or insurance once control of the concentrate has passed at the loading port. Thus, the performance obligation is satisfied at a point in time. At the time the concentrate is loaded, the Company has transferred the significant risks and rewards to the customer, including the legal title, as well as the physical transfer of the concentrate. The Company recognizes revenues net of freight, freight commission, marketing incentives and other costs.

The Company's iron ore concentrate is sold to customers under contracts that vary in pricing mechanism. The majority of the Company's sales are sold under pricing arrangements when final prices are determined by quoted market prices subsequent to the date of the sale, based on a mutually agreed final quotation period stipulated in the contract. For these sales, revenue is recognized at an amount that reflects the consideration to which the Company expects to receive in exchange for the iron ore concentrate transferred, with reference to the relevant price indices. At each reporting period, the Company re-estimates these sales, with subsequent mark-to-market adjustments recorded as provisional pricing adjustments in sales revenue up to the date of the final settlement.

Customers have no right of return. If the iron ore concentrate delivered does not meet quality specifications agreed in the sale contracts according to discharge port certificates, the selling price is adjusted to reflect a penalty specification.

#### **Government grants**

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recorded as a deferred credit and recognized as income or recorded against the expenditure, as the related costs for which it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the cost of the related asset. The Company presents grants received related to an expense item within operating activities whereas grants received related to an asset within the investing activities against the purchase of property, plant and equipment in the consolidated statements of cash flows.

Interest-bearing loans from government at a below-market interest rate are treated as government grants and are recognized at fair value measured at the present value of all future cash flows discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the loan and the consideration received is recognized as a government grant. After initial recognition, the interest-bearing loan is subsequently measured at amortized cost using the effective interest rate method. The government grant is amortized over the loan maturity.

#### **Innovation and growth initiative expenses**

Innovation and growth initiative expenses are recognized in profit or loss as incurred, except if the expenditures are related to the development and setup of new products, processes and systems and satisfy generally accepted conditions for capitalization, including reasonable assurance that they will be recovered. Capitalized innovation and growth expenditures are measured at cost less accumulated depreciation, using the straight-line method, and accumulated impairment losses.

#### **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; and
- 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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

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## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### B. Material accounting policy information (continued)

#### **Income tax** (continued)

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.

### C. Material judgments, estimates and assumptions

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

#### **Production start date**

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

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

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

In December 2022, the Company declared commercial production at the Bloom Lake Phase II plant. Consequently, Phase II assets were reclassified from assets under construction to other categories under property, plant and equipment. Those assets also started to be depreciated in December 2022.

#### **Mineral reserves and resources**

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

- Capitalized stripping costs recognized as inventory or charged as cost of sales in profit or loss as it may change due to changes in stripping ratios. Refer to note 10 — Property, Plant and Equipment;
- Depreciation charge as changes in estimates of mineral reserves and resources may affect the useful life or units-of-production method calculation for depreciation;
- Rehabilitation obligation as changes in estimates may affect the expected date to settle the obligation; and
- Carrying value of non-financial assets as changes in estimates may affect estimated future cash flows and therefore impact impairment analysis.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### C. Material judgments, estimates and assumptions (continued)

#### **Mineral reserves and resources** (continued)

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. In October 2023, the Company published an updated National Instrument 43-101 Technical report for the Mineral Resources and Reserves of the Bloom Lake Mine.

#### **Definition of separate open-pits**

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

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

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

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

#### **Depreciation of non-current assets**

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

#### **Recovery of exploration and evaluation assets**

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which the Company has the right to explore in a specific area, actual and planned expenditures, and results of exploration. Management judgment is also applied in determining whether an economically-viable operation can be established or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, significant negative industry or economic trends, CGUs, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. Refer to note 11 — Exploration and Evaluation Assets.

#### **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, assessing purchase option and separating components of a contract. The lease term determined by the Company generally comprises a non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets. Lease payments include the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The separation of components of a contract requires estimates and judgments for allocating the consideration in the contract to each lease component and non-lease component. Refer to notes 10 — Property, Plant and Equipment and 15 — Lease Liabilities.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

## 2. Material Accounting Policy Information and Future Accounting Changes (continued)

### C. Material judgments, estimates and assumptions (continued)

#### **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, including but not limited to dismantling and removing infrastructure and operating facilities as well as restoring water pond and vegetating affected areas. The 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 best 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 at each reporting period to take into account any material changes to the assumptions, including regulatory changes and cost increases associated with site areas used for tailings and waste. 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 Bloom Lake ceases to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain.

#### **Revenue recognition**

At each reporting period, the Company re-estimates sales subject to provisional pricing with reference to forward price indices. The forward price depends on the final quotation period as per sale contracts, which usually depends on the date when the vessel arrives at its final destination. The arrival date is initially estimated at the sale date and then re-evaluated before each reporting date. Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at March 31, 2024, there was US\$142,079,000 (March 31, 2023: US\$224,807,000) in revenues that were awaiting final pricing.

### D. New accounting amendments issued and adopted by the Company

The following amendments to existing standards have been adopted by the Company on April 1, 2023:

#### **Amendments to AASB 101 (IAS 1), Presentation of Financial Statements ("IAS 1")**

Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.

Management reviewed the accounting policies and made updates to the information disclosed in the Material accounting policy information section above (March 31, 2023: Significant accounting policies) in certain instances in line with the amendments.

#### **Amendments to AASB 108 (IAS 8), Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")**

Amendments to IAS 8 replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

#### **Amendments to AASB 112 (IAS 12), Income Taxes ("IAS 12")**

Amendments to IAS 12 specify how entities should account for deferred income taxes on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred income taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations and that entities are required to recognize deferred income taxes on such transactions.

Amendments to IAS 12 also introduce a mandatory temporary exception to the accounting for deferred taxes arising from the implementation of the Organization for Economic Co-operation and Development (OECD) International Tax Reform, which established global rules to prevent tax-base erosion ("Pillar Two" Model). While the amendments are effective, no legislation has yet been enacted in jurisdictions in which the Company operates as at March 31, 2024. Accordingly, the Company has applied the temporary exception from recognizing and disclosing deferred taxes related to Pillar Two income taxes and has no related current tax exposure at that date.

The adoption of the amendments listed above did not have a significant impact on the Company's consolidated financial statements.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 2. Material Accounting Policy Information and Future Accounting Changes (continued)

#### E. New accounting amendments issued to be adopted at a later date

The following amendments to a standard have been issued and are applicable to the Company for its annual period beginning on April 1, 2024 and thereafter, with an earlier application permitted:

##### **Amendments to AASB 101 (IAS 1), Presentation of Financial Statements ("IAS 1")**

Amendments to IAS 1 clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

Amendments to IAS 1 also specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to financial statements.

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

### 3. 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.

As at March 31, 2024, cash and cash equivalents totalled \$400,061 (March 31, 2023: \$326,806), including short-term deposits of \$137,034 (March 31, 2023: nil).

As at March 31, 2024, cash and cash equivalents comprised U.S. dollars 273,589,000 (\$370,713), Canadian dollars 29,296 and Australian dollars 59,000 (\$52).

### 4. Receivables

|                   |      | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-------------------|------|-------------------------|-------------------------|
|                   | Note |                         |                         |
| Trade receivables |      | 71,560                  | 131,786                 |
| Sales tax         |      | 39,143                  | 21,290                  |
| Grant receivable  | 10   | 2,543                   | 7,075                   |
| Other receivables |      | 6,833                   | 2,117                   |
|                   |      | 120,079                 | 162,268                 |

As at March 31, 2024, the trade receivables, associated with revenues that remained subject to provisional pricing, amounted to a payable balance of \$34,793 (March 31, 2023: receivable of \$76,984).

For information about the Company's exposure to credit risk, refer to note 26 — Financial Instruments.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 5. Prepaid Expenses and Advances

|                                              |      | As at March 31,<br>2024 | As at March 31,<br>2023 |
|----------------------------------------------|------|-------------------------|-------------------------|
|                                              | Note |                         |                         |
| Railway transportation and terminal logistic | 8    | 39,056                  | 35,665                  |
| Port handling services                       | 8    | 3,725                   | 3,685                   |
| Insurance                                    |      | 1,391                   | 1,794                   |
| Other                                        |      | 3,196                   | 1,907                   |
|                                              |      | 47,368                  | 43,051                  |

As at March 31, 2024, the railway transportation and terminal logistic prepaid included the current portion of railway services agreements of \$15,305 (March 31, 2023: \$14,469) and monthly prepayments pursuant to service agreements.

### 6. Inventories

|                          | As at March 31,<br>2024 | As at March 31,<br>2023 |
|--------------------------|-------------------------|-------------------------|
| Stockpiled ore           | 45,460                  | 37,955                  |
| Concentrate inventories  | 176,460                 | 51,704                  |
| Supplies and spare parts | 110,691                 | 78,011                  |
|                          | 332,611                 | 167,670                 |

For the year ended March 31, 2024, the amount of inventories recognized as an expense totalled \$1,007,606 (year ended March 31, 2023: \$904,647). During the year ended March 31, 2024, no specific provision was recorded on any of the Company's inventories (year ended March 31, 2023: nil).

### 7. Non-Current Investments

|                                                           | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| Financial instruments in a private entity - at FVTPL      |                         |                         |
| Equity investments                                        | 14,500                  | 8,972                   |
| Convertible loans                                         | —                       | 2,799                   |
| Derivative asset                                          | —                       | 2,971                   |
| Equity investments in a publicly listed entity - at FVTPL | 9                       | 9                       |
|                                                           | 14,509                  | 14,751                  |

|                        | Year Ended March 31,<br>2024 | 2023   |
|------------------------|------------------------------|--------|
| <b>Opening balance</b> | 14,751                       | 14,158 |
| Change in fair value   | 2,502                        | 593    |
| Write-off              | (2,744)                      | —      |
| <b>Ending balance</b>  | 14,509                       | 14,751 |

During the year ended March 31, 2024, the Company recorded a gain in fair value on non-current investments of \$2,502, which includes \$2,709 associated with the increase in the enterprise value of the private entity, with the remainder attributable to the changes in exchange rates (year ended March 31, 2023: gain of \$593 only attributable to the changes in exchange rates). Refer to notes 26 — Financial Instruments and 23 — Other Income (Expense).

During the year ended March 31, 2024, the Company wrote off the derivative asset upon the expiry of the right to subscribe equity instruments amounting to \$2,744 (fair value as at March 31, 2023: \$2,971).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 8. Advance Payments

|                                                                               | Notes | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| Advance payments related to transshipment infrastructure (i)                  | 10    | —                       | 83,464                  |
| Advance payments related to railway transportation and terminal logistic (ii) |       | 45,872                  | 53,709                  |
| Prepaid future port handling services (iii)                                   |       | 19,956                  | 22,226                  |
| Other long-term advance (iv)                                                  |       | 36,576                  | 25,698                  |
|                                                                               |       | 102,404                 | 185,097                 |
| Less current portion classified in "Prepaid expenses and advances"            | 5     | (19,030)                | (18,154)                |
|                                                                               |       | 83,374                  | 166,943                 |

(i) In May 2021, the Company entered into a construction agreement with Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN") and made advances to increase the transshipment capacity and support the Company's plans to increase production with the Phase II expansion project ("Phase II"). These advance payments of \$83,464 were reclassified during the year ended March 31, 2024, to property, plant and equipment as a right-of-use asset concurrent with the completion of the work and the availability of the related additional transshipment capacity.

(ii) In October 2017, the Company entered into a railway and stockyard facilities access agreement with SFPPN for the transportation, unloading, stockpiling and loading of iron ore concentrate from Sept-Îles to Pointe-Noire, Québec. In connection with the agreement, the Company makes annual payments of \$3,750 to SFPPN to cover the investments made at the time with respect to a portion of the infrastructure. Advance payments are amortized over the life of mine. As at March 31, 2024, the related advance payments amounted to \$13,229 (March 31, 2023: \$11,268).

In April 2021, the Company entered into an agreement to expand an existing long-term rail contract with a third-party railway services provider to accommodate the anticipated increased Phase II production volumes. Advance payments are recovered by means of a monthly credit per tonne hauled exceeding a predetermined tonnage. In connection with this agreement, the remaining advance payments totalled \$32,643 as at March 31, 2024 (March 31, 2023: \$42,441). The current portion of the railway transportation advance payments totalled \$15,305 as at March 31, 2024 (March 31, 2023: \$14,469) and is included under Prepaid expenses and advances in the consolidated statements of financial position.

(iii) Pursuant to the agreement between the Company and the Sept-Îles Port Authority ("Port"), the Company made an advance payment on its future shipping, wharfage and equipment fees. Advance payments totalled \$19,956 as at March 31, 2024 (March 31, 2023: \$22,226) and are recovered by means of a monthly credit per tonne sold. The current portion of the port advances totalled \$3,725 as at March 31, 2024 (March 31, 2023: \$3,685) and is included under Prepaid expenses and advances in the consolidated statements of financial position.

(iv) The other long-term advance totalled \$36,576 as at March 31, 2024 (March 31, 2023: \$25,698) and relates to amounts paid to SFPPN annually which are recoverable from SFPPN under the guarantee access agreement if certain conditions are met. It also includes advance payments for major replacement parts, transshipment and rail assets improvement expenditures incurred by SFPPN, which are amortized in the cost of sales based on the expected useful life of the assets.

The increase in advance payments related to transshipment infrastructure and capital maintenance expenditures is presented under the investing activities in the consolidated statements of cash flows. For the year ended March 31, 2024, the increase in advance payments totalled \$13,683 (year ended March 31, 2023: \$30,001).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 9. Intangible Assets

|                                        | Port Access  | Software     | Total         |
|----------------------------------------|--------------|--------------|---------------|
| <b>Cost</b>                            |              |              |               |
| March 31, 2023                         | 3,513        | 13,222       | 16,735        |
| Additions                              | —            | 430          | 430           |
| Disposals                              | —            | (5,673)      | (5,673)       |
| <b>March 31, 2024</b>                  | <b>3,513</b> | <b>7,979</b> | <b>11,492</b> |
| <b>Accumulated depreciation</b>        |              |              |               |
| March 31, 2023                         | 61           | 8,808        | 8,869         |
| Depreciation                           | 182          | 2,942        | 3,124         |
| Disposals                              | —            | (5,673)      | (5,673)       |
| <b>March 31, 2024</b>                  | <b>243</b>   | <b>6,077</b> | <b>6,320</b>  |
| <b>Net book value - March 31, 2024</b> | <b>3,270</b> | <b>1,902</b> | <b>5,172</b>  |

|                                        | Port Access  | Software     | Total        |
|----------------------------------------|--------------|--------------|--------------|
| <b>Cost</b>                            |              |              |              |
| March 31, 2022                         | 3,513        | 10,767       | 14,280       |
| Additions                              | —            | 2,455        | 2,455        |
| March 31, 2023                         | 3,513        | 13,222       | 16,735       |
| <b>Accumulated depreciation</b>        |              |              |              |
| March 31, 2022                         | —            | 5,735        | 5,735        |
| Depreciation                           | 61           | 3,073        | 3,134        |
| March 31, 2023                         | 61           | 8,808        | 8,869        |
| <b>Net book value - March 31, 2023</b> | <b>3,452</b> | <b>4,414</b> | <b>7,866</b> |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 10. Property, Plant and Equipment

|                                        | Mining and Processing Equipment | Locomotives, Railcars and Rails | Tailings Dikes | Assets under Construction (i)(ii) | Mining Development and Stripping Asset (iii) | Asset Rehabilitation Obligation and Other | Subtotal         | Right-of-use Assets | Total            |
|----------------------------------------|---------------------------------|---------------------------------|----------------|-----------------------------------|----------------------------------------------|-------------------------------------------|------------------|---------------------|------------------|
| <b>Cost</b>                            |                                 |                                 |                |                                   |                                              |                                           |                  |                     |                  |
| March 31, 2023                         | 825,883                         | 64,739                          | 202,142        | 29,264                            | 132,355                                      | 124,363                                   | 1,378,746        | 97,962              | 1,476,708        |
| Additions                              | 56,253                          | —                               | —              | 237,945                           | 23,561                                       | 2,033                                     | 319,792          | 114,285             | 434,077          |
| Disposals and lease termination        | (27,564)                        | —                               | —              | —                                 | —                                            | (1,100)                                   | (28,664)         | (11,881)            | (40,545)         |
| Transfers                              | 26,030                          | —                               | 83,316         | (113,701)                         | —                                            | 4,355                                     | —                | —                   | —                |
| Foreign exchange and other             | —                               | 58                              | —              | —                                 | —                                            | (4,797)                                   | (4,739)          | —                   | (4,739)          |
| <b>March 31, 2024</b>                  | <b>880,602</b>                  | <b>64,797</b>                   | <b>285,458</b> | <b>153,508</b>                    | <b>155,916</b>                               | <b>124,854</b>                            | <b>1,665,135</b> | <b>200,366</b>      | <b>1,865,501</b> |
| <b>Accumulated depreciation</b>        |                                 |                                 |                |                                   |                                              |                                           |                  |                     |                  |
| March 31, 2023                         | 100,085                         | 12,175                          | 21,790         | —                                 | 60,340                                       | 10,220                                    | 204,610          | 10,130              | 214,740          |
| Depreciation                           | 84,656                          | 2,814                           | 12,153         | —                                 | 14,414                                       | 5,970                                     | 120,007          | 14,488              | 134,495          |
| Disposals and lease termination        | (25,155)                        | —                               | —              | —                                 | —                                            | (191)                                     | (25,346)         | (4,373)             | (29,719)         |
| Foreign exchange and other             | —                               | 24                              | —              | —                                 | —                                            | —                                         | 24               | —                   | 24               |
| <b>March 31, 2024</b>                  | <b>159,586</b>                  | <b>15,013</b>                   | <b>33,943</b>  | <b>—</b>                          | <b>74,754</b>                                | <b>15,999</b>                             | <b>299,295</b>   | <b>20,245</b>       | <b>319,540</b>   |
| <b>Net book value - March 31, 2024</b> | <b>721,016</b>                  | <b>49,784</b>                   | <b>251,515</b> | <b>153,508</b>                    | <b>81,162</b>                                | <b>108,855</b>                            | <b>1,365,840</b> | <b>180,121</b>      | <b>1,545,961</b> |

|                                        | Mining and Processing Equipment | Locomotives, Railcars and Rails | Tailings Dikes | Assets under Construction (i)(ii)(iv) | Mining Development and Stripping Asset (iii) | Asset Rehabilitation Obligation and Other | Subtotal         | Right-of-use Assets | Total            |
|----------------------------------------|---------------------------------|---------------------------------|----------------|---------------------------------------|----------------------------------------------|-------------------------------------------|------------------|---------------------|------------------|
| <b>Cost</b>                            |                                 |                                 |                |                                       |                                              |                                           |                  |                     |                  |
| March 31, 2022                         | 222,915                         | 54,476                          | 143,932        | 531,785                               | 111,965                                      | 73,139                                    | 1,138,212        | 66,368              | 1,204,580        |
| Additions                              | 94,316                          | —                               | —              | 162,203                               | 20,390                                       | 12,613                                    | 289,522          | 34,819              | 324,341          |
| Disposals and lease termination        | (41,959)                        | —                               | —              | —                                     | —                                            | (551)                                     | (42,510)         | (3,225)             | (45,735)         |
| Transfers                              | 550,611                         | 6,725                           | 58,210         | (664,724)                             | —                                            | 49,178                                    | —                | —                   | —                |
| Foreign exchange and other             | —                               | 3,538                           | —              | —                                     | —                                            | (10,016)                                  | (6,478)          | —                   | (6,478)          |
| March 31, 2023                         | 825,883                         | 64,739                          | 202,142        | 29,264                                | 132,355                                      | 124,363                                   | 1,378,746        | 97,962              | 1,476,708        |
| <b>Accumulated depreciation</b>        |                                 |                                 |                |                                       |                                              |                                           |                  |                     |                  |
| March 31, 2022                         | 89,760                          | 8,891                           | 13,637         | —                                     | 10,780                                       | 6,436                                     | 129,504          | 5,046               | 134,550          |
| Depreciation                           | 51,793                          | 2,524                           | 8,153          | —                                     | 49,560                                       | 4,002                                     | 116,032          | 8,073               | 124,105          |
| Disposals and lease termination        | (41,468)                        | —                               | —              | —                                     | —                                            | (218)                                     | (41,686)         | (2,989)             | (44,675)         |
| Foreign exchange and other             | —                               | 760                             | —              | —                                     | —                                            | —                                         | 760              | —                   | 760              |
| March 31, 2023                         | 100,085                         | 12,175                          | 21,790         | —                                     | 60,340                                       | 10,220                                    | 204,610          | 10,130              | 214,740          |
| <b>Net book value - March 31, 2023</b> | <b>725,798</b>                  | <b>52,564</b>                   | <b>180,352</b> | <b>29,264</b>                         | <b>72,015</b>                                | <b>114,143</b>                            | <b>1,174,136</b> | <b>87,832</b>       | <b>1,261,968</b> |

- (i) During the development period of the DRPF Project, the amount of borrowing costs capitalized for the year ended March 31, 2024 was \$2,818 (year ended March 31, 2023: \$14,367, during the development period of the Bloom Lake Phase II expansion project). Borrowing costs consisted of interest expense and the amortization of transaction costs on the long-term debt. Refer to note 14 — Long-Term Debt.

The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the year ended March 31, 2024 was 7.6% (year ended March 31, 2023: 5.0%).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 10. Property, Plant and Equipment (continued)

- (ii) The Company qualified for a government grant up to \$21,817, payable in multiple advances, in relation to energy consumption reduction initiatives under certain conditions. The Company must reach gas emission reduction targets over a period of 10 years and must complete the construction before August 5, 2025. The grant was recognized as a reduction of property, plant and equipment. As at March 31, 2024, the Company has completed the construction. Additions to property, plant and equipment for the year ended March 31, 2024 are net of government grants of \$663; and a total grant of \$2,543 was receivable as at March 31, 2024 (year ended March 31, 2023: \$8,972 were recognized as grants and \$7,075 was receivable as at March 31, 2023). Refer to note 4 – Receivables.
- (iii) During the year ended March 31, 2024, the addition to the stripping asset includes: i) production expenses capitalized amounting to \$2,459 (year ended March 31, 2023: \$6,873) and ii) allocated depreciation of property, plant and equipment amounting to \$440 (year ended March 31, 2023: \$1,089).
- (iv) In December 2022, the Company declared commercial production at the Bloom Lake Phase II plant. Consequently, Phase II assets were reclassified from assets under construction to other categories under property, plant and equipment. Those assets also started to be depreciated in December 2022.

Right-of-use assets consist of the following:

|                       | Building     | Transshipment infrastructure | Mining and Processing Equipment | Locomotives, Railcars and Rails | Other        | Total          |
|-----------------------|--------------|------------------------------|---------------------------------|---------------------------------|--------------|----------------|
| March 31, 2023        | 8,696        | —                            | 14,681                          | 64,455                          | —            | 87,832         |
| Additions             | 128          | 99,443                       | 3,394                           | 8,927                           | 2,393        | 114,285        |
| Lease termination     | —            | —                            | (7,508)                         | —                               | —            | (7,508)        |
| Depreciation          | (575)        | (3,742)                      | (6,353)                         | (3,270)                         | (548)        | (14,488)       |
| <b>March 31, 2024</b> | <b>8,249</b> | <b>95,701</b>                | <b>4,214</b>                    | <b>70,112</b>                   | <b>1,845</b> | <b>180,121</b> |

|                   | Building | Transshipment infrastructure | Mining and Processing Equipment | Locomotives, Railcars and Rails | Other | Total   |
|-------------------|----------|------------------------------|---------------------------------|---------------------------------|-------|---------|
| March 31, 2022    | 93       | —                            | 2,506                           | 58,723                          | —     | 61,322  |
| Additions         | 8,860    | —                            | 17,220                          | 8,739                           | —     | 34,819  |
| Lease termination | —        | —                            | (236)                           | —                               | —     | (236)   |
| Depreciation      | (257)    | —                            | (4,809)                         | (3,007)                         | —     | (8,073) |
| March 31, 2023    | 8,696    | —                            | 14,681                          | 64,455                          | —     | 87,832  |

Additions to right-of-use assets for the year ended March 31, 2024 included \$99,443 related to additional transshipment capacity, of which \$83,464 was financed by advance payments (refer to note 8 - Advance Payments) and \$15,979 was included in trade payable and accrued liabilities in the consolidated statements of financial position. Additions for the year ended March 31, 2024 also include \$8,927 for additional locomotives and associated remote operating system, paid in part by credits resulting from overpaid monthly services and classified as prepaid expenses.

Refer to note 15 — Lease Liabilities for more details.

### 11. Exploration and Evaluation Assets

|                       | Labrador Trough | Newfoundland | Total          |
|-----------------------|-----------------|--------------|----------------|
| March 31, 2023        | 113,002         | 4,125        | 117,127        |
| Additions             | 14,273          | 427          | 14,700         |
| <b>March 31, 2024</b> | <b>127,275</b>  | <b>4,552</b> | <b>131,827</b> |

|                | Labrador Trough | Newfoundland | Total   |
|----------------|-----------------|--------------|---------|
| March 31, 2022 | 104,636         | 3,174        | 107,810 |
| Additions      | 8,366           | 951          | 9,317   |
| March 31, 2023 | 113,002         | 4,125        | 117,127 |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 11. Exploration and Evaluation Assets (continued)

Exploration and evaluation assets mainly comprise acquisition of mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Exploration and evaluation assets also include the costs of activities related to evaluating the technical feasibility and commercial viability of extracting mineral resources.

### 12. Other Non-Current Assets

|                                                 |      | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-------------------------------------------------|------|-------------------------|-------------------------|
|                                                 | Note |                         |                         |
| Transaction costs related to revolving facility | 14   | 7,829                   | 8,595                   |
| Other                                           |      | 760                     | —                       |
|                                                 |      | 8,589                   | 8,595                   |

Transaction costs are amortized on a straight-line basis over the term of the revolving facility. During the year ended March 31, 2024, \$1,755 of transaction costs associated with the revolving facility were recorded in Other non-current assets following the refinancing of the debt.

### 13. Accounts Payable and Other

|                                            |       | As at March 31,<br>2024 | As at March 31,<br>2023 |
|--------------------------------------------|-------|-------------------------|-------------------------|
|                                            | Notes |                         |                         |
| Trade payable and accrued liabilities      |       | 203,026                 | 135,318                 |
| Wages and benefits                         |       | 37,477                  | 20,711                  |
| Cash-settled share-based payment liability | 17    | 4,946                   | 9,138                   |
| Current portion of lease liabilities       | 15    | 6,329                   | 13,411                  |
|                                            |       | 251,778                 | 178,578                 |

For information about the Company's exposure to liquidity risk, refer to note 26 — Financial Instruments.

### 14. Long-Term Debt

|                      | Interest Rate (i)     | Maturity                  | As at March 31,<br>2024 | As at March 31,<br>2023 |
|----------------------|-----------------------|---------------------------|-------------------------|-------------------------|
| Term Loan            | SOFR + 2.25% to 3.25% | November 29, 2028         | 308,843                 | —                       |
| Revolving Facility   | SOFR + 2.00% to 3.00% | November 29, 2027         | —                       | 243,593                 |
| IQ Loan              | 3.70%                 | April 1, 2032             | 50,668                  | 55,369                  |
| FTQ Loan             | 7.75%                 | May 21, 2028              | 73,816                  | 73,537                  |
| CAT Financing (ii)   | SOFR + 3.25%          | July 2024 to October 2029 | 106,101                 | 102,782                 |
|                      |                       |                           | 539,428                 | 475,281                 |
| Less current portion |                       |                           | (31,061)                | (27,080)                |
|                      |                       |                           | 508,367                 | 448,201                 |

(i) The interest rate of the Term Loan, the Revolving Facility and the CAT Financing is based on Secured Overnight Financing Rate ("SOFR"), plus a credit spread adjustment and a financial margin. For the Term Loan and the Revolving Facility, the financial margin fluctuates depending on the net debt to EBITDA ratio.

(ii) The CAT Financing matures between 3 and 6 years depending on the equipment.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 14. Long-Term Debt (continued)

|                                                 | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-------------------------------------------------|-------------------------|-------------------------|
| Face value of long-term debt                    | 552,173                 | 487,654                 |
| Unamortized transaction costs and other         | (12,745)                | (12,373)                |
| <b>Long-term debt, net of transaction costs</b> | <b>539,428</b>          | <b>475,281</b>          |

The Senior Credit Facilities, FTQ Loan and the CAT Financing are subject to operational and financial covenants, all of which have been met as at March 31, 2024. The undrawn portion of the Senior Credit Facilities, FTQ Loan and the CAT Financing is subject to standby commitment fees varying from 0.35% to 0.75%.

#### Senior Credit Facilities

On May 24, 2022, the Company refinanced the US\$350,000,000 non-revolving credit facility and the US\$50,000,000 revolving credit facility with a US\$400,000,000 general purpose revolving facility (the "Revolving Facility") with various lenders, maturing on May 24, 2026. Transaction costs of \$3,903 were incurred for this refinancing. The Company reclassified the unamortized transaction costs on the Revolving Facility at the modification date under Assets in the consolidated statements of financial position. Refer to note 12 — Other Non-Current Assets.

On November 29, 2023, the Company completed a new \$310,661 (US\$230,000,000) five-year term loan and extended the maturity of the existing US\$400,000,000 Revolving Facility to November 2027 (collectively the "Senior Credit Facilities"), with the same syndicate of lenders. The Company used the proceeds from the term loan to repay the \$243,125 (US\$180,000,000) Revolving Facility outstanding balance, at the transaction date.

Given that the Revolving Facility was extended with substantially the same terms, the Company treated the refinancing as a non-substantial modification. Total transaction costs of \$4,801 were incurred for this refinancing, of which \$1,755 associated with the revolving facility was recorded in Other non-current assets, and \$3,046 associated with the term loan were presented as a reduction of the Long-term debt.

For the year ended March 31, 2024, the weighted average interest rate was 7.58% (year ended March 31, 2023: 5.16%).

As at March 31, 2024, the undrawn portion of the revolving facility totalled US\$400,000,000. The Senior Credit Facilities could be repaid at anytime at the discretion of the Company. The Term Loan will be payable quarterly starting in June 2026, with mandatory additional repayments in the event of excess cash flow, based on EBITDA calculation and limited to US\$60,000,000 per year.

Collaterals are comprised of 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.

#### IQ Loan

On July 21, 2021, QIO entered into an unsecured loan agreement with Investissement Québec ("IQ Loan") to finance the Company's share of the increase in transshipment capacity by SFPPN for an amount up to \$70,000. The repayment commenced on April 1, 2022 in ten equal annual installments of the principal balance outstanding. The agreement comprises an option to prepay the loan at any time without penalty.

The IQ Loan was determined to be at below-market rate. The fair value of the total advances of \$70,000 was estimated at \$59,386 and was determined based on the prevailing market interest rate for a similar instrument at the time the advances were made. The residual amount of \$10,614 was recognized as a government grant and presented as a deferred grant in the consolidated statements of financial position. The deferred grant is amortized straight-line over the loan maturity starting in September 2023 when SFPPN's new infrastructure became available for use. The remaining deferred grant as at March 31, 2024 totalled \$9,797 (March 31, 2023: \$10,614).

During the year ended March 31, 2024, the Company repaid \$6,400 of the IQ Loan. The remaining balance was \$57,600 as at March 31, 2024 (March 31, 2023: \$64,000).

#### FTQ Loan

On May 21, 2021, QIO entered into an unsecured loan agreement with Fonds de Solidarité des Travailleurs du Québec ("FTQ Loan") to fund the completion of Phase II and for general purposes after the completion of Phase II for an amount up to \$75,000. The FTQ Loan includes an option to prepay in whole or in part at any time, but not prior to the second anniversary by paying a premium that varies from 2% to 6% based on the prepayment date. The remaining balance was \$75,000 as at March 31, 2024 (March 31, 2023: \$75,000).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 14. Long-Term Debt (continued)

#### CAT Financing

On April 1, 2021, the Company signed an agreement with Caterpillar Financial Services Limited ("CAT Financing") to finance Phase II mining equipment for a facility of up to US\$75,000,000 and available until March 31, 2023. In January 2023, the undrawn portion of the facility was increased by US\$50,000,000 with the availability period extended to March 31, 2024. Transaction costs of \$703 were incurred for this increase.

During the year ended March 31, 2024, the Company drew \$27,259 (US\$20,073,000) and repaid \$24,267 (US\$18,056,000), resulting in a balance of \$107,926 (US\$79,650,000) as at March 31, 2024 (March 31, 2023: \$105,061 (US\$77,633,000)). The CAT Financing includes an option to prepay the loan without penalty at any time and is collateralized by all of the financed equipment. The carrying value of the financed equipment was \$102,922 as at March 31, 2024 (March 31, 2023: \$101,650).

For the year ended March 31, 2024, the weighted average interest rate was 8.50% (year ended March 31, 2023: 6.38%).

### 15. Lease Liabilities

|                                                                 | Notes     | Year Ended March 31, |          |
|-----------------------------------------------------------------|-----------|----------------------|----------|
|                                                                 |           | 2024                 | 2023     |
| <b>Opening balance</b>                                          |           | <b>86,841</b>        | 53,979   |
| New lease liabilities                                           |           | <b>5,915</b>         | 34,493   |
| Capital payments                                                |           | <b>(12,409)</b>      | (9,610)  |
| Interest expense                                                | <b>22</b> | <b>3,987</b>         | 3,606    |
| Lease termination                                               |           | <b>(7,439)</b>       | (236)    |
| Foreign exchange loss                                           |           | <b>83</b>            | 4,609    |
|                                                                 |           | <b>76,978</b>        | 86,841   |
| Less current portion classified in "Accounts payable and other" | <b>13</b> | <b>(6,329)</b>       | (13,411) |
| <b>Ending balance</b>                                           |           | <b>70,649</b>        | 73,430   |

During the year ended March 31, 2024, new lease liabilities were discounted using an average incremental borrowing rate of 6.7% (year ended March 31, 2023: 5.1%).

Lease liabilities include a master lease agreement for 450 railcars for a term of 20 years to support the Phase II production volume. This railcar lease liability is guaranteed by Champion and QIO is not subject to any financial covenants under the master lease agreement and cannot assign or sublease any railcars.

The expenses related to short-term leases, low-value leases and variable leases were \$103, \$1,285 and \$5,437, respectively, for the year ended March 31, 2024 (March 31, 2023: \$792, \$609 and \$5,565, respectively). These expenses were included in Cost of sales. The total cash outflow for leases was \$19,234 for the year ended March 31, 2024 (March 31, 2023: \$16,576).

### 16. Rehabilitation Obligation

|                                                                   | Note      | Year Ended March 31, |          |
|-------------------------------------------------------------------|-----------|----------------------|----------|
|                                                                   |           | 2024                 | 2023     |
| <b>Opening balance</b>                                            |           | <b>85,508</b>        | 86,021   |
| Increase due to the reassessment of the rehabilitation obligation |           | <b>2,588</b>         | 8,649    |
| Accretion expense                                                 | <b>22</b> | <b>1,294</b>         | 854      |
| Effect of change in discount rate                                 |           | <b>(4,797)</b>       | (10,016) |
| <b>Ending balance</b>                                             |           | <b>84,593</b>        | 85,508   |

The accretion of the 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 1.50% as at March 31, 2024 (March 31, 2023: 1.34%). The undiscounted amount related to the rehabilitation obligation is estimated at \$107,489 as at March 31, 2024 (March 31, 2023: \$104,358).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 17. 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 shares

|                                                                       | Year Ended March 31, |                |
|-----------------------------------------------------------------------|----------------------|----------------|
|                                                                       | 2024                 | 2023           |
|                                                                       | (in thousands)       | (in thousands) |
| <b>Opening balance</b>                                                | <b>517,193</b>       | 516,612        |
| Shares issued for exercise of options - incentive plan                | <b>1,050</b>         | 300            |
| Shares issued for release of performance share units - incentive plan | <b>161</b>           | —              |
| Shares issued for exercise of warrants                                | <b>—</b>             | 281            |
| Shares cancelled                                                      | <b>(333)</b>         | —              |
| <b>Ending balance</b>                                                 | <b>518,071</b>       | 517,193        |

#### c) Dividends

The following table details the dividends declared and paid on the Company's ordinary shares:

| Results<br>Period | Montréal<br>Declaration Date | Payment<br>Date   | Amount<br>per Share | Year Ended March 31, |         |
|-------------------|------------------------------|-------------------|---------------------|----------------------|---------|
|                   |                              |                   |                     | 2024                 | 2023    |
| Final - Mar-23    | May 30, 2023                 | July 5, 2023      | 0.10                | <b>51,686</b>        | —       |
| Interim - Sep-23  | October 25, 2023             | November 28, 2023 | 0.10                | <b>51,762</b>        | —       |
| Final - Mar-22    | May 25, 2022                 | June 28, 2022     | 0.10                | —                    | 51,658  |
| Interim - Sep-22  | October 26, 2022             | November 29, 2022 | 0.10                | —                    | 51,686  |
|                   |                              |                   |                     | <b>103,448</b>       | 103,344 |

#### 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 the alignment of interests between such employees and the shareholders of the Company. Under the Omnibus incentive plan, the Company grants stock option awards, RSU awards, PSU awards and DSU awards. If and when cash dividends are paid, the holders of RSUs, PSUs and DSUs are entitled to receive a dividend equivalent.

Stock option and RSU awards vest annually in three equal tranches from the date of grant. PSU awards vest i) at the end of three years from the date of grant or ii) over a 34-month period for Phase II construction. Vesting is subject to key performance indicators established by the Board. A portion of the PSUs granted with performance criteria based on Phase II milestones is settled in cash. DSU awards vest at the date of grant. The cash consideration for awards settled through cash payment is included in accounts payable and other under the changes in non-cash operating working capital in the consolidated statements of cash flows.

As at March 31, 2024, the Company is authorized to issue 51,807,000 stock options and share rights (March 31, 2023: 51,719,000) equal to 10% (March 31, 2023: 10%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 17. Share Capital and Reserves (continued)

#### d) Share-based payments (continued)

The following table summarizes the share-based payments expense:

|              | Year Ended March 31, |              |
|--------------|----------------------|--------------|
|              | 2024                 | 2023         |
| Stock option | —                    | 403          |
| RSU          | 3,057                | 1,675        |
| PSU          | 3,987                | 6,236        |
| DSU          | 411                  | 348          |
|              | <b>7,455</b>         | <b>8,662</b> |

For the year ended March 31, 2024, the amount recognized as share-based payments related to equity-settled awards was a net recovery of \$1,115 (year ended March 31, 2023: share-based payment expense of \$1,935). The recovery was mainly related to the previously equity-settled awards granted to the Chief Executive Officer that were ultimately settled in cash, following Board approval, resulting in a reversal of the equity-settled share-based payment expense during the year ended March 31, 2024.

For the year ended March 31, 2024, the amount recognized as share-based payment related to cash-settled awards was an expense of \$8,570 (year ended March 31, 2023: share-based payment expense of \$6,727).

The following table summarizes the carrying amount of the Company's cash-settled share-based payment liability in the consolidated statements of financial position for PSUs, RSUs and DSUs.

|                             | As at March 31, | As at March 31, |
|-----------------------------|-----------------|-----------------|
|                             | 2024            | 2023            |
| Accounts payable and other  | 4,946           | 9,138           |
| Other long-term liabilities | 10,576          | 8,234           |
|                             | <b>15,522</b>   | <b>17,372</b>   |

#### e) Stock options

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

|                                              | Year Ended March 31,                         |                                       |                                              |                                       |
|----------------------------------------------|----------------------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|
|                                              | 2024                                         |                                       | 2023                                         |                                       |
|                                              | Number of<br>Stock Options<br>(in thousands) | Weighted<br>Average<br>Exercise Price | Number of<br>Stock Options<br>(in thousands) | Weighted<br>Average<br>Exercise Price |
| <b>Opening balance</b>                       | <b>1,200</b>                                 | <b>5.00</b>                           | 1,500                                        | 5.00                                  |
| Exercised                                    | (1,050)                                      | 5.00                                  | (300)                                        | 5.00                                  |
| <b>Ending balance</b>                        | <b>150</b>                                   | <b>5.00</b>                           | 1,200                                        | 5.00                                  |
| <b>Options exercisable - end of the year</b> | <b>150</b>                                   | <b>5.00</b>                           | 1,200                                        | 5.00                                  |

During the year ended March 31, 2024, no stock options were granted and a total of 1,050,000 stock options were exercised at a weighted average share price at the exercise date of \$6.82 (year ended March 31, 2023: no grant and exercise of 300,000 stock options at \$6.84).

The weighted average remaining life for the 150,000 stock options exercisable as at March 31, 2024, was 0.85 year.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 17. Share Capital and Reserves [continued]

#### f) Restricted share units

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

|                                 | Year Ended March 31, |                              |                |                              |
|---------------------------------|----------------------|------------------------------|----------------|------------------------------|
|                                 | 2024                 |                              | 2023           |                              |
|                                 | Number of RSUs       | Weighted Average Share Price | Number of RSUs | Weighted Average Share Price |
|                                 | (in thousands)       |                              | (in thousands) |                              |
| <b>Opening balance</b>          | <b>1,115</b>         | <b>5.08</b>                  | 1,142          | 3.37                         |
| Granted                         | 804                  | 5.06                         | 488            | 6.31                         |
| Dividend equivalents            | 43                   | 6.23                         | 39             | 5.33                         |
| Settled through cash payment    | (382)                | 2.94                         | (535)          | 2.50                         |
| Forfeited                       | (70)                 | 5.68                         | (19)           | 6.71                         |
| <b>Ending balance</b>           | <b>1,510</b>         | <b>5.62</b>                  | 1,115          | 5.08                         |
| <b>Vested - end of the year</b> | <b>341</b>           | <b>6.17</b>                  | 326            | 3.58                         |

During the year ended March 31, 2024, 804,000 RSUs were granted to key management personnel (year ended March 31, 2023: 488,000 RSUs).

During the year ended March 31, 2024, 382,000 RSUs were settled in exchange for cash consideration based on a share price of \$5.61 (year ended March 31, 2023: 535,000 RSUs settled based on a share price of \$6.88).

#### g) Performance share units

The Company assesses each reporting period if performance criteria on share-based units will be achieved in measuring the share-based payments. The actual share-based payment and the period over which the expense is being recognized may vary from the estimate.

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

|                                                  | Year Ended March 31, |                              |                |                              |
|--------------------------------------------------|----------------------|------------------------------|----------------|------------------------------|
|                                                  | 2024                 |                              | 2023           |                              |
|                                                  | Number of PSUs       | Weighted Average Share Price | Number of PSUs | Weighted Average Share Price |
|                                                  | (in thousands)       |                              | (in thousands) |                              |
| <b>Opening balance</b>                           | <b>2,581</b>         | <b>5.59</b>                  | 2,842          | 4.55                         |
| Granted                                          | 1,206                | 5.06                         | 610            | 6.89                         |
| Dividend equivalents                             | 86                   | 6.07                         | 100            | 5.39                         |
| Settled through cash payment                     | (1,108)              | 4.47                         | (769)          | 2.51                         |
| Forfeited                                        | (208)                | 5.97                         | (202)          | 7.02                         |
| Released through the issuance of ordinary shares | (161)                | 6.16                         | —              | —                            |
| Withheld as payment of withholding taxes         | (184)                | 6.16                         | —              | —                            |
| <b>Ending balance</b>                            | <b>2,212</b>         | <b>5.74</b>                  | 2,581          | 5.59                         |
| <b>Vested - end of the year</b>                  | <b>—</b>             | <b>—</b>                     | —              | —                            |

During the year ended March 31, 2024, 1,206,000 PSUs were granted to key management personnel (year ended March 31, 2023: 610,000 PSUs) and 161,000 ordinary shares were issued at a weighted average share price at the release date of \$5.82. Withholding taxes of \$1,071 were paid pursuant to the issuance of these aforementioned ordinary shares resulting in the Company not issuing an additional 184,000 PSUs.

During the year ended March 31, 2024, 1,108,000 PSUs were settled in exchange for cash consideration based on a share price of \$5.71 (year ended March 31, 2023: 769,000 PSUs settled based on a share price of \$6.88).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 17. Share Capital and Reserves [continued]

#### h) Deferred share units

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

|                                   | Year Ended March 31, |                                    |                   |                                    |
|-----------------------------------|----------------------|------------------------------------|-------------------|------------------------------------|
|                                   | 2024                 |                                    | 2023              |                                    |
|                                   | Number of<br>DSUs    | Weighted<br>Average<br>Share Price | Number of<br>DSUs | Weighted<br>Average<br>Share Price |
|                                   | (in thousands)       |                                    | (in thousands)    |                                    |
| <b>Opening balance</b>            | <b>366</b>           | <b>3.97</b>                        | 285               | 3.56                               |
| Granted                           | 86                   | 6.21                               | 69                | 5.40                               |
| Dividend equivalents              | 11                   | 6.27                               | 12                | 5.56                               |
| Settled through cash payment      | (125)                | 3.66                               | —                 | —                                  |
| Forfeited                         | (2)                  | 6.06                               | —                 | —                                  |
| <b>Ending balance</b>             | <b>336</b>           | <b>4.72</b>                        | 366               | 3.97                               |
| <b>Vested - end of the period</b> | <b>336</b>           | <b>4.72</b>                        | 366               | 3.97                               |

During the year ended March 31, 2024, 125,000 DSUs were settled in exchange for cash consideration based on a share price of \$5.24 (year ended March 31, 2023: nil).

#### i) Warrants

The following table details the warrant activities:

|                        | Year Ended March 31,  |                                       |                       |                                       |
|------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
|                        | 2024                  |                                       | 2023                  |                                       |
|                        | Number of<br>Warrants | Weighted<br>Average<br>Exercise Price | Number of<br>Warrants | Weighted<br>Average<br>Exercise Price |
|                        | (in thousands)        |                                       | (in thousands)        |                                       |
| <b>Opening balance</b> | <b>15,000</b>         | <b>2.45</b>                           | 15,281                | 2.43                                  |
| Exercised              | —                     | —                                     | (281)                 | 1.13                                  |
| <b>Ending balance</b>  | <b>15,000</b>         | <b>2.45</b>                           | 15,000                | 2.45                                  |

During the year ended March 31, 2024, no warrants were exercised (year ended March 31, 2023: 281,000 warrants at a weighted average exercise price of \$1.13).

The Company's outstanding and exercisable warrants as at March 31, 2024 and 2023 is presented below:

| Exercise Price | Expiry Date     | Outstanding and Exercisable |                 |
|----------------|-----------------|-----------------------------|-----------------|
|                |                 | As at March 31,             | As at March 31, |
|                |                 | 2024                        | 2023            |
|                |                 | (in thousands)              | (in thousands)  |
| \$2.45         | August 16, 2026 | 15,000                      | 15,000          |

All ordinary share warrants were classified as equity instruments.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 18. Revenues

|                                 | Year Ended March 31, |           |
|---------------------------------|----------------------|-----------|
|                                 | 2024                 | 2023      |
| Iron ore revenue                | 1,584,549            | 1,422,567 |
| Provisional pricing adjustments | (60,255)             | (27,479)  |
|                                 | 1,524,294            | 1,395,088 |

Quarterly provisional pricing adjustments represent subsequent changes to revenue attributable to iron ore concentrate sold in prior quarters based on the final settlement price. Annual provisional pricing adjustments represent the sum of the four quarterly provisional pricing adjustments. As at March 31, 2024, 1.8 million tonnes of iron ore sales remained subject to provisional pricing, with the final price to be determined in the subsequent reporting periods (March 31, 2023: 2.0 million tonnes).

### 19. Cost of Sales

|                                       | Year Ended March 31, |          |
|---------------------------------------|----------------------|----------|
|                                       | 2024                 | 2023     |
| Mining and processing costs           | 684,658              | 551,378  |
| Change in concentrate inventories     | (108,401)            | (19,261) |
| Land transportation and port handling | 307,765              | 250,341  |
| Incremental costs related to COVID-19 | —                    | 1,145    |
| Bloom Lake Phase II start-up costs    | —                    | 39,159   |
|                                       | 884,022              | 822,762  |

For the year ended March 31, 2024, the amount recognized as an expense for defined contribution plans was \$13,735, of which \$12,028 was recorded in Cost of sales (year ended March 31, 2023: \$11,264, including \$10,010 in Costs of sales) and is included in mining and processing costs.

Bloom Lake Phase II start-up costs were pre-commercial expenses incurred after the commissioning of the facility, during the year ended March 31, 2023, and mainly included abnormal operational costs attributable to the facility not having reached the normalized level of output.

### 20. General and Administrative Expenses

|                                                | Year Ended March 31, |        |
|------------------------------------------------|----------------------|--------|
|                                                | 2024                 | 2023   |
| Salaries, benefits and other employee expenses | 26,124               | 20,484 |
| Insurance                                      | 11,118               | 9,735  |
| Other expenses                                 | 13,615               | 11,295 |
|                                                | 50,857               | 41,514 |

### 21. Sustainability and Other Community Expenses

|                                                | Year Ended March 31, |        |
|------------------------------------------------|----------------------|--------|
|                                                | 2024                 | 2023   |
| Property and school taxes                      | 7,325                | 7,116  |
| Impact and benefits agreement                  | 7,375                | 6,726  |
| Salaries, benefits and other employee expenses | 1,360                | 633    |
| Other expenses                                 | 1,778                | 3,458  |
|                                                | 17,838               | 17,933 |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 22. Net Finance Costs

|                                                                   | Year Ended March 31, |               |
|-------------------------------------------------------------------|----------------------|---------------|
|                                                                   | 2024                 | 2023          |
| Interest on long-term debt                                        | 35,009               | 10,482        |
| Amortization of transaction costs and accretion of long-term debt | 5,129                | 4,677         |
| Standby commitment fees on long-term debt                         | 2,049                | 2,177         |
| Interest expense on lease liabilities                             | 3,987                | 3,606         |
| Realized and unrealized foreign exchange loss                     | 855                  | 7,220         |
| Amortization of deferred grant                                    | (817)                | —             |
| Interest income                                                   | (14,444)             | (6,291)       |
| Accretion expense of rehabilitation obligation                    | 1,294                | 854           |
| Other finance costs                                               | 3,076                | 2,862         |
|                                                                   | <b>36,138</b>        | <b>25,587</b> |

During the development period of the DRPF Project and the Bloom Lake Phase II expansion project, borrowing costs were capitalized. Refer to note 10 - Property, Plant and Equipment.

### 23. Other Income (Expense)

|                                                 | Note | Year Ended March 31, |            |
|-------------------------------------------------|------|----------------------|------------|
|                                                 |      | 2024                 | 2023       |
| Write-off of non-current investment             | 26   | (2,744)              | —          |
| Change in fair value of non-current investments | 26   | 2,502                | 593        |
| Unrealized gain on derivative liabilities       |      | —                    | 176        |
| Net gain on non-financial assets                |      | —                    | 53         |
|                                                 |      | <b>(242)</b>         | <b>822</b> |

### 24. Income and Mining Taxes

#### a) Deferred tax assets and liabilities

|                                     | As at March 31,  |                  |
|-------------------------------------|------------------|------------------|
|                                     | 2024             | 2023             |
| Deferred tax assets                 | 62,648           | 54,904           |
| Deferred income tax liability       | (249,526)        | (199,152)        |
| Deferred mining tax liability       | (94,264)         | (71,479)         |
|                                     | <b>(343,790)</b> | <b>(270,631)</b> |
| <b>Net deferred tax liabilities</b> | <b>(281,142)</b> | <b>(215,727)</b> |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 24. Income and Mining Taxes (continued)

#### a) Deferred tax assets and liabilities (continued)

The movement in deferred tax assets 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 | Mining tax deduction and other | Total         |
|--------------------------------------------|----------------------------------|--------------------------------|---------------------------|-------------------|--------------------------------|---------------|
| As at March 31, 2022                       | 8,575                            | 1,952                          | 22,795                    | 143               | 15,911                         | 49,376        |
| Credited (charged) to statements of income | 877                              | (1,952)                        | (136)                     | (143)             | 6,882                          | 5,528         |
| <b>As at March 31, 2023</b>                | <b>9,452</b>                     | <b>—</b>                       | <b>22,659</b>             | <b>—</b>          | <b>22,793</b>                  | <b>54,904</b> |
| Credited (charged) to statements of income | 3,530                            | —                              | (242)                     | —                 | 4,456                          | 7,744         |
| <b>As at March 31, 2024</b>                | <b>12,982</b>                    | <b>—</b>                       | <b>22,417</b>             | <b>—</b>          | <b>27,249</b>                  | <b>62,648</b> |

The movement in deferred 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 March 31, 2022                       | 111,842                       | 48,355        | 7,734                             | 6,437        | 174,368        |
| Charged (credited) to statements of income | 74,511                        | 23,124        | 262                               | (1,634)      | 96,263         |
| <b>As at March 31, 2023</b>                | <b>186,353</b>                | <b>71,479</b> | <b>7,996</b>                      | <b>4,803</b> | <b>270,631</b> |
| Charged to statements of income            | 50,131                        | 22,785        | 95                                | 148          | 73,159         |
| <b>As at March 31, 2024</b>                | <b>236,484</b>                | <b>94,264</b> | <b>8,091</b>                      | <b>4,951</b> | <b>343,790</b> |

As at March 31, 2024, the Company had \$11,658 (March 31, 2023: \$8,648) of net deductible temporary differences, other than Canadian exploration expenses, cumulative Canadian development expenses and tax losses, for which no deferred tax assets have been recognized.

As at March 31, 2024, the Company had \$27,952 (March 31, 2023: \$18,230) of operating losses carried forward that were not recognized and that can be carried forward indefinitely against future taxable income. As at March 31, 2024, the Company also had \$67,279 (March 31, 2023: \$47,559) of operating losses that can be carried forward against future taxable income and that will expire from 2031 to 2044. Out of those losses, \$16,445 (March 31, 2023: \$11,786) were not recognized.

As at March 31, 2024, the Company had \$15,947 (March 31, 2023: \$21,752) of net capital losses that can be carried forward indefinitely against future capital gains. Out of those capital losses, \$15,947 (March 31, 2023: \$21,752) were not recognized.

As at March 31, 2024, the Company had cumulative Canadian exploration expenses of \$39,953 (March 31, 2023: \$35,339) and cumulative Canadian development expenses of \$38,589 (March 31, 2023: \$41,665) which may be carried forward indefinitely to reduce taxable income in future years. Out of those expenses, no amount was not recognized.

As at March 31, 2024, the Company had \$1,778 (March 31, 2023: \$1,778) of unrecognized investment tax credit that can be carried forward against future income tax payable and that will expire from 2033 to 2035.

As at March 31, 2024, the Company had \$1,205,487 (March 31, 2023: \$1,058,744) of taxable temporary differences related to investments in subsidiaries for which a deferred tax liability was partially recorded for an amount of \$2,750 (March 31, 2023: \$2,750). The deferred tax liabilities related to the remaining balance were not recognized as the Company controls the decisions affecting the realization of such liabilities and does not expect this temporary difference to be reversed in the foreseeable future. Upon distribution of these earnings in the form of dividends or otherwise, the Corporation may be subject to income taxes and/or withholding taxes.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 24. Income and Mining Taxes (continued)

#### b) Tax expense

The tax expense is applicable as follows:

|                                              | Year Ended March 31, |                |
|----------------------------------------------|----------------------|----------------|
|                                              | 2024                 | 2023           |
| <b>Current income and mining taxes</b>       |                      |                |
| Current income tax on profits for the year   | 51,141               | 24,146         |
| Current mining tax on profits for the year   | 42,080               | 30,957         |
|                                              | 93,221               | 55,103         |
| <b>Deferred income and mining taxes</b>      |                      |                |
| Deferred income tax for the year             | 42,630               | 67,613         |
| Deferred mining tax for the year             | 22,785               | 23,122         |
|                                              | 65,415               | 90,735         |
| <b>Total income and mining taxes expense</b> | <b>158,636</b>       | <b>145,838</b> |

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

|                                                                 | Year Ended March 31, |                |                |                |
|-----------------------------------------------------------------|----------------------|----------------|----------------|----------------|
|                                                                 | 2024                 |                | 2023           |                |
|                                                                 | Amount               | %              | Amount         | %              |
| <b>Income before income and mining taxes</b>                    | <b>392,827</b>       |                | 346,545        |                |
| Canadian combined income tax rate for Champion                  | 26.50                | %              |                | 26.50 %        |
| Expected income tax calculated at Canadian combined tax rate    | 104,099              |                | 91,834         |                |
| Increase (decrease) resulting from the tax effects of:          |                      |                |                |                |
| Mining tax, net of tax benefit                                  | 47,668               | 12.13 %        | 38,661         | 11.16 %        |
| Other taxes included in income tax expense, net of tax benefits | 5,541                | 1.41 %         | 5,728          | 1.65 %         |
| (Income) expenses not (taxable) deductible for tax purposes     | (473)                | (0.12)%        | 2,830          | 0.82 %         |
| Unrecorded tax benefits                                         | 4,012                | 1.02 %         | 4,923          | 1.42 %         |
| Non-deductible capital losses                                   | 534                  | 0.14 %         | 503            | 0.15 %         |
| Difference in tax rate                                          | 270                  | 0.07 %         | (222)          | (0.06)%        |
| Adjustment in respect of prior years                            | (2,921)              | (0.74)%        | 1,677          | 0.48 %         |
| Other                                                           | (94)                 | (0.02)%        | (96)           | (0.03)%        |
| <b>Income and mining taxes expense at effective tax rate</b>    | <b>158,636</b>       | <b>40.38 %</b> | <b>145,838</b> | <b>42.08 %</b> |

#### c) Income and mining taxes payable (receivable)

The reconciliation of income and mining taxes payable (receivable) is presented as follows:

|                                           | Mining Tax      | Income Tax      | Total           |
|-------------------------------------------|-----------------|-----------------|-----------------|
| As at March 31, 2022                      | 4,958           | 17,786          | 22,744          |
| Current tax on profit for the year        | 30,957          | 24,146          | 55,103          |
| Tax paid during the year                  | (49,500)        | (68,316)        | (117,816)       |
| Reimbursement received during the year    | —               | 2,057           | 2,057           |
| <b>As at March 31, 2023</b>               | <b>(13,585)</b> | <b>(24,327)</b> | <b>(37,912)</b> |
| Current tax on profit for the year        | 42,080          | 51,141          | 93,221          |
| Tax paid during the year and transfer (i) | (11,770)        | (4,778)         | (16,548)        |
| Reimbursement received during the year    | —               | 1,471           | 1,471           |
| <b>As at March 31, 2024</b>               | <b>16,725</b>   | <b>23,507</b>   | <b>40,232</b>   |

(i) Tax paid during the year ended March 31, 2024 includes a non-cash tax transfer of \$11,015 from Income Tax to Mining Tax.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 25. Earnings per Share

Earnings per share amounts are calculated by dividing the net income for the year ended March 31, 2024 and 2023, by the weighted average number of shares outstanding during the period.

|                                                              | Year Ended March 31, |                |
|--------------------------------------------------------------|----------------------|----------------|
|                                                              | 2024                 | 2023           |
| Net income                                                   | 234,191              | 200,707        |
|                                                              | (in thousands)       | (in thousands) |
| Weighted average number of common shares outstanding - Basic | 517,579              | 517,046        |
| Dilutive share options, warrants and equity settled awards   | 9,946                | 10,620         |
| Weighted average number of outstanding shares - Diluted      | 527,525              | 527,666        |
| Basic earnings per share                                     | 0.45                 | 0.39           |
| Diluted earnings per share                                   | 0.44                 | 0.38           |

### 26. 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 and financial liabilities at FVTPL, 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, 2024 and 2023:

| As at March 31, 2024                                                                                                       |         | Financial instruments at FVTPL | Financial Assets at Amortized Cost | Financial Liabilities at Amortized Cost | Total Carrying Amount and Fair Value |
|----------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------|------------------------------------|-----------------------------------------|--------------------------------------|
| <b>Assets</b>                                                                                                              |         |                                |                                    |                                         |                                      |
| Current                                                                                                                    |         |                                |                                    |                                         |                                      |
| Cash and cash equivalents                                                                                                  | Level 1 | —                              | 400,061                            | —                                       | 400,061                              |
| Trade receivables                                                                                                          | Level 2 | 46,487                         | 25,073                             | —                                       | 71,560                               |
| Other receivables (excluding sales tax and grant)                                                                          | Level 2 | —                              | 6,833                              | —                                       | 6,833                                |
| Non-current                                                                                                                |         |                                |                                    |                                         |                                      |
| Equity investment in a publicly listed entity (included in non-current investments)                                        | Level 1 | 9                              | —                                  | —                                       | 9                                    |
| Equity investment in a private entity (included in non-current investments)                                                | Level 3 | 14,500                         | —                                  | —                                       | 14,500                               |
| Other non-current financial assets                                                                                         | Level 1 | —                              | 760                                | —                                       | 760                                  |
|                                                                                                                            |         | 60,996                         | 432,727                            | —                                       | 493,723                              |
| <b>Liabilities</b>                                                                                                         |         |                                |                                    |                                         |                                      |
| Current                                                                                                                    |         |                                |                                    |                                         |                                      |
| Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability) | Level 2 | —                              | —                                  | 240,503                                 | 240,503                              |
| Current portion of long-term debt                                                                                          | Level 3 | —                              | —                                  | 31,061                                  | 31,061                               |
|                                                                                                                            |         | —                              | —                                  | 271,564                                 | 271,564                              |
| Non-current                                                                                                                |         |                                |                                    |                                         |                                      |
| Long-term debt                                                                                                             | Level 3 | —                              | —                                  | 508,367                                 | 508,367                              |
|                                                                                                                            |         | —                              | —                                  | 779,931                                 | 779,931                              |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### Measurement Categories (continued)

| As at March 31, 2023                                                                                                           |         | Financial<br>instruments at<br>FVTPL | Financial<br>Assets at<br>Amortized Cost | Financial<br>Liabilities at<br>Amortized Cost | Total Carrying<br>Amount and<br>Fair Value |
|--------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------|------------------------------------------|-----------------------------------------------|--------------------------------------------|
| <b>Assets</b>                                                                                                                  |         |                                      |                                          |                                               |                                            |
| Current                                                                                                                        |         |                                      |                                          |                                               |                                            |
| Cash and cash equivalents                                                                                                      | Level 1 | —                                    | 326,806                                  | —                                             | 326,806                                    |
| Short-term investments                                                                                                         | Level 1 | —                                    | 312                                      | —                                             | 312                                        |
| Trade receivables                                                                                                              | Level 2 | 111,359                              | 20,427                                   | —                                             | 131,786                                    |
| Other receivables (excluding sales tax and grant)                                                                              | Level 2 | —                                    | 2,117                                    | —                                             | 2,117                                      |
| Non-current                                                                                                                    |         |                                      |                                          |                                               |                                            |
| Equity investment in a publicly listed entity (included in non-current investments)                                            | Level 1 | 9                                    | —                                        | —                                             | 9                                          |
| Convertible loans, derivative and equity investment in a private entity (included in non-current investments)                  | Level 3 | 14,742                               | —                                        | —                                             | 14,742                                     |
|                                                                                                                                |         | 126,110                              | 349,662                                  | —                                             | 475,772                                    |
| <b>Liabilities</b>                                                                                                             |         |                                      |                                          |                                               |                                            |
| Current                                                                                                                        |         |                                      |                                          |                                               |                                            |
| Accounts payable and other (excluding the current portion of lease liabilities and cash-settled share-based payment liability) | Level 2 | —                                    | —                                        | 156,029                                       | 156,029                                    |
| Current portion of long-term debt                                                                                              | Level 3 | —                                    | —                                        | 27,080                                        | 27,080                                     |
|                                                                                                                                |         | —                                    | —                                        | 183,109                                       | 183,109                                    |
| Non-current                                                                                                                    |         |                                      |                                          |                                               |                                            |
| Long-term debt                                                                                                                 | Level 3 | —                                    | —                                        | 448,201                                       | 448,201                                    |
|                                                                                                                                |         | —                                    | —                                        | 631,310                                       | 631,310                                    |

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 and cash-settled share-based payment liability). Long-term debt was accounted for at amortized cost using the effective interest method, and its fair value approximate its carrying value, given that it is subject to terms and conditions, including variable interest rates, similar to those available to the Company for instruments with comparable terms.

#### Fair Value Measurement Hierarchy

Subsequent to initial recognition, the Company uses a fair value hierarchy to categorize the inputs used to measure the financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable.

- Level 1: Inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs derived from 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: Inputs that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2024 (year ended March 31, 2023: nil)

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### Financial Instruments Measured at FVTPL

##### 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 sale 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 the final settlement is recorded as an adjustment to sales trade receivables.

##### Equity Instruments Publicly Listed

Equity instruments publicly listed are classified as a Level 1 in the fair value hierarchy. Their fair values are a recurring measurement and are estimated using the closing share price observed on the relevant stock exchange. No fair value adjustment was recorded in the consolidated statements of income during the year ended March 31, 2024 (year ended March 31, 2023: nil).

##### Convertible Loan and Equity Instruments in Private Entity

The Company holds a convertible loan and equity instruments in an European-based private entity which collaborates with the Company in industrial trials related to cold pelletizing technologies. The loan is convertible at the discretion of the Company and automatically convertible at maturity on October 25, 2025. The Company also had the right to subscribe equity instruments of this European-based private entity at any time prior to June 2023 at a subscription price below the current market value.

During the year ended March 31, 2024, the Company wrote off the related derivative asset upon the expiry of the right to subscribe equity instruments amounting to \$2,744 (fair value as at March 31, 2023: \$2,971). During the year ended March 31, 2024, the Company converted the remaining loan into equity instruments, and recognized an increase in the fair value of the equity instruments, amounting to \$2,896. As at March 31, 2024, the equity instruments totalled \$14,500 (March 31, 2023: convertible loan and equity instrument totalled \$11,771).

The fair value of the convertible loan and equity instruments is a recurring measurement and it is classified as Level 3. The determination of fair value is conducted on a quarterly basis and it is based on the entity's financial performance from the latest financial statements as well as enterprise values used in financing, if any. The change in fair value also reflects the foreign exchange gains or losses.

The change in fair value of the financial instruments for the year ended March 31, 2024 amounted to a gain of \$2,502, which includes \$2,709 associated with the increase in the enterprise value of the private entity, with the remainder attributable to the changes in exchange rates (year ended March 31, 2023: a gain of \$593 only attributable to the changes in exchange rates).

The following table shows a breakdown of the changes in fair value recognized on non-current investments per fair value hierarchy.

|                                                                |         | Year Ended March 31, |      |
|----------------------------------------------------------------|---------|----------------------|------|
|                                                                |         | 2024                 | 2023 |
| <b>Change in fair value included in Other Income (Expense)</b> |         |                      |      |
| Unrealized gain on private equity instrument                   | Level 3 | <b>2,896</b>         | 287  |
| Unrealized gain (loss) on convertible loans                    | Level 3 | <b>(167)</b>         | 79   |
| Realized loss on derivative asset                              | Level 3 | <b>(227)</b>         | —    |
| Unrealized gain on derivative asset                            | Level 3 | <b>—</b>             | 227  |
|                                                                |         | <b>2,502</b>         | 593  |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### Financial Risk Factors

##### a) Market

###### i. 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 bearing interest at variable rates 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.

The long-term debt bearing interest at variable rates is subject to interest based on SOFR. The following table illustrates a SOFR sensitivity analysis calculating the impact on net income and equity over a 12-month horizon:

| (in thousands of U.S. dollars)                                   | Year Ended March 31, |         |
|------------------------------------------------------------------|----------------------|---------|
|                                                                  | 2024                 | 2023    |
| Increase in net income and equity with a 1% decrease in the SOFR | 3,096                | 2,576   |
| Decrease in net income and equity with a 1% increase in the SOFR | (3,096)              | (2,576) |

###### ii. 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, most of the Company's iron ore sale 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 revenue.

The following table details the Company's gross revenue exposure, as at March 31, 2024 and 2023, subject to the movements in iron ore prices for the provisionally invoiced sales volume:

| (in thousands of U.S. dollars)                               | Year Ended March 31, |           |
|--------------------------------------------------------------|----------------------|-----------|
|                                                              | 2024                 | 2023      |
| Dry metric tonnes subject to provisional pricing adjustments | 1,821,100            | 1,987,800 |
| 10% increase in iron ore prices                              | 20,536               | 28,047    |
| 10% decrease in iron ore prices                              | (20,536)             | (28,047)  |

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

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 26. Financial Instruments (continued)

#### a) Market (continued)

##### iii. 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 is exposed to foreign currency fluctuations as its sales, sea freight costs and the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. The Company maintains a cash balance and has trade receivables in U.S. dollars, enabling it to mitigate foreign exchange exposure.

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 flows while the strengthening of the Canadian dollar would reduce its net income and cash flows.

The following table indicates the foreign currency exchange risk as at March 31, 2024 and 2023:

|                                                               | As at March 31,<br>2024 | As at March 31,<br>2023 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| <small>(in thousands of U.S. dollars)</small>                 |                         |                         |
| <b>Current assets</b>                                         |                         |                         |
| Cash and cash equivalents                                     | 273,589                 | 162,905                 |
| Trade receivables                                             | 52,812                  | 97,381                  |
| <b>Non-current assets</b>                                     |                         |                         |
| Non-current investments                                       | 10,701                  | 10,893                  |
| <b>Current liabilities</b>                                    |                         |                         |
| Accounts payable and other                                    | (20,968)                | (11,217)                |
| Current portion of long-term debt                             | (18,200)                | (15,281)                |
| <b>Non-current liabilities</b>                                |                         |                         |
| Lease liabilities                                             | (44,696)                | (46,018)                |
| Long-term debt                                                | (291,448)               | (242,351)               |
| <b>Total foreign currency net liabilities in U.S. dollars</b> | <b>(38,210)</b>         | <b>(43,688)</b>         |
| <b>Canadian dollar equivalents</b>                            | <b>(51,775)</b>         | <b>(59,122)</b>         |

The following table is a currency risk sensitivity analysis calculating the foreign exchange rate exposure of the Company's net liabilities denominated in U.S. dollars as at March 31, 2024 and 2023:

|                                                                            | As at March 31,<br>2024 | As at March 31,<br>2023 |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
| Foreign exchange gain resulting from a 10% depreciation in the U.S. dollar | 5,177                   | 5,912                   |
| Foreign exchange loss resulting from a 10% appreciation in the U.S. dollar | (5,177)                 | (5,912)                 |

The sensitivity analysis above assumes that all other variables remain constant. The Company's exposure to other currencies is not significant.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### 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 and other receivables.

##### Cash and cash equivalents and short-term investments

With respect to credit risk arising from cash and cash equivalents and short-term investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure corresponding to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

##### Trade and other receivables

For the majority of its sales, the Company does business with two renowned brokers, who assume the credit risk associated with end customers. These brokers have similar activities and economic characteristics, representing a significant portion of sales with a maximum exposure corresponding to carrying value of trade receivables. The credit risk associated with these two brokers is mitigated through an annual credit check to monitor the credit worthiness of the brokers. For direct sales occurring from time to time, the Company conducts credit monitoring activities, including performing financial or other assessments to establish and monitor a customer's credit worthiness, setting credit limits and monitoring exposure by in relation to these limits. There is no guarantee that brokers or other customers will remain solvent over time and in the event that a significant customer is unable to accept contracted volumes, then volumes may be sold on a spot basis to traders, sold under renegotiated contractual volumes with existing customers, or sold under contracts with new customers.

Revenues from the sale of iron ore concentrate mainly arise from contracts with the Company's two brokers, who each represents more than 10% of total revenues in both 2024 and 2023 financial years.

For trade receivables subject to provisional pricing classified at FVTPL, the fair value measurement reflects the credit risk exposure. For trade receivables not subject to provisional pricing, an impairment analysis is performed at each reporting date. Loss allowance on receivables is based on actual credit loss experience over the past years and current economic conditions. Receivables are generally settled within six months and are historically collectable. The Company has no receivables past due as at March 31, 2024 (March 31, 2023: nil). For the year ended March 31, 2024, no provision was recorded on any of the Company's receivables (year ended March 31, 2023: nil).

The Company holds no collateral for any receivable amounts outstanding as at March 31, 2024 (March 31, 2023: nil).

#### 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 lease liabilities (non-financial liabilities) including estimated future interest payments as at March 31, 2024:

|                                                                                                                            | Less than a<br>year | 1 to 5 years | More than 5<br>years | Total     |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|----------------------|-----------|
| Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability) | 240,503             | —            | —                    | 240,503   |
| Long-term debt                                                                                                             | 71,470              | 603,346      | 30,843               | 705,659   |
| Lease liabilities                                                                                                          | 10,184              | 28,045       | 77,808               | 116,037   |
|                                                                                                                            | 322,157             | 631,391      | 108,651              | 1,062,199 |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 27. Capital Risk Management

The Company's main objective when managing its capital is to maintain an adequate balance between having sufficient capital to invest in growth opportunities including exploring and developing mineral resource properties and investing in new product development as well as maintaining a satisfactory return on equity to ordinary shareholders.

The Company defines its capital as long-term debt, lease liabilities and share capital. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. Dividend payments are discretionary and depends on financial circumstances. The Company is not subject to externally imposed capital requirements other than certain restrictions under the terms of its lending agreements for which the Company complied as at March 31, 2024. In order to facilitate the management of its capital requirements, the Company prepares long-term cash flow projections that consider various factors, including successful capital deployment, general industry conditions and economic factors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital for the years ended March 31, 2024 and 2023 was as follows:

|                   | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-------------------|-------------------------|-------------------------|
| Long-term debt    | 539,428                 | 475,281                 |
| Lease liabilities | 76,978                  | 86,841                  |
| Share capital     | 409,785                 | 401,282                 |
|                   | 1,026,191               | 963,404                 |

### 28. Related Party Transactions

#### 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,<br>2024 | 2023   |
|--------------------------|------------------------------|--------|
| Short-term benefits      |                              |        |
| Salaries                 | 4,612                        | 4,115  |
| Bonus                    | 3,084                        | 2,154  |
|                          | 7,696                        | 6,269  |
| Termination benefits     | —                            | 3,015  |
| Share-based payments     | 5,294                        | 7,126  |
| Post-employment benefits | 707                          | 443    |
| All other remuneration   | 312                          | 190    |
|                          | 14,009                       | 17,043 |

The Company has employment agreements with five executive officers, which include termination remuneration and benefits varying according to different scenarios. Had all these officers been terminated on March 31, 2024, the Company would have paid an amount of approximately \$14,226 [March 31, 2023: \$14,048], in addition to amounts in the table above.

#### Other Transactions

Following Board approval in May 2023, the Company issued a secured loan of Australian dollars 10 million to a company related to the Executive Chairman of the Board. This loan was bearing interest at 6.1% and was entirely repaid in September 2023, prior to the original maturity date of December 31, 2023.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated]

### 29. Commitments and Contingencies

The Company's future minimum payments of commitments as at March 31, 2024 are as follows:

|                                                       | Less than a year | 1 to 5 years | More than 5 years | Total   |
|-------------------------------------------------------|------------------|--------------|-------------------|---------|
| Impact and Benefits Agreement with the Innu community | 7,576            | 34,038       | 144,977           | 186,591 |
| Take-or-pay fees related to the Port Agreement        | 7,870            | 35,360       | 118,948           | 162,178 |
| Capital expenditure obligations                       | 62,694           | —            | —                 | 62,694  |
| Other obligations                                     | 56,825           | 28,094       | 250               | 85,169  |
|                                                       | 134,965          | 97,492       | 264,175           | 496,632 |

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

In relation to the acquisition of the Kamistatusset Project, and contingent upon it advancing to commercial production, the Company is subject to:

- A gross sales royalty on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Finite production payments to the Receiver on future production;
- An education and training fund for the local communities; and
- Special tax payment to the Government of Newfoundland and Labrador's Department of Finance.

The Company is also subject to a limited production payment on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

As part of the Phase II expansion project, the Company is currently engaged with authorities to obtain all permits required to increase the capacity of its storage areas for tailings and waste rock. Due to the environmental impacts associated with its plan, the Company expects to realize over the next twelve years its compensation plans aiming to restore degraded fish habitats and improve access to spawning grounds to fulfill conditions associated with the authorizations. A financial obligation will be recorded when the Company completes a predetermined key step of the approval process.

### 30. Financial Information Included in the Consolidated Statements of Cash Flows

#### a) Changes in non-cash operating working capital

|                                               | Year Ended March 31, |           |
|-----------------------------------------------|----------------------|-----------|
|                                               | 2024                 | 2023      |
| Receivables                                   | 36,939               | (34,123)  |
| Prepaid expenses and advances                 | (13,244)             | (22,779)  |
| Inventories                                   | (151,346)            | (63,703)  |
| Advance payments                              | 13,788               | 12,070    |
| Accounts payable and other                    | 83,439               | (19,275)  |
| Income and mining taxes receivable or payable | 78,144               | (60,656)  |
| Other long-term liabilities                   | (11,005)             | (9,323)   |
|                                               | 36,715               | (197,789) |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 30. Financial Information Included in the Consolidated Statements of Cash Flows (continued)

#### b) Reconciliation of additions presented in the property, plant and equipment schedule to the net cash flows used in investing activities

|                                                                                                | Year Ended March 31, |          |
|------------------------------------------------------------------------------------------------|----------------------|----------|
|                                                                                                | 2024                 | 2023     |
| <b>Additions of property, plant and equipment as per note 10</b>                               | <b>434,077</b>       | 324,341  |
| Right-of-use assets (i)                                                                        | (98,306)             | (34,819) |
| Depreciation of property, plant and equipment allocated to stripping activity asset            | (440)                | (1,089)  |
| Non-cash increase of the asset rehabilitation obligation                                       | (2,588)              | (8,649)  |
| Government grant recognized                                                                    | 663                  | 8,969    |
| Government grant received (ii)                                                                 | (5,195)              | (5,195)  |
| Capitalized amortization of transaction costs                                                  | (67)                 | (666)    |
| <b>Net cash flows used in investing activities - Purchase of property, plant and equipment</b> | <b>328,144</b>       | 282,892  |

(i) The additions of right-of-use assets for the year ended March 31, 2024 comprised assets financed by advance payments of \$83,464 and prepaid expenses and advances of \$8,927. The additions of right-of-use assets for the year ended March 31, 2024 differ from those presented in note 10 - Property, Plant and Equipment, as they excluded \$15,979 related to additional transshipment capacity that were not financed by advance payment.

(ii) The additions of property, plant and equipment for the year ended March 31, 2024 comprised government grants received of \$5,195 (year ended March 31, 2023: \$5,195).

#### c) Reconciliation of depreciation presented in the property, plant and equipment schedule to the consolidated statements of income

|                                                                                     | Year Ended March 31, |         |
|-------------------------------------------------------------------------------------|----------------------|---------|
|                                                                                     | 2024                 | 2023    |
| <b>Depreciation of property, plant and equipment as per note 10</b>                 | <b>134,495</b>       | 124,105 |
| Depreciation of property, plant and equipment allocated to stripping activity asset | (440)                | (1,089) |
| Depreciation of intangible assets                                                   | 3,124                | 3,134   |
| Net effect of depreciation of property, plant and equipment allocated to inventory  | (13,595)             | (5,106) |
| <b>Depreciation as per consolidated statements of income</b>                        | <b>123,584</b>       | 121,044 |

#### d) Reconciliation of movements of liabilities to the net cash flows from (used in) financing activities

|                                                 | Year Ended March 31, |           |
|-------------------------------------------------|----------------------|-----------|
|                                                 | 2024                 | 2023      |
| <b>Opening balance - Long-Term Debt</b>         | <b>475,281</b>       | 323,360   |
| Cash from (used in) financing activities        |                      |           |
| Issuance                                        | 337,920              | 219,167   |
| Repayments                                      | (273,792)            | (100,126) |
| New transaction costs (i)                       | (3,046)              | (703)     |
| Non-cash changes                                |                      |           |
| Foreign exchange movement                       | 390                  | 25,435    |
| Market value adjustment                         | —                    | (1,887)   |
| Reclassification of transaction costs           | —                    | 6,958     |
| Amortization of transaction costs and accretion | 2,675                | 3,077     |
| <b>Ending balance - Long-Term Debt</b>          | <b>539,428</b>       | 475,281   |

(i) The transaction costs on the long-term debt for the year ended March 31, 2024 differ from those presented in the consolidated statement of cash-flows, as they excluded transaction costs of \$1,755 (year ended March 31, 2023: \$3,903) associated with the revolving facility that was recorded in Other non-current assets through the long-term debt refinancing.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 31. Segmented Information

The Company is conducting mining operations and exploration and evaluation activities in Canada. The operating segments reflect the management structure of the Company and are consistent with the internal reporting reviewed by the Company's chief operating decision-maker to assess the business performance and make strategic decisions. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below. The Bloom Lake mine site, which is comprised of two facilities in operation, was identified as a segment, namely Iron Ore Concentrate. Exploration and Evaluation and Corporate were identified as separate segments due to their specific nature.

| Year Ended March 31, 2024                                  | Iron Ore Concentrate | Exploration and Evaluation | Corporate       | Total              |
|------------------------------------------------------------|----------------------|----------------------------|-----------------|--------------------|
| <b>Revenues</b>                                            | <b>1,524,294</b>     | <b>—</b>                   | <b>—</b>        | <b>1,524,294</b>   |
| Cost of sales                                              | (884,022)            | —                          | —               | (884,022)          |
| Depreciation                                               | (121,919)            | (42)                       | (1,623)         | (123,584)          |
| <b>Gross profit (loss)</b>                                 | <b>518,353</b>       | <b>(42)</b>                | <b>(1,623)</b>  | <b>516,688</b>     |
| Share-based payments                                       | —                    | —                          | (7,455)         | (7,455)            |
| General and administrative expenses                        | —                    | —                          | (50,857)        | (50,857)           |
| Sustainability and other community expenses                | (7,326)              | —                          | (10,512)        | (17,838)           |
| Innovation and growth initiative expenses                  | —                    | —                          | (11,331)        | (11,331)           |
| <b>Operating income (loss)</b>                             | <b>511,027</b>       | <b>(42)</b>                | <b>(81,778)</b> | <b>429,207</b>     |
| Net finance costs, other income (expense) and tax expenses |                      |                            |                 | (195,016)          |
| <b>Net income</b>                                          |                      |                            |                 | <b>234,191</b>     |
| <b>Segmented total assets</b>                              | <b>2,513,428</b>     | <b>133,947</b>             | <b>42,176</b>   | <b>2,689,551</b>   |
| <b>Segmented total liabilities</b>                         | <b>(1,265,468)</b>   | <b>—</b>                   | <b>(27,573)</b> | <b>(1,293,041)</b> |
| <b>Segmented property, plant and equipment</b>             | <b>1,534,315</b>     | <b>2,120</b>               | <b>9,526</b>    | <b>1,545,961</b>   |

| Year Ended March 31, 2023                                  | Iron Ore Concentrate | Exploration and Evaluation | Corporate       | Total              |
|------------------------------------------------------------|----------------------|----------------------------|-----------------|--------------------|
| <b>Revenues</b>                                            | <b>1,395,088</b>     | <b>—</b>                   | <b>—</b>        | <b>1,395,088</b>   |
| Cost of sales                                              | (822,762)            | —                          | —               | (822,762)          |
| Depreciation                                               | (120,759)            | —                          | (285)           | (121,044)          |
| <b>Gross profit (loss)</b>                                 | <b>451,567</b>       | <b>—</b>                   | <b>(285)</b>    | <b>451,282</b>     |
| Share-based payments                                       | —                    | —                          | (8,662)         | (8,662)            |
| General and administrative expenses                        | —                    | —                          | (41,514)        | (41,514)           |
| Sustainability and other community expenses                | (7,113)              | —                          | (10,820)        | (17,933)           |
| Innovation and growth initiative expenses                  | —                    | —                          | (11,863)        | (11,863)           |
| <b>Operating income (loss)</b>                             | <b>444,454</b>       | <b>—</b>                   | <b>(73,144)</b> | <b>371,310</b>     |
| Net finance costs, other income (expense) and tax expenses |                      |                            |                 | (170,603)          |
| <b>Net income</b>                                          |                      |                            |                 | <b>200,707</b>     |
| <b>Segmented total assets</b>                              | <b>2,165,413</b>     | <b>117,127</b>             | <b>32,729</b>   | <b>2,315,269</b>   |
| <b>Segmented total liabilities</b>                         | <b>(1,026,116)</b>   | <b>—</b>                   | <b>(26,449)</b> | <b>(1,052,565)</b> |
| <b>Segmented property, plant and equipment</b>             | <b>1,253,622</b>     | <b>—</b>                   | <b>8,346</b>    | <b>1,261,968</b>   |

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 32. Parent Entity Information

The following table is an AAS requirement and presents the information relating to Champion Iron Limited:

|                                                       | As at March 31,<br>2024 | As at March 31,<br>2023 |
|-------------------------------------------------------|-------------------------|-------------------------|
| Current assets                                        | 9,868                   | 9,875                   |
| Non-current assets                                    | 164,485                 | 169,833                 |
| <b>Total assets</b>                                   | <b>174,353</b>          | <b>179,708</b>          |
| Current liabilities                                   | 5,128                   | 9,515                   |
| Non-current liabilities                               | 9,053                   | 5,603                   |
| <b>Total liabilities</b>                              | <b>14,181</b>           | <b>15,118</b>           |
| <b>Net assets</b>                                     | <b>160,172</b>          | <b>164,590</b>          |
| Share capital                                         | 280,392                 | 271,889                 |
| Warrants                                              | 22,288                  | 22,288                  |
| Contributed surplus                                   | 8,387                   | 13,811                  |
| Accumulated deficit                                   | (150,895)               | (143,398)               |
| <b>Total equity</b>                                   | <b>160,172</b>          | <b>164,590</b>          |
| Net gain (loss) of the parent entity                  | (12,857)                | 10,282                  |
| <b>Comprehensive gain (loss) of the parent entity</b> | <b>(12,857)</b>         | <b>10,282</b>           |

### 33. Auditor's Remuneration

The following table is an AAS requirement and presents the total remuneration received or receivable by the auditors in connection with:

|                          | Year Ended March 31,<br>2024 | 2023       |
|--------------------------|------------------------------|------------|
| <b>E&amp;Y Canada</b>    |                              |            |
| Audit fees               | 592                          | 667        |
| Audit-related fees       | 8                            | 8          |
| Tax fees                 | 77                           | 97         |
| All other non-audit fees | 164                          | —          |
|                          | <b>841</b>                   | <b>772</b> |
| <b>E&amp;Y Australia</b> |                              |            |
| Audit fees               | 81                           | 79         |
| Tax fees                 | 3                            | 2          |
|                          | <b>84</b>                    | <b>81</b>  |
|                          | <b>925</b>                   | <b>853</b> |

Other non-audit fees are mainly comprised of consulting services.

### 34. Subsequent Event

On May 30, 2024 (Montréal) / May 31, 2024 (Sydney), the Board declared a semi-annual dividend of \$0.10 per ordinary share of the Company in connection with the annual results for the period ended March 31, 2024, payable on July 3, 2024, to registered shareholders at the close of business in Australia and Canada on June 14, 2024.

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# ADDITIONAL STOCK EXCHANGE INFORMATION



# STOCK EXCHANGE INFORMATION

The additional information set out below relates to the ordinary shares of the Company as at April 18, 2024. The Company does not hold other classes of equity securities, which excludes shares held by its subsidiaries.

## 1. Distribution of Equity Security Holders<sup>1</sup> as at April 18, 2024

| Size of Holding   | Number of Holders | Number of Ordinary Shares | % of issued Capital |
|-------------------|-------------------|---------------------------|---------------------|
| 1 to 1,000        | 2,073             | 795,270                   | 0.15 %              |
| 1,001 to 5,000    | 1,109             | 2,668,436                 | 0.52 %              |
| 5,001 to 10,000   | 245               | 1,841,961                 | 0.36 %              |
| 10,001 to 100,000 | 269               | 8,921,075                 | 1.72 %              |
| 100,000 and over  | 90                | 503,844,484               | 97.25 %             |
|                   | 3,786             | 518,071,226               | 100.00 %            |

## 2. Substantial Shareholders as at April 18, 2024

The Company has received substantial shareholder notifications from the shareholders below. The following table sets out the shareholding of each substantial shareholder from these substantial shareholder notifications with the percentage of issued share capital updated for the current issued share capital of the Company.

| Name of Shareholder                               | Date of Notice    | Number of Ordinary Shares | % of issued Capital |
|---------------------------------------------------|-------------------|---------------------------|---------------------|
| Investissement Québec                             | May 14, 2021      | 43,500,000                | 8.40 %              |
| Mr Michael O'Keeffe (and associates) <sup>2</sup> | September 4, 2023 | 43,023,830                | 8.30 %              |
| WC Strategic Opportunity LP                       | August 3, 2021    | 41,944,444                | 8.10 %              |
| Blackrock Group                                   | July 4, 2022      | 27,944,212                | 5.39 %              |

## 3. Marketable Parcels as at April 18, 2024

216 shareholders held less than a marketable parcel of ordinary shares as at April 18, 2024.

## 4. Voting Rights

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

<sup>1</sup> Distribution of equity security holders reflecting the Australian register.

<sup>2</sup> Mr. Michael O'Keeffe (and associates) holdings as of April 18, 2024 of 41,523,830.

# STOCK EXCHANGE INFORMATION

## 5. Twenty Largest Shareholders as at April 18, 2024

The following table lists the 20 largest registered holders of the Company's shares, together with the number of shares and the percentage of the issued capital each holds, as of April 18, 2024, being the last practicable date.

Many of the 20 largest shareholders shown below hold shares as a nominee or custodian. In accordance with the reporting requirements, the tables reflect the legal ownership of shares and not the details of the underlying beneficial holders.

|    | Name of Shareholder                                      | Number of Ordinary Shares | % of issued Capital |
|----|----------------------------------------------------------|---------------------------|---------------------|
| 1  | HSBC Custody Nominee Aust Ltd                            | 85,252,054                | 16.46 %             |
| 2  | JP Morgan Nom Aust PL                                    | 58,895,209                | 11.37 %             |
| 3  | Citicorp Nom PTY Ltd                                     | 47,993,578                | 9.26 %              |
| 4  | Investissement Québec                                    | 43,500,000                | 8.40 %              |
| 5  | WC Strategic Opportunity LP                              | 41,944,444                | 8.10 %              |
| 6  | Prospect AG Trading PL                                   | 34,362,930                | 6.63 %              |
| 7  | Metech Super PL                                          | 10,550,000                | 2.04 %              |
| 8  | Mr Michael O'Keeffe                                      | 6,751,900                 | 1.30 %              |
| 9  | BNP Paribas Nominees PTY LTD                             | 6,491,036                 | 1.25 %              |
| 10 | National Nominees LTD                                    | 5,049,380                 | 0.97 %              |
| 11 | HSBC Custody Nominees Aust Ltd (Commonwealth Super Corp) | 4,857,884                 | 0.94 %              |
| 12 | BNP Paribas Nominees PTY LTD Custodial Serv LTD DRP      | 4,597,890                 | 0.89 %              |
| 13 | BNP Paribas Nominees PTY LTD Agency Lending              | 3,621,476                 | 0.70 %              |
| 14 | HSBC Custody Nominees Aust Ltd - AC2                     | 2,278,596                 | 0.44 %              |
| 15 | Mr David Cataford                                        | 2,244,999                 | 0.43 %              |
| 16 | Citicorp Nominees PTY (Colonial First State Inv)         | 2,075,497                 | 0.40 %              |
| 17 | Warbont Nominees PTY LTD                                 | 1,774,662                 | 0.34 %              |
| 18 | Bass Family Foundation PTY LTD                           | 1,400,000                 | 0.27 %              |
| 19 | BNP Paribas Nominees PTY LTD ACF Clearstream             | 1,243,350                 | 0.24 %              |
| 20 | HSBC Custody Nominees Aust Ltd                           | 1,199,901                 | 0.23 %              |

Shareholder information sourced from transfer agents reports, ASX filings and System for Electronic Disclosure by Insiders (SEDI). The twenty largest shareholders list is based on the registered holdings, which does not include underlying beneficial holdings, and as such may not reflect all shareholders of the Company.

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# RISK FACTORS



# RISK FACTORS

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

## *Iron Ore Prices*

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

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

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

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

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

## Risk Factors (continued)

### *Freight Costs and Inflation*

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

### *Liquidity / Financing Risk*

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

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

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

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

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

## Risk Factors (continued)

### *Global Financial Conditions and Capital Markets*

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

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

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

### *Operating Costs*

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

### *Foreign Exchange*

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

## Risk Factors (continued)

### *Interest Rates*

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

### *Reduced Global Demand for Steel or Interruptions in Steel Production*

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

### *Structural Shift in the Steel Industry's Production Methods*

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

### *Carbon Emissions, Global Carbon Tax and Carbon Import Duties*

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

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

## Risk Factors (continued)

### *Mineral Exploration, Development and Operating Risks*

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

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

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

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

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

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

## Risk Factors (continued)

### *Mineral Exploration, Development and Operating Risks (continued)*

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

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

### *Climate Change, Natural Disasters and Unusually Adverse Weather*

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

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

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

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

### *Water Management*

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

## Risk Factors (continued)

### *Permits and Licenses*

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

### *Cybersecurity Threats*

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

### *Uncertainty of Mineral Resource and Mineral Reserve Estimates*

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

### *Uncertainties and Risks Relating to Feasibility Studies*

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

## Risk Factors (continued)

### *Uncertainties and Risks Relating to Feasibility Studies (continued)*

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

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

### *Dependence on the Bloom Lake Mine*

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

### *Development and Expansion Projects Risks*

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

## Risk Factors (continued)

### *Development and Expansion Projects Risks (continued)*

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

### *Replacement of Mineral Reserves*

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

### *Environmental Risks and Hazards*

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

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

### *Reclamation Costs and Related Liabilities*

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

## Risk Factors (continued)

### *Applicable Laws and Regulations*

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

### *Potential First Nations Land Claims*

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

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

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

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

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

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

## Risk Factors (continued)

### *Epidemic or Pandemic Outbreaks, Boycotts and Geopolitical Events*

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

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

### *No Assurance of Titles*

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

### *Reliance on Small Number of Significant Purchasers and Geographical Areas*

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

### *Availability of Reasonably Priced Raw Materials and Mining Equipment*

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

### *Dependence on Third-Parties*

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

## Risk Factors (continued)

### *Reliance on Information Technology Systems*

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

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

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

### *Litigation*

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

### *Volatility of Stock Price*

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

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

## Risk Factors (continued)

### *Shareholder Activism*

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

### *ESG Matters*

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

### *Reputational Risk*

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

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

### *Dependence on Management and Key Personnel*

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

## Risk Factors (continued)

### *Internal Controls and Procedures*

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

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

### *Insurance and Uninsured Risks*

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

### *Potential Conflicts of Interest*

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

### *Employee Relations*

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

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

## Risk Factors (continued)

### *Competitive Conditions*

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

### *Dilution and Future Sales*

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

### *Joint Ventures and Option Agreements*

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

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

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

### *Anti-Corruption and Anti-Bribery Laws*

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

## Risk Factors (continued)

### *Forced Labor and Child Labour*

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

### *Ability to Support the Carrying Value of Non-Current Assets*

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

### *Fluctuating Mineral Prices*

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

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# COMPANY DIRECTORY



# COMPANY DIRECTORY

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|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DIRECTORS</b>                       | <p>Michael O’Keeffe (Executive Chairman) - Non-independent</p> <p>David Cataford (Executive Director and Chief Executive Officer) - Non-independent</p> <p>Gary Lawler (Non-Executive Director) - Independent</p> <p>Michelle Cormier (Non-Executive Director) - Independent</p> <p>Louise Grondin (Non-Executive Director) - Independent</p> <p>Jessica McDonald (Non-Executive Director) - Independent</p> <p>Jyothish George (Non-Executive Director) - Independent</p> <p>Ronnie Beevor (Non-Executive Director) - Independent</p> |
| <b>COMPANY SECRETARY</b>               | Bill Hundy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>CORPORATE SECRETARY</b>             | Steve Boucrairie                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>REGISTERED OFFICE</b>               | <p>Level 1, 91 Evans Street<br/>Rozelle NSW 2039, Australia</p> <p>Telephone: +61 2 9810 7816<br/>Facsimile: +61 2 8065 5017</p> <p>Website: www.championiron.com<br/>ACN 119 770 142</p>                                                                                                                                                                                                                                                                                                                                              |
| <b>PRINCIPLE ADMINISTRATIVE OFFICE</b> | <p>3300-1155 René-Lévesque Blvd. West<br/>Montréal, QC, H3B 3X7, Canada</p> <p>Telephone: +1 514-316-4858<br/>Facsimile: +1 514-819-8100</p>                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>AUDITORS</b>                        | <p><b>Ernst &amp; Young</b><br/>200 George Street<br/>Sydney, NSW 2000, Australia</p> <p><b>Ernst &amp; Young LLP</b><br/>900, De Maisonneuve Blvd West<br/>Montréal, Québec, H3A 0A8, Canada</p>                                                                                                                                                                                                                                                                                                                                      |
| <b>SHARE REGISTRIES</b>                | <p><b>Computershare Investor Services Pty Ltd</b><br/>GPO Box 2975<br/>Melbourne, Victoria 3001, Australia</p> <p>Telephone (Australia): 1300 850 505<br/>Telephone (International): +61 3 9415 4000</p> <p><b>Computershare Investor Services Inc.</b><br/>100 University Avenue, 8th Floor<br/>Toronto, Ontario, M5J 2Y1, Canada</p> <p>Telephone (North America Toll-Free): 1-800-564-6253<br/>Telephone (international): 1-514-982-7555</p>                                                                                        |
| <b>STOCK EXCHANGES</b>                 | The Company’s shares are listed on the Australian Stock Exchange (ASX) and Toronto Stock Exchange (TSX) under the symbol CIA. The Company’s shares are also available to trade on the OTCQX Best Market under the symbol CIAFF.                                                                                                                                                                                                                                                                                                        |
| <b>ASX CODE &amp; TSX SYMBOL</b>       | CIA (Fully Paid Ordinary Shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**CHAMPION IRON** 