



# **Management's Discussion and Analysis**

For the Three-Month Period Ended June 30, 2025

**CHAMPION IRON** 

**TSX: CIA — ASX: CIA**

**As at July 30, 2025**

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

This Management's Discussion and Analysis ("MD&A") of Champion Iron Limited ("Champion" or the "Company") has been prepared as of July 30, 2025, and is intended to supplement the condensed interim consolidated financial statements of the Company for the three-month period ended June 30, 2025, and related notes thereto (the "Financial Statements"), which have been prepared in accordance with the Australian Accounting Standards ("AAS") 134 and the International Accounting Standards ("IAS") 34, Interim Financial Reporting, and should be read in conjunction with the Company's audited annual financial statements and MD&A for the financial year ended March 31, 2025. The Financial Statements and other information pertaining to the Company are available 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).

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

Unless otherwise specified, all dollar figures stated herein are expressed in millions of Canadian dollars, except for: (i) tabular amounts, which are expressed in thousands of Canadian dollars; and (ii) per share or per tonne (including dmt and wmt) amounts, which are expressed in Canadian dollars or in United States dollars, as indicated. The following abbreviations and definitions are used throughout this MD&A: US\$ or U.S. dollar (United States dollar), C\$ (Canadian dollar), Board (Board of Directors of Champion), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), M (million), FOB (free on board), Fe (iron ore), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), FID (final investment decision), IID (interim investment decision), DR (direct reduction), DRI (direct reduced iron), DRPF (direct reduction pellet feed), EAF (electric arc furnaces), BF (blast furnaces), BOF (basic oxygen furnaces), Kami Project (Kamistatusset project), P62 index (Platts IODEX 62% Fe CFR China index), P65 index (Platts IODEX 65% Fe CFR China index), C3 index (C3 Baltic Capesize index), EBITDA (earnings before income and mining taxes, net finance costs and depreciation), AISC (all-in sustaining cost) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. The term "QIO" refers to Quebec Iron Ore Inc., the Company's wholly-owned subsidiary and the operator of Bloom Lake.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section of the Company's MD&A for the financial year ended March 31, 2025, and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

### Non-IFRS and Other Financial Measures

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

## Cautionary Note Regarding Forward-Looking Statements

### Forward-Looking Statements

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

### Specific Forward-Looking Statements

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

(i) Bloom Lake's LoM, recovery rates, production, economic and other benefits, nameplate capacity and related opportunities and benefits;

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

#### Specific Forward-Looking Statements (continued)

(ii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade and to convert approximately half of Bloom Lake's increased nameplate capacity of 15M wmt per year to commercially produce a direct reduction quality pellet feed iron ore (the DRPF project), expected DRPF project timeline, economics, capital expenditures, budget and financing, production metrics, technical parameters, work programs to optimize operations, pricing premiums, efficiencies, permitting and approvals, economic and other benefits, related engagement with prospective customers, the expected commissioning, first shipments of iron ore and ramping-up of the DRPF project and the impact thereof on production, sales and financial results;

(iii) the Kami Project Study (including LoM), the DFS for the Kami Project and its timing, the Kami Project's potential to produce a DR grade product, expected timeline and construction period for the Kami Project, economics, capital expenditures, production and financial metrics, technical parameters, permitting and approvals, environmental and related studies and work programs, stakeholder and government engagement, efficiencies and economic and other benefits and evaluation of opportunities to improve project economics;

(iv) the formation of a partnership with Nippon Steel Corporation and Sojitz Corporation (each a Partner) with respect to the Kami Project, the completion of a definitive feasibility study for the Kami Project (the DFS) and the timing thereof, the potential to receive future payments based on the financial performance of the Kami Project, the Partners' contributions to support the DFS, potential IID and FID, the partnership and project structure and financing, the completion of the transactions contemplated by the Framework Agreement (as defined below) and its timing, related project permitting and approvals, the advancement of the Environmental Impact Statement, the ability of Champion to realize the benefits of the Transaction (as defined below), and the ability and timing for the parties to the Framework Agreement to fund cash calls to advance the development of the Kami Project and pursue its development;

(v) the future declaration and payment of dividends (including dividend equivalent payments for outstanding performance share units [PSUs] and restricted share units [RSUs]) and the timing thereof and the Company's shareholder return strategy generally;

(vi) the shift in steel industry production methods, expected rising demand for higher-grade iron ore products and direct reduced iron (DRI) globally 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 the expansion of its geography and customer base, related investments and expected benefits thereof;

(vii) maintaining higher stripping activities;

(viii) stockpiled ore levels, the pace of destocking, shipping and sales of accumulated iron ore concentrate inventories and their impact on the operating costs and the cost of sales;

(ix) increased shipments of iron ore concentrate and related rail capacity and the impact thereon of scheduled rail infrastructure maintenance activities;

(x) the Company's mining equipment rebuild program and mining fleet expansion, safe tailings strategy, tailings investment plan and related work programs, investments and benefits;

(xi) the impact of exchange rates on commodity prices and the Company's financial results;

(xii) the relationship between iron ore prices and ocean freight costs and their impact on the Company;

(xiii) the impact of iron ore price fluctuations on the Company and its financial results and the occurrence of certain events and their impact on iron ore prices and demand for high-purity iron ore products;

(xiv) the Company's cash requirements for the next 12 months, the Company's positioning to fund such cash requirements and estimated future interest payments;

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

(xvi) production and recovery rates and levels, ore characteristics and the Company's performance and related strategies and work programs to optimize operations;

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

(xviii) the Company's tax position;

(xix) the Company's expected iron ore concentrate production and sales, mining and hauling activities and related costs;

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

(xxi) the Company's storage expansion;

(xxii) available liquidity and the Company's financial flexibility;

(xxiii) the offering of Senior Unsecured Notes and the use of proceeds therefrom to support the Company's growth projects; and

(xxiiii) the Company's growth and opportunities generally.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

#### 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:

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

as well as those factors discussed in the section entitled "Risk Factors" of the Company's MD&A for the financial year ended March 31, 2025, available 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).

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

#### Additional Updates

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

## 1. Description of Business

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

Champion, through QIO, owns and operates the Bloom Lake Mining Complex located on the south end of the Labrador Trough, approximately 13 kilometres north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentration plants that primarily source energy from renewable hydroelectric power, having a combined nameplate capacity of 15M wmt per year that produce lower 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, Champion is investing to upgrade half of the Bloom Lake's mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe. Bloom Lake's high-grade and lower contaminant iron ore products have attracted a premium to the P62 index. Champion 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 the Kami Project, a project with an expected annual production of 9M wmt per year of direct reduction quality iron grading above 67.5% Fe, located near available infrastructure and only 21 kilometres southeast of Bloom Lake. On July 21, 2025, Champion entered into a definitive framework agreement with Nippon Steel Corporation and Sojitz Corporation to form a partnership for the shared ownership and potential development of the Kami Project. Champion also owns a portfolio of exploration and development projects in the Labrador Trough, including the Cluster II portfolio of properties, located within 60 kilometres south of Bloom Lake.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

## 2. Financial and Operating Highlights

	Three Months Ended June 30,		
	2025	2024	Variance
Iron ore concentrate produced (wmt)	3,520,600	3,876,500	(9)%
Iron ore concentrate sold (dmt)	3,831,800	3,442,800	11 %
<b>Financial Data</b> (in thousands of dollars, except per share data)			
Revenues	390,027	467,084	(16)%
Net income	23,784	81,357	(71)%
Adjusted net income <sup>1</sup>	23,784	81,357	(71)%
EBITDA <sup>1</sup>	57,753	181,160	(68)%
EBITDA margin <sup>1</sup>	15 %	39 %	(62)%
Basic EPS	0.05	0.16	(69)%
Adjusted EPS <sup>1</sup>	0.05	0.16	(69)%
Net cash flows from operating activities	81,132	31,394	158 %
Cash and cash equivalents	176,054	259,859	(32)%
Total assets	3,060,237	2,771,729	10 %
<b>Statistics</b> (in dollars per dmt sold)			
Gross average realized selling price <sup>1</sup>	146.0	171.6	(15)%
Net average realized selling price <sup>1</sup>	101.8	135.7	(25)%
C1 cash cost <sup>1</sup>	81.9	76.9	7 %
AISC <sup>1</sup>	96.2	91.6	5 %
Cash operating margin <sup>1</sup>	5.6	44.1	(87)%
<b>Statistics</b> (in U.S. dollars per dmt sold) <sup>2</sup>			
Gross average realized selling price <sup>1</sup>	105.5	125.3	(16)%
Net average realized selling price <sup>1</sup>	73.4	99.2	(26)%
C1 cash cost <sup>1</sup>	59.2	56.2	5 %
AISC <sup>1</sup>	69.5	66.9	4 %
Cash operating margin <sup>1</sup>	3.9	32.3	(88)%

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

<sup>2</sup> See the "Currency" subsection included in section 6 — Key Drivers of this MD&A.



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(Expressed in Canadian dollars, except where otherwise indicated)

### 3. Quarterly Highlights

#### Operations and Sustainability

- No serious injuries or major environmental incidents were reported during the three-month period ended June 30, 2025;
- Quarterly production of 3.5 million wmt (3.4 million dmt) of high-grade 66.3% Fe concentrate for the three-month period ended June 30, 2025, down 9% over the same period last year, impacted by higher hardness of processed ore and lower availability of both concentration plants;
- Record quarterly sales of 3.8 million dmt for the three-month period ended June 30, 2025, up 10% from the previous quarter and 11% from the same prior-year period, despite scheduled semi-annual maintenance on third-party rail infrastructure in June 2025. As a result, iron ore concentrate stockpiled at Bloom Lake decreased by 440,000 wmt quarter-over-quarter to 2.1 million wmt as at June 30, 2025; and
- Material mined and hauled at Bloom Lake reached a record 21.0 million tonnes for the three-month period ended June 30, 2025, an increase of 20% compared to the same period last year, supported by the recent addition of mining equipment.

#### Financial Results

- Revenues of \$390.0 million for the three-month period ended June 30, 2025, compared to \$467.1 million for the same period in 2024, primarily attributable to lower net realized selling prices, partially offset by higher sales volumes;
- C1 cash cost for the iron ore concentrate loaded onto vessels at the Port of Sept-Îles totalled \$81.9/dmt<sup>1</sup> (US\$59.2/dmt)<sup>2</sup> for the three-month period ended June 30, 2025, up from \$76.9/dmt<sup>1</sup> (US\$56.2/dmt)<sup>2</sup> for the same period in 2024. The increase was primarily driven by lower production and higher stripping activities, impacting mining and processing costs during the quarter;
- EBITDA of \$57.8 million<sup>1</sup> for the three-month period ended June 30, 2025, down from \$181.2 million<sup>1</sup> for the same period in 2024;
- Net income totalled \$23.8 million, representing EPS of \$0.05, for the three-month period ended June 30, 2025, compared to \$81.4 million, with EPS of \$0.16, for the same period in 2024;
- Net cash flows from operating activities of \$81.1 million for the three-month period ended June 30, 2025, compared to \$31.4 million for the same period in 2024, an increase mainly driven by the reduction in iron ore concentrate stockpiled at Bloom Lake, and lower receivables from provisional pricing adjustments, partially offset by lower EBITDA;
- On June 3, 2025, Caisse de dépôt et placement du Québec exercised warrants to acquire 15 million ordinary shares of Champion, resulting in total proceeds to the Company of \$36.7 million. The warrants had been granted pursuant to a financing in August 2019;
- Cash balance totalled \$176.1 million as at June 30, 2025, an increase of \$58.6 million since March 31, 2025, benefiting from the improvements in operating working capital and proceeds from the warrants exercise along with a drawdown on the Company's senior revolving facility (the "Revolving Facility"), while the Company continued to advance the DRPF project and invest in sustainable capital expenditures; and
- On July 2, 2025, Champion issued US\$500 million of 7-year Senior Unsecured Notes with an interest rate of 7.875%. Proceeds from the offering were used to repay the Company's existing US\$230 million senior term loan (the "Term Loan") and the outstanding balance of US\$105 million under the Revolving Facility. The transaction had minimal impact on the Company's net debt and further strengthened its available liquidity, which totalled \$536.6 million<sup>1</sup> as at June 30, 2025, and is expected to be used to support general corporate purposes.

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

<sup>2</sup> See the "Currency" subsection included in section 6 — Key Drivers of this MD&A.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 3. Quarterly Highlights (continued)

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#### DRPF Project Update

- The DRPF project, designed to upgrade half of Bloom Lake's capacity to DR quality pellet feed iron ore grading up to 69% Fe, continues to progress as scheduled, with commissioning planned for December 2025 and commercial shipments of DR quality iron expected in the first half of the 2026 calendar year, gradually increasing thereafter;
- Quarterly and cumulative investments totalled \$47.5 million and \$387.0 million, respectively, as at June 30, 2025, out of an estimated total capital expenditure of \$470.7 million detailed in the project study highlights released in January 2023;
- Structural construction is largely complete, with mechanical, piping and electrical work progressing in accordance with the project schedule; and
- Ongoing discussions with prospective customers in the Middle East and North Africa to supply DR quality iron ore, including pricing premiums over the Company's existing high-purity iron ore concentrate.

#### Kami Project Update

- During the three-month period ended June 30, 2025, progress continued on the definitive feasibility study (the "DFS") for the Kami Project, which is expected to be completed by the end of the 2026 calendar year; and
  - On July 21, 2025, Champion entered into a definitive framework agreement (the "Framework Agreement") with Nippon Steel Corporation ("Nippon Steel") and Sojitz Corporation ("Sojitz", and collectively with Nippon Steel, the "Partners"), pursuant to which the Partners have agreed, subject to the Framework Agreement's terms and conditions, to initially contribute \$245 million for an aggregate 49% interest in Kami Iron Mine Partnership (the "Partnership"), a new entity formed for the ownership and potential development of the Kami Project.
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# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 4. DRPF Project Update

In January 2024, the Board approved an FID to complete the DRPF project to upgrade Bloom Lake's second plant to produce approximately 7.5M wmt per year of DRPF quality iron ore grading up to 69% Fe with a combined silica and alumina content below 1.2%.

The DRPF project aims to capitalize on the steel industry's focus to reduce 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 different supply chains by engaging with additional customers focused on the DRI and EAF steelmaking process, which generally involves lower carbon emissions in the steelmaking process by approximately 50%, 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 process. The DRPF project is also expected to position the Company to engage with fast-growing economies in the Middle East and North Africa, where competitive natural gas prices support cost-effective steelmaking via the DRI-EAF process. Benefiting from a rare high-purity resource, the Company has an opportunity to produce one of the highest quality DRPF products available on the seaborne market, which could attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

During the three-month period ended June 30, 2025, \$47.5 million was invested in the DRPF project, with cumulative investments totalling \$387.0 million, as at June 30, 2025, out of an estimated total capital expenditure of \$470.7 million detailed in the project study highlights released in January 2023. During the three-month period ended June 30, 2025, structural construction activities were mostly completed, with mechanical, piping and electrical work progressing in accordance with the project timeline. The DRPF project is advancing as scheduled, with commissioning expected to begin in December 2025 and commercial shipments of DR quality iron anticipated in the first half of the 2026 calendar year, ramping up gradually thereafter.

During the commissioning phase of the DRPF project and related tie-in work, the Company anticipates temporary disruptions over several days at its second concentration plant, which are expected to negatively impact production during that time. However, with stockpiled iron ore concentrate at Bloom Lake and continued operations at its first plant, the Company does not expect a material impact from the disruption on overall sales volumes. The ramp-up and product stabilization phase is expected to span over several months. Until Champion successfully delivers the DRPF product that meets customers' quality specifications, sales may be directed to the spot market. Accordingly, during the ramp-up period, Champion does not expect to fully benefit from DRPF premiums or freight savings.

Additional details on the DRPF project, including key assumptions and capital costs, 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 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.

### 5. Kami Project Update

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

On March 14, 2024, the Company voluntarily filed the "Pre-feasibility Study for the Kamistiatusset (Kami) Iron Ore Property, Newfoundland and Labrador, Canada", prepared pursuant to National Instrument 43-101 — Standards of Disclosure for Mineral Projects and Chapter 5 of the ASX Listing Rules and dated March 14, 2024 (the "Kami Project Study"), which evaluated a 25-year LoM and an average annual DR quality iron ore concentrate production of approximately 9.0M wmt per year grading above 67.5% Fe. The capital expenditures were estimated at \$3,864 million, resulting in a net present value ("NPV") of \$541 million and an internal rate of return ("IRR") of 9.8% after-tax, based on conservative pricing dynamics, compared to then prevailing iron ore prices, or an NPV of \$2,195 million and IRR of 14.8% after-tax, based on the three previous calendar years' average of the P65 index which preceded the Kami Project Study.

The Kami Project benefits from the permitting work completed by its previous owner and has an estimated 48-month construction period, following an FID. With high-purity iron ore being designated as a critical mineral by the governments of Newfoundland and Labrador, Québec and Canada, the Kami Project is one of several organic growth opportunities currently being considered by the Company.

The Kami Project Study is available 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).



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(Expressed in Canadian dollars, except where otherwise indicated)

### 5. Kami Project Update (continued)

On July 21, 2025, the Company entered into the Framework Agreement with Nippon Steel and Sojitz to form the Partnership for the joint ownership and potential development of the Kami Project, pursuant to which the Partners agreed to initially contribute \$245 million for an aggregate 49% equity interest in the Partnership (the “Transaction”). Subject to the completion of the Transaction, all Kami Project costs are to be shared by Champion and the Partners pursuant to their respective ownership interests, in order to advance the Kami Project towards a potential IID and, ultimately, an FID, including permitting and the completion of the DFS by the end of the 2026 calendar year. Through the Transaction, the Kami Project is expected to benefit from up to \$490 million in contributions before Champion is required to provide additional capital for its pro-rata share. Additionally, Champion will retain operatorship of the Kami Project and may also receive future payments based on the Kami Project’s financial performance, if and when it becomes operational.

During the three-month period ended June 30, 2025, the Company advanced the recently initiated Environmental Impact Statement, as required by the Government of Newfoundland and Labrador. Engagement with local stakeholders, including First Nations communities, remains a priority, reinforcing a collaborative approach to ensure the Kami Project delivers long-term regional benefits. Additionally, the Company is in discussions with various levels of government to explore potential support and is evaluating opportunities to enhance the Kami Project’s economics. Concurrently, the Company and the Partners continue to advance the DFS, building on the Kami Project Study, ahead of a potential IID and, ultimately, an FID.

Additional details on the Transaction can be found in the Company’s press release dated July 21, 2025 (Montréal), available 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).

### 6. Key Drivers

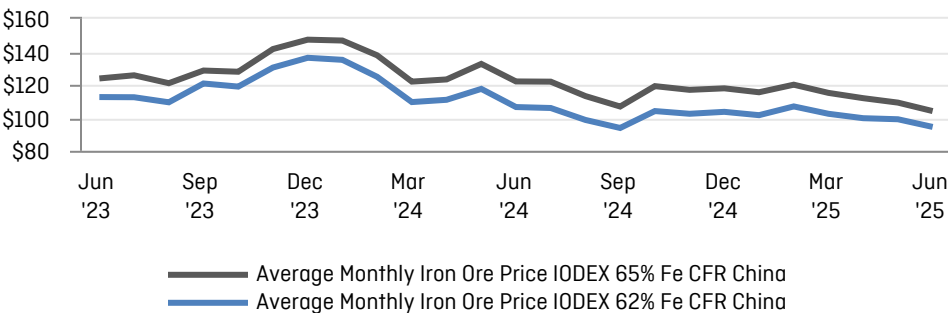
#### Iron Ore Concentrate Price

The price of iron ore concentrate is a critical factor influencing the Company’s financial performance. The iron ore concentrate price fluctuates daily and is affected by several industries and macroeconomic factors beyond the Company’s control. Due to the high-quality properties of its greater than 66% Fe iron ore concentrate, the Company’s iron ore product has proven to attract a premium over the P62 index, widely used as the reference price in the industry. As such, the Company sells 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.

During the three-month period ended June 30, 2025, the P65 index averaged US\$108.4/dmt, representing a decline of 7% quarter-over-quarter and 14% year-over-year. The decrease in iron ore prices reflects persistent weakness in global steel demand, particularly in China, while major iron ore producers in Australia and Brazil maintained steady supply. Additionally, geopolitical trade tensions, including US-China tariff discussions, dampened market sentiment. The P65 index premium over the P62 index continued to narrow during the quarter, driven by persistently weak steelmaking operating margins.

According to the World Steel Association<sup>1</sup>, global crude steel production decreased by 3.5% year-over-year for the three-month period ended June 30, 2025, and by 0.8% from the previous quarter, totalling 465.3 million tonnes. The largest contributor to the decline was China, which saw a 5.5% year-over-year decline in production. This downturn reflects the ongoing distress in the property sector, which remains the key driver of long product steel consumption. In contrast, India’s production grew robustly, driven by infrastructure and urbanization projects. Europe, however, remained challenged by subdued economic growth, with steel consumption continuing to trend lower across member states.

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



<sup>1</sup> World Steel Association

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 6. Key Drivers (continued)

#### Iron Ore Concentrate Price (continued)

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

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

During the three-month period ended June 30, 2025, an average final price of US\$103.6/dmt was established for the 2.7 million tonnes of iron ore that were subject to provisional pricing adjustments as at March 31, 2025, which were previously evaluated using an average expected price of US\$111.1/dmt. Accordingly, during the three-month period ended June 30, 2025, negative pricing adjustments of \$26.6 million (US\$20.1 million) were recorded for tonnes subject to provisional pricing adjustments as at March 31, 2025. For the total volume of 3.8 million dmt sold during the quarter ended June 30, 2025, the negative pricing adjustments represent US\$5.2/dmt. As at June 30, 2025, 2.5 million tonnes of iron ore sold remained subject to provisional pricing adjustments, with a final price to be determined in subsequent reporting periods. A gross average forward provisional price of US\$100.2/dmt was used as at June 30, 2025, to estimate the sales subject to final pricing.

The following table details the Company's gross revenue exposure, as at June 30, 2025, subject to movements in iron ore prices for the provisionally priced sales volume:

	As at June 30, 2025
(in thousands of U.S. dollars)	
Dry metric tonnes subject to provisional pricing adjustments	2,453,300
10% increase in iron ore prices	24,586
10% decrease in iron ore prices	(24,586)

These sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars resulting from a 10% increase and 10% decrease in gross realized selling prices as at June 30, 2025, 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

## Management’s Discussion and Analysis

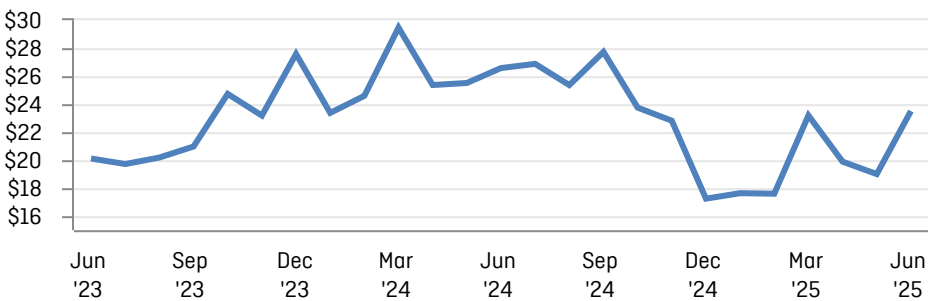
(Expressed in Canadian dollars, except where otherwise indicated)

### 6. Key Drivers (continued)

#### Sea Freight

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

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



During the three-month period ended June 30, 2025, the C3 index averaged US\$20.8/t, up from US\$19.5/t in the previous quarter and down from US\$25.8/t during the same period in 2024. During the second half of the quarter, the market showed signs of recovery, with the C3 index averaging US\$23.5/t for the month of June 2025. The sharp increase was driven by significantly higher iron ore shipments from Brazil, which contributed to port congestion and added upward pressure on freight index prices.

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

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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

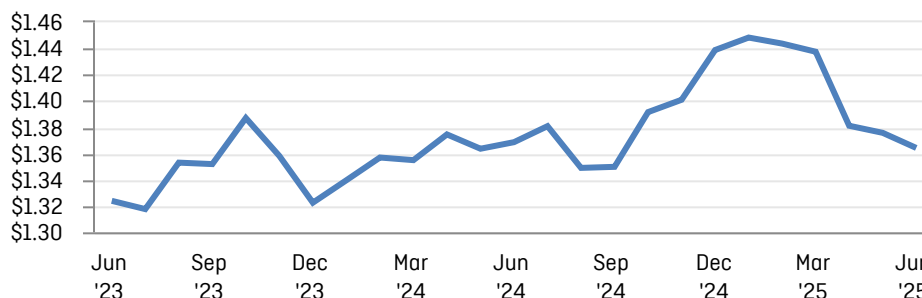
### 6. Key Drivers (continued)

#### Currency

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

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

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



Exchange rates were as follows:

C\$ / US\$						
	Average			Closing		
	FY2026	FY2025	Variance	FY2026	FY2025	Variance
Q1	1.3841	1.3683	1 %	1.3643	1.3687	— %
Q2		1.3641	— %		1.3499	— %
Q3		1.3982	— %		1.4389	— %
Q4		1.4352	— %		1.4376	— %
Year-end as at March 31		1.3913	— %		1.4376	— %

Apart from these key drivers and the risk factors that are described in the "Risk Factors" section of the Company's MD&A for the financial year ended March 31, 2025, 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

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 7. Bloom Lake Mine Operating Activities

	Three Months Ended June 30,		
	2025	2024	Variance
<b>Operating Data</b>			
Waste mined and hauled (wmt)	<b>10,963,600</b>	6,733,700	63 %
Ore mined and hauled (wmt)	<b>10,070,700</b>	10,779,300	(7)%
Material mined and hauled (wmt)	<b>21,034,300</b>	17,513,000	20 %
Stripping ratio	<b>1.09</b>	0.62	76 %
Ore milled (wmt)	<b>10,500,700</b>	11,084,300	(5)%
Head grade Fe (%)	<b>28.2</b>	29.1	(3)%
Fe recovery (%)	<b>78.2</b>	79.3	(1)%
Product Fe (%)	<b>66.3</b>	66.3	— %
Iron ore concentrate produced (wmt)	<b>3,520,600</b>	3,876,500	(9)%
Iron ore concentrate sold (dmt)	<b>3,831,800</b>	3,442,800	11 %

Bloom Lake produced 3.5 million wmt (3.4 million dmt) of high-grade iron ore concentrate during the three-month period ended June 30, 2025, a decrease of 9% compared to 3.9 million wmt (3.8 million dmt) produced during the same period in 2024. Bloom Lake's overall performance continued to be impacted by the hardness of ore processed, together with lower head grade. As a result, Champion's average Fe recovery rate was 78.2% for the three-month period ended June 30, 2025, compared to 79.3% for the same period in 2024. Champion is adjusting its operating and maintenance strategies to manage varying ore feed characteristics. While mining performance remained robust during the three-month period ended June 30, 2025, processing harder ore impacted grinding efficiency and Fe recovery. The Company will continue to optimize its operations and remains focused on improving and stabilizing recovery rates over time. During the quarter, the Company capitalized on a scheduled annual power interruption by the service provider, which briefly impacted operations, to perform planned maintenance on certain processing equipment.

Sales volumes reached a record level during the three-month period ended June 30, 2025, exceeding production, thereby reducing the level of iron ore concentrate stockpiled at Bloom Lake by 440,000 wmt to reach 2.1 million wmt as at June 30, 2025. During the quarter, sales were negatively impacted by a scheduled semi-annual shutdown of rail operations for third-party infrastructure maintenance. The Company expects that stockpiled volumes of iron ore concentrate will continue to decrease in future periods. However, the pace of future destocking is expected to vary due to scheduled semi-annual maintenance work at the mine and on the rail network, as well as seasonal transportation constraints. Champion continues to work closely with the rail operator to receive consistent contracted haulage services, ensuring that both ongoing production and existing stockpiles at Bloom Lake are hauled over future periods.

During the three-month period ended June 30, 2025, the Company set a new record by mining and hauling 21.0 million tonnes of waste and ore, surpassing the 17.5 million tonnes of waste and ore recorded in the same prior-year period. This improvement in mining performance was driven by Champion's investments in additional haul trucks and loading equipment during the second half of the previous financial year, as well as enhanced utilization and availability of mining equipment. The strong mining performance enabled the Company to mine and haul a higher volume of waste material, resulting in a stripping ratio of 1.09 for the three-month period ended June 30, 2025, significantly higher than the 0.62 ratio recorded in the same prior-year period. Champion anticipates maintaining elevated stripping activity in upcoming periods, consistent with its LoM plan.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance

	Three Months Ended June 30,		
	2025	2024	Variance
<b>Financial Data</b> (in thousands of dollars)			
Revenues	<b>390,027</b>	467,084	(16)%
Cost of sales	<b>313,928</b>	264,911	19 %
Other expenses	<b>18,712</b>	21,159	(12)%
Net finance costs (income)	<b>(13,256)</b>	8,259	(261)%
Net income	<b>23,784</b>	81,357	(71)%
EBITDA <sup>1</sup>	<b>57,753</b>	181,160	(68)%
<b>Statistics</b> (in dollars per dmt sold)			
Gross average realized selling price <sup>1</sup>	<b>146.0</b>	171.6	(15)%
Net average realized selling price <sup>1</sup>	<b>101.8</b>	135.7	(25)%
C1 cash cost <sup>1</sup>	<b>81.9</b>	76.9	7 %
AISC <sup>1</sup>	<b>96.2</b>	91.6	5 %
Cash operating margin <sup>1</sup>	<b>5.6</b>	44.1	(87)%

#### A. Revenues

	Three Months Ended June 30,		
	2025	2024	Variance
<b>Indexes</b> (in U.S. dollars per tonne)			
P62	<b>97.8</b>	111.8	(13)%
P65	<b>108.4</b>	126.1	(14)%
C3	<b>20.8</b>	25.8	(19)%
<b>Statistics</b> (in dollars per dmt sold) <sup>2</sup>			
Gross average realized selling price <sup>1</sup>	<b>105.5</b>	125.3	(16)%
Freight and other costs	<b>(26.9)</b>	(32.1)	(16)%
Provisional pricing adjustments	<b>(5.2)</b>	6.0	(187)%
<b>US\$ Net average realized FOB selling price<sup>1</sup></b>	<b>73.4</b>	99.2	(26)%
<b>C\$ Net average realized FOB selling price<sup>1</sup></b>	<b>101.8</b>	135.7	(25)%

Revenues totalled \$390.0 million for the three-month period ended June 30, 2025, down \$77.1 million from \$467.1 million in the same period in 2024. Sales volumes rose by 11% and freight and other costs declined by 16% year-over-year. These positive impacts were more than offset by a lower gross average realized selling price, driven by a decline in the P65 index price, and negative provisional pricing adjustments on sales recorded during the previous quarter.

During the three-month period ended June 30, 2025, sales volumes reached a record of 3.8 million dmt, despite the impact of a planned rail shutdown during the quarter. A second semi-annual maintenance of rail infrastructure is scheduled in the second quarter of the current financial year and is expected to impact shipment pace and volumes transported to the Port of Sept-Îles.

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

<sup>2</sup> See the "Currency" subsection included in section 6 — Key Drivers of this MD&A.



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

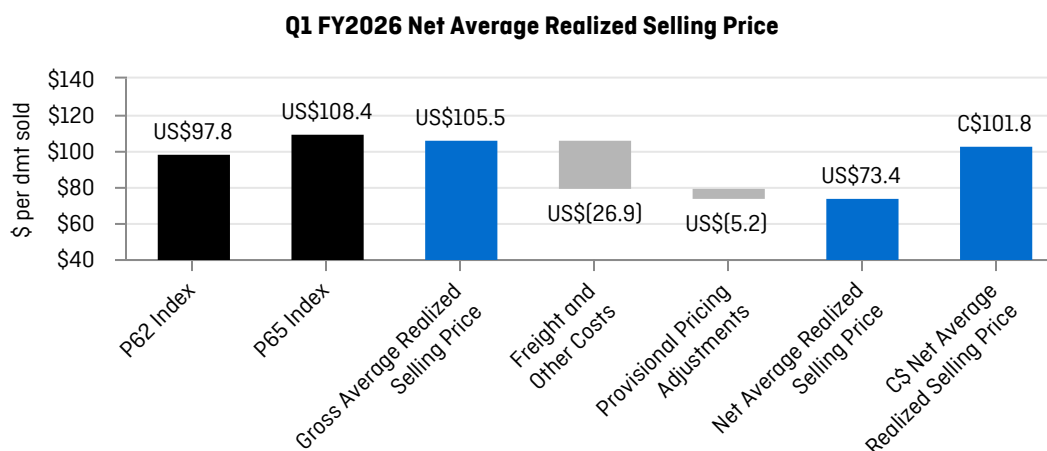
#### A. Revenues (continued)

Negative provisional pricing adjustments on prior-quarter sales of \$26.6 million (US\$20.1 million) were recorded during the three-month period ended June 30, 2025, representing a negative impact of US\$5.2/dmt over the 3.8 million dmt sold during the quarter. A final average price of US\$103.6/dmt was established for the 2.7 million dmt of iron ore subject to pricing adjustments as at March 31, 2025, which were provisionally priced at US\$111.1/dmt.

The gross average realized selling price of US\$105.5/dmt<sup>1</sup> for the three-month period ended June 30, 2025, was lower than the P65 index average price of US\$108.4/dmt. The 2.5 million dmt of iron ore subject to pricing adjustments as at June 30, 2025, were evaluated at an average price of US\$100.2/dmt. The gross average realized selling price was also negatively impacted by the Company's strategic transition to a higher grade DRPF product. As part of this shift, Champion intentionally reduced volumes of iron ore concentrate sold under long-term sales contracts to retain a greater proportion of its iron ore concentrate for the short-term and spot markets, which have recently experienced greater pricing volatility and pricing discounts. These impacts were partially offset by sales using backward-looking iron ore index pricing, which exceeded the P65 index average price during the period.

Freight and other costs of US\$26.9/dmt during the three-month period ended June 30, 2025, decreased by 16%, compared to US\$32.1/dmt in the same prior-year period, mainly driven by a decrease in the average C3 index. Freight and other costs for the period remained elevated due to additional shipping expenses incurred from rerouting vessels via the Cape of Good Hope, as a result of the ongoing conflict in the Red Sea.

After taking into account sea freight and other costs of US\$26.9/dmt and the negative provisional pricing adjustments of US\$5.2/dmt, the Company obtained a net average realized selling price of US\$73.4/dmt (C\$101.8/dmt<sup>1</sup>) for its high-grade iron ore concentrate shipped during the quarter.



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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

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

	Three Months Ended June 30,		
	2025	2024	Variance
Iron ore concentrate produced (dmt)	<b>3,412,300</b>	3,761,100	(9)%
Iron ore concentrate sold (dmt)	<b>3,831,800</b>	3,442,800	11 %
(in thousands of dollars, except per dmt data)			
Mining and processing costs	<b>183,217</b>	180,012	2 %
Change in iron ore concentrate inventories	<b>37,539</b>	(2,174)	(1827)%
Land transportation and port handling	<b>93,172</b>	87,073	7 %
<b>Cost of sales</b>	<b>313,928</b>	264,911	19 %
<b>C1 cash cost per dmt sold<sup>1</sup></b>	<b>81.9</b>	76.9	7 %
Mining and processing costs per dmt produced <sup>1</sup>	<b>53.7</b>	47.9	12 %

For the three-month period ended June 30, 2025, the cost of sales totalled \$313.9 million with a C1 cash cost of \$81.9/dmt<sup>1</sup>, compared to \$264.9 million with a C1 cash cost of \$76.9/dmt<sup>1</sup> for the same period in 2024. The increase in cost of sales reflected the higher sales volumes and the reduction of stockpiled iron ore concentrate inventory over the quarter since these tonnes were valued at higher production costs than those of the current quarter due to major maintenance carried out in March 2025.

Mining and processing costs totalled \$53.7/dmt<sup>1</sup> for the 3.4 million dmt produced in the three-month period ended June 30, 2025, representing a 12% increase compared to \$47.9/dmt produced<sup>1</sup> in the same period last year. This increase was mainly driven by higher stripping activities, with 4.2 million more tonnes of waste mined and hauled during the quarter than in the same prior-year period, in line with the long-term mine plan. Additional contributing factors included increased maintenance resulting from premature wear on crushers and grinding circuits due to processing harder ore, and lower production volumes over which to amortize fixed costs.

Land transportation and port handling costs for the three-month period ended June 30, 2025, were \$24.3/dmt sold<sup>1</sup>, a decrease from the \$25.3/dmt sold<sup>1</sup> for the same period last year. This decrease was mainly attributable to higher sales volumes during the period, which contributed to the amortization of fixed costs of the Sept-Îles port facilities.

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

#### C. Other Expenses

	Three Months Ended June 30,		
	2025	2024	Variance
(in thousands of dollars)			
Share-based payments	<b>(317)</b>	2,392	(113)%
General and administrative expenses	<b>12,581</b>	12,350	2 %
Sustainability and other community expenses	<b>4,577</b>	4,541	1 %
Innovation and growth initiatives	<b>1,871</b>	1,876	— %
	<b>18,712</b>	21,159	(12)%

For the three-month period ended June 30, 2025, share-based payments were impacted by the change in value of the related liability, which varies based on the price of the Company's shares at each reporting date. General and administrative expenses, sustainability and community-related expenses, and innovation and growth initiative expenses for the quarter were in line with the corresponding period in 2024.

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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### D. Net Finance Costs (Income)

(in thousands of dollars)	Three Months Ended June 30,		
	2025	2024	Variance
Interest expense on long-term debt	<b>6,177</b>	7,936	(22)%
Standby commitment fees on long-term debt	<b>623</b>	678	(8)%
Interest expense on lease liabilities	<b>1,448</b>	1,020	42 %
Interest income	<b>(1,018)</b>	(4,795)	(79)%
Other finance costs	<b>2,004</b>	2,896	(31)%
	<b>9,234</b>	7,735	19 %
Realized and unrealized foreign exchange loss (gain)	<b>(22,490)</b>	524	(4392)%
	<b>(13,256)</b>	8,259	(261)%

The Company recorded net finance costs before realized and unrealized foreign exchange loss (gain) of \$9.2 million for the three-month period ended June 30, 2025, compared to \$7.7 million for the same period in 2024. This was mainly attributable to lower interest income, due to lower average cash balances over the period, partially offset by lower interest expense on long-term debt, due to higher borrowing costs capitalized on the DRPF project, which totalled \$6.7 million during the quarter, compared to \$2.4 million for the same period last year.

The foreign exchange gain of \$22.5 million resulted from the revaluation of net monetary liabilities denominated in U.S. dollars, with the strengthening of the Canadian dollar at the end of the quarter, compared to March 31, 2025.

#### E. Income Taxes

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

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

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

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the three-month period ended June 30, 2025 (2024: 26.50%).

During the three-month period ended June 30, 2025, current income and mining tax expenses totalled \$8.4 million, compared to \$41.2 million for the same period in 2024. The variation was mainly due to the change in taxable income driven by gross profit. With tax payments of \$18.6 million during the three-month period ended June 30, 2025, and a payable net balance of \$22.7 million as at March 31, 2025, the Company had net income and mining taxes payable of \$12.5 million as at June 30, 2025.

During the three-month period ended June 30, 2025, deferred income and mining tax recovery totalled \$8.0 million, compared to an expense of \$14.8 million for the same period in 2024. The variation in deferred tax expenses was mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The combined provincial and federal statutory tax and mining tax rate was 38% and the Company's effective tax rate ("ETR") was 2% for the three-month period ended June 30, 2025, compared to 41% for the previous year. The lower ETR was mainly due to a non-taxable unrealized foreign exchange gain, partially offset by the withholding tax resulting from the dividends received from QIO in July 2025.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Financial Performance (continued)

#### F. Net Income & EBITDA

For the three-month period ended June 30, 2025, the Company generated EBITDA of \$57.8 million<sup>1</sup>, representing an EBITDA margin of 15%<sup>1</sup>, compared to \$181.2 million<sup>1</sup>, representing an EBITDA margin of 39%<sup>1</sup>, for the same period in 2024. Lower EBITDA and EBITDA margin were mainly driven by a lower net average realized selling price and a higher cost of sales, partially offset by higher sales volumes.

For the three-month period ended June 30, 2025, the Company generated net income of \$23.8 million (EPS of \$0.05), compared to \$81.4 million (EPS of \$0.16) for the same prior-year period. This decrease in net income was attributable to lower gross profit, partially offset by a foreign exchange gain resulting from the revaluation of U.S. dollar-denominated net monetary liabilities, driven by the strengthening of the Canadian dollar at the end of the quarter, as well as lower income and mining taxes.

#### G. All-in Sustaining Cost & Cash Operating Margin

	Three Months Ended June 30,		
	2025	2024	Variance
Iron ore concentrate sold (dmt)	<b>3,831,800</b>	3,442,800	11 %
(in dollars per dmt sold)			
Net average realized selling price <sup>1</sup>	<b>101.8</b>	135.7	(25)%
C1 cash cost <sup>1</sup>	<b>81.9</b>	76.9	7 %
Sustaining capital expenditures	<b>11.0</b>	11.0	— %
General and administrative expenses	<b>3.3</b>	3.7	(11)%
<b>AISC<sup>1</sup></b>	<b>96.2</b>	91.6	5 %
<b>Cash operating margin<sup>1</sup></b>	<b>5.6</b>	44.1	(87)%

During the three-month period ended June 30, 2025, the Company realized an AISC of \$96.2/dmt<sup>1</sup>, compared to \$91.6/dmt<sup>1</sup> for the same period in 2024, an increase mainly attributable to a higher C1 cash cost, mitigated by higher volumes of iron ore concentrate sold during the period.

The Company generated a cash operating margin of \$5.6/dmt<sup>1</sup> for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2025, compared to \$44.1/dmt<sup>1</sup> for the same prior-year period. The variation was mainly due to a lower net average realized selling price and a higher AISC for the period.

### 9. Exploration Activities and Regional Growth

During the three-month period ended June 30, 2025, the Company maintained all its properties in good standing and no farm-in or farm-out arrangements came into effect. As outlined in section 5 — Kami Project Update of this MD&A, the Partners agreed to jointly conduct and fund certain components of the DFS on a pro-rata basis, in accordance with their respective ownership interests. Expected reimbursements of expenditures already incurred by Champion pursuant to the existing collaboration agreement with the Partners were deducted from exploration and evaluation assets.

During the three-month period ended June 30, 2025, \$8.8 million in exploration and evaluation expenditures were incurred, compared to \$2.6 million for the same prior-year period. During the three-month period ended June 30, 2025, exploration and evaluation expenditures related to activities carried out in Québec and Newfoundland and Labrador.

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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended June 30,	
	2025	2024
(in thousands of dollars, except per share data)		
Operating cash flows before working capital	41,801	136,708
Changes in non-cash operating working capital	39,331	(105,314)
Net cash flows from operating activities	81,132	31,394
Net cash flows used in investing activities	(119,987)	(124,412)
Net cash flows from (used in) financing activities	99,624	(49,765)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>60,769</b>	<b>(142,783)</b>
Effects of exchange rate changes on cash and cash equivalents	(2,166)	2,581
<b>Cash and cash equivalents, beginning of the period</b>	<b>117,451</b>	<b>400,061</b>
<b>Cash and cash equivalents, end of the period</b>	<b>176,054</b>	<b>259,859</b>
<b>Operating cash flow per share<sup>1</sup></b>	<b>0.16</b>	<b>0.06</b>

#### Operating

During the three-month period ended June 30, 2025, the Company generated operating cash flows of \$41.8 million before changes in working capital items, a decrease of \$94.9 million compared to \$136.7 million for the same period last year. The \$123.4 million decrease in EBITDA<sup>1</sup> was partially offset by lower current income and mining taxes of \$32.8 million during the quarter. Operating cash flows also benefited from the decrease in inventories mainly attributable to the reduced volume of iron ore concentrate stockpiled at Bloom Lake, other working capital items mostly offsetting each other. The operating cash flow per share for the three-month period ended June 30, 2025, was \$0.16<sup>1</sup>, compared to \$0.06<sup>1</sup> for the same prior-year period.

#### Investing

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

	Three Months Ended June 30,	
	2025	2024
(in thousands of dollars)		
Tailings lifts	14,766	16,104
Stripping and mining activities	12,975	10,325
Other sustaining capital expenditures	14,500	11,579
<b>Sustaining Capital Expenditures</b>	<b>42,241</b>	<b>38,008</b>
DRPF project	47,460	58,465
Other capital development expenditures at Bloom Lake	15,674	18,988
<b>Purchase of Property, Plant and Equipment as per Cash Flows</b>	<b>105,375</b>	<b>115,461</b>

#### Sustaining Capital Expenditures

Sustaining capital expenditures were \$11.0/dmt sold for the three-month period ended June 30, 2025, comparable to the same prior-year period.

The tailings-related investments for the three-month period ended June 30, 2025, were in line with the Company's long-term plan to support the LoM operations. As part of its ongoing tailings infrastructure monitoring and inspections, Champion remains committed to its safe tailings strategy and continues to implement its long-term investment plan for tailings infrastructure. During the third quarter of the 2025 financial year, the Company initiated the expansion of its tailings and waste storage capacity to accommodate increased operational throughput. Tailings-related construction activities are typically conducted between May and November, when weather conditions are more favourable.

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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Cash Flows (continued)

#### Investing (continued)

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

###### Sustaining Capital Expenditures (continued)

Stripping and mining activities for the three-month period ended June 30, 2025, comprised \$7.8 million of mine development costs, including topographic and pre-cut drilling work, contained in the Company's mine plan (\$10.3 million for the same period in 2024). During the three-month period ended June 30, 2025, stripping and mining activities also included \$5.2 million in capitalized stripping costs (nil for the same period in 2024).

The increase in other sustaining capital expenditures for the three-month period ended June 30, 2025, was primarily driven by investments in mining equipment rebuilds to support the expansion of Champion's mining fleet. These expenditures align with the Company's long-term investment strategy to support growth initiatives across the LoM.

##### DRPF Project

During the three-month period ended June 30, 2025, the Company spent \$47.5 million in capital expenditures related to the DRPF project (\$58.5 million for the same prior-year period). Investments during the period mainly consisted of structural construction activities, as well as mechanical, piping and electrical work, all of which are progressing as planned. Cumulative investments totalled \$387.0 million as at June 30, 2025, out of an estimated total capital expenditure of \$470.7 million outlined in the project's study highlights released in January 2023. A detailed description of the project is presented in section 4 — DRPF Project Update of this MD&A.

##### Other Capital Development Expenditures at Bloom Lake

During the three-month period ended June 30, 2025, other capital development expenditures at Bloom Lake totalled \$15.7 million (\$19.0 million for the same period in 2024). The following table details other capital development expenditures at Bloom Lake:

(in thousands of dollars)	Three Months Ended June 30,	
	2025	2024
Infrastructure improvements and conformity (i)	3,019	10,158
Mine maintenance garage expansion	457	3,783
Deposits or final payment for mining equipment	6,219	2,752
Other (ii)	5,979	2,295
<b>Other Capital Development Expenditures at Bloom Lake</b>	<b>15,674</b>	<b>18,988</b>

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

(ii) Other expenditures mainly consisted of capitalized borrowing costs on the DRPF project.

##### ii. Other Main Investing Activities

During the three-month period ended June 30, 2025, the Company made advance payments of \$5.3 million to third-party service providers in Sept-Îles for major replacement parts and asset improvement capital expenditures (\$6.4 million in the same period in 2024). During the three-month period ended June 30, 2025, the Company also invested \$8.8 million in exploration and evaluation assets (\$2.6 million for the same prior-year period).

##### Financing

During the three-month period ended June 30, 2025, the Company made a net repayment of \$3.4 million on mining equipment and railcar financings (repayment of \$6.2 million for the same period last year). During the three-month period ended June 30, 2025, the Company also made a drawdown of \$76.0 million on the Revolving Facility to support the construction of the DRPF project, and repaid \$6.4 million on the loan from Investissement Québec (repayment of \$6.4 million for the same prior-year period).

During the three-month period ended June 30, 2025, the Company also made payments on lease liabilities of \$3.3 million (\$1.8 million for the same prior-year period).

During the three-month period ended June 30, 2025, Caisse de dépôt et placement du Québec exercised warrants to acquire 15 million ordinary shares of the Company, resulting in total proceeds of \$36.7 million.



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 11. Financial Position

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

	As at June 30, 2025	As at March 31, 2025	Variance
(in thousands of dollars)			
Cash and cash equivalents	176,054	117,451	50 %
Receivables	127,658	202,470	(37)%
Inventories	310,518	357,489	(13)%
Other current assets	57,606	54,895	5 %
<b>Total Current Assets</b>	<b>671,836</b>	<b>732,305</b>	<b>(8)%</b>
Advance payments	77,088	76,307	1 %
Property, plant and equipment	2,132,438	2,046,406	4 %
Exploration and evaluation assets	153,285	148,029	4 %
Other non-current assets	25,590	27,154	(6)%
<b>Total Assets</b>	<b>3,060,237</b>	<b>3,030,201</b>	<b>1 %</b>
<b>Total Current Liabilities</b>	<b>366,729</b>	<b>358,682</b>	<b>2 %</b>
Long-term debt	687,174	666,576	3 %
Lease liabilities	86,959	78,619	11 %
Provisions	135,779	141,628	(4)%
Net deferred tax liabilities	317,131	325,105	(2)%
Other non-current liabilities	23,813	24,193	(2)%
<b>Total Liabilities</b>	<b>1,617,585</b>	<b>1,594,803</b>	<b>1 %</b>
<b>Total Equity</b>	<b>1,442,652</b>	<b>1,435,398</b>	<b>1 %</b>
<b>Total Liabilities and Equity</b>	<b>3,060,237</b>	<b>3,030,201</b>	<b>1 %</b>

#### Assets

The Company's cash and cash equivalents balance on June 30, 2025, compared to the amount held on March 31, 2025, is detailed in section 10 — Cash Flows of this MD&A.

The decrease in receivables was mostly attributable to lower trade receivables. This decrease was mainly due to certain vessels being in a payable position as at June 30, 2025, reflecting the revaluation of sales subject to provisional pricing. The appreciation of the Canadian dollar against the U.S. dollar as at June 30, 2025, compared to March 31, 2025, also contributed to the decrease in receivables.

The decrease in inventories was attributable to the reduced volume of iron ore concentrate stockpiled at Bloom Lake, combined with a lower valuation of iron ore concentrate inventory as at June 30, 2025, compared to March 31, 2025.

The additions to property, plant and equipment are detailed in section 10 — Cash Flows of this MD&A. The increase during the period was also attributable to additional right-of-use assets related to certain equipment.

Exploration and evaluation expenditures for the three-month period ended June 30, 2025, are detailed in section 9 — Exploration Activities and Regional Growth of this MD&A.

#### Liabilities and Equity

The increase in current liabilities was mainly attributable to the dividend declared in May 2025 and paid in July 2025, a higher current portion of long-term debt, resulting from the first repayment of the Term Loan due in June 2026, and new mobile equipment lease liabilities. These were partially offset by lower trade payables, lower accruals associated with wages and benefits, as well as lower income and mining taxes payable, as bonuses and taxes related to the 2025 financial year were both paid during the quarter.

The increase in long-term debt was mainly attributable to a US\$55.0 million drawdown on the Revolving Facility to fund the construction of the DRPF project, partially offset by the strengthening of the Canadian dollar as at June 30, 2025, compared to March 31, 2025.

The increase in lease liabilities was due to new rental agreements for multiple equipment dedicated to mining, tailings and water management.

Total equity increased by \$7.3 million since the beginning of the current financial year as the dividend declared on the Company's ordinary shares was more than offset by the proceeds from the warrants exercise and the net income generated during the three-month period.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 11. Financial Position (continued)

#### Liquidity

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

As at June 30, 2025, the Company held \$176.1 million in cash and cash equivalents and had \$360.6 million in undrawn loans under the Revolving Facility for a total available liquidity of \$536.6 million<sup>1</sup>.

Subsequently, the Company issued US\$500 million Senior Unsecured Notes and repaid the Term Loan (US\$230 million) and the outstanding balance under the Revolving Facility (US\$105 million). More details are provided in note 20 — Subsequent Events to the Financial Statements.

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

- Sustaining and other capital expenditures;
- Growth projects expenditures, including DRPF project expenditures and costs associated with the completion of the Kami Project DFS;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities and long-term debt, including the full repayment of its Term Loan and Revolver Facility; 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 annual consolidated financial statements for the financial year ended March 31, 2025.

### 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 outlined in section 5 — Kami Project Update of this MD&A, on July 21, 2025, Champion entered into the Framework Agreement with Nippon and Sojitz to form the Partnership for the joint ownership and potential development of the Kami Project. Completion of the Transaction is subject to the receipt of the required regulatory approvals, as well as other customary closing conditions.

In relation to the Kami Project and contingent upon the closing of the Transaction with the Partners, the Partnership will be subject to:

- A gross sales royalty on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products; and
- An education and training fund for local communities.

Contingent upon the Kami Project advancing to commercial production, the Company will be subject to a fixed production payment on future tonnes sold.

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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

#### Contractual Obligations and Commitments

The following table details the contractual maturities of the Company's liabilities segmented by period, including estimated future interest payments and future minimum payments of the commitments, as at June 30, 2025:

(in thousands of dollars)	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	269,475	—	—	269,475
Long-term debt	107,703	734,006	67,440	909,149
Lease liabilities	25,366	47,277	72,400	145,043
Commitments as per note 17 to the Financial Statements	123,770	80,771	226,208	430,749
	526,314	862,054	366,048	1,754,416

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

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

#### Other Off-Balance Sheet Arrangements

As at June 30, 2025, the undrawn portion of the Revolving Facility amounted to \$360.6 million (US\$264.4 million), and is subject to standby commitment fees.

### 15. Material Judgments, Estimates and Assumptions

The Company's material accounting judgments, estimates and assumptions are summarized in note 2 to the annual consolidated financial statements for the financial year ended March 31, 2025.

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

The new accounting amendments issued and adopted by the Company are disclosed in note 2 to the Financial Statements.

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

The new accounting standards or amendments issued but not yet in effect are disclosed in note 2 to the Financial Statements.

### 18. Related Party Transactions

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

Transactions with key management personnel are disclosed in note 28 to the annual consolidated financial statements for the financial year ended March 31, 2025. In connection with related party transactions, no significant changes occurred during the three-month period ended June 30, 2025.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 19. Summary of Quarterly Results

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

	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
<b>Financial Data</b> (in millions of dollars, except per share data)								
Revenues	390.0	425.3	363.2	351.0	467.1	332.7	506.9	387.6
Operating income	10.6	84.6	50.8	39.6	145.5	55.2	211.3	123.6
Net income	23.8	39.1	1.7	19.8	81.4	25.8	126.5	65.3
Adjusted net income <sup>1</sup>	23.8	39.1	1.7	19.8	81.4	25.8	126.5	65.3
EBITDA <sup>1</sup>	57.8	127.4	88.2	74.5	181.2	85.1	246.6	155.0
Basic EPS	0.05	0.08	0.00	0.04	0.16	0.05	0.24	0.13
Adjusted EPS <sup>1</sup>	0.05	0.08	0.00	0.04	0.16	0.05	0.24	0.13
Diluted EPS	0.05	0.07	0.00	0.04	0.15	0.05	0.24	0.12
Net cash flows from (used in) operating activities	81.1	144.4	(6.4)	134.7	31.4	100.5	162.6	162.2
<b>Operating Data</b>								
Waste mined and hauled (thousands of wmt)	10,964	10,886	9,694	9,324	6,734	6,499	6,993	6,265
Ore mined and hauled (thousands of wmt)	10,071	9,470	10,348	9,287	10,779	9,471	11,216	10,594
Stripping ratio	1.09	1.15	0.94	1.00	0.62	0.69	0.62	0.59
Ore milled (thousands of wmt)	10,501	9,160	10,305	9,125	11,084	9,349	11,137	10,340
Head grade Fe (%)	28.2	29.2	29.3	29.1	29.1	28.7	29.4	28.2
Fe recovery (%)	78.2	78.3	79.1	78.7	79.3	80.2	81.4	77.8
Product Fe (%)	66.3	66.5	66.3	66.3	66.3	66.1	66.3	66.1
Iron ore concentrate produced (thousands of wmt)	3,521	3,167	3,621	3,170	3,877	3,275	4,043	3,447
Iron ore concentrate sold (thousands of dmt)	3,832	3,495	3,287	3,266	3,443	2,969	3,228	2,884
<b>Statistics</b> (in dollars per dmt sold)								
Gross average realized selling price <sup>1</sup>	146.0	160.4	158.8	161.8	171.6	166.3	195.8	169.4
Net average realized selling price <sup>1</sup>	101.8	121.7	110.5	107.5	135.7	112.1	157.1	134.4
C1 cash cost <sup>1</sup>	81.9	80.0	78.7	77.5	76.9	76.6	73.0	73.7
AISC <sup>1</sup>	96.2	93.1	93.9	101.4	91.6	88.0	83.9	99.1
Cash operating margin <sup>1</sup>	5.6	28.6	16.6	6.1	44.1	24.1	73.2	35.3
<b>Statistics</b> (in U.S. dollars per dmt sold) <sup>2</sup>								
Gross average realized selling price <sup>1</sup>	105.5	111.8	113.4	118.9	125.3	123.4	144.0	126.2
Net average realized selling price <sup>1</sup>	73.4	84.9	78.8	79.0	99.2	82.9	115.6	100.3
C1 cash cost <sup>1</sup>	59.2	55.7	56.3	56.8	56.2	56.8	53.6	55.0
AISC <sup>1</sup>	69.5	64.9	67.2	74.3	66.9	65.3	61.6	73.9
Cash operating margin <sup>1</sup>	3.9	20.0	11.6	4.7	32.3	17.6	54.0	26.4

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

<sup>2</sup> See the "Currency" subsection included in section 6 — Key Drivers of this MD&A.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

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

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

Non-IFRS Financial Measures	
EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus Bloom Lake start-up costs, if any, less gain on disposal of non-current investments, plus write-off of non-current investment and the related tax effect of these items
Available liquidity	Cash and cash equivalents, plus short-term investments, plus undrawn amounts under credit facilities
Non-IFRS Ratios	
EBITDA margin	EBITDA as a percentage of revenues
Adjusted EPS	Adjusted net income per basic weighted average number of ordinary shares outstanding
C1 cash cost per dmt sold	Cost of sales before Bloom Lake start-up costs, if any, divided by iron ore concentrate sold in dmt
AISC per dmt sold	C1 cash cost, plus sustaining capital expenditures and general and administrative expenses, divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price, less AISC
Gross average realized selling price per dmt sold	Revenues before provisional pricing adjustments and freight and other costs, divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price
Other Financial Measures	
Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues, divided by iron ore concentrate sold in dmt
Mining and processing costs per dmt produced	Mining and processing costs, divided by iron ore concentrate produced in dmt
Land transportation and port handling costs per dmt sold	Land transportation and port handling costs, divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flows from (used in) operating activities per basic weighted average number of ordinary shares outstanding

# Champion Iron Limited

## Management's Discussion and Analysis

(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 and other income or expenses.

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

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

	September 30,	December 31,	March 31,	Three Months Ended June 30,
(in thousands of dollars)	2024	2024	2025	2025
Income before income and mining taxes	31,777	21,347	74,646	<b>24,213</b>
Net finance costs (income)	7,486	30,508	11,286	<b>(13,256)</b>
Depreciation	35,273	36,361	41,446	<b>46,796</b>
<b>EBITDA</b>	<b>74,536</b>	<b>88,216</b>	<b>127,378</b>	<b>57,753</b>
Revenues	350,980	363,170	425,345	<b>390,027</b>
<b>EBITDA margin</b>	<b>21%</b>	<b>24%</b>	<b>30%</b>	<b>15%</b>

	September 30,	December 31,	March 31,	Three Months Ended June 30,
(in thousands of dollars)	2023	2023	2024	2024
Income before income and mining taxes	112,187	204,981	46,693	137,377
Net finance costs	11,634	8,747	8,831	8,259
Depreciation	31,215	32,881	29,575	35,524
<b>EBITDA</b>	<b>155,036</b>	<b>246,609</b>	<b>85,099</b>	<b>181,160</b>
Revenues	387,568	506,891	332,673	467,084
<b>EBITDA margin</b>	<b>40%</b>	<b>49%</b>	<b>26%</b>	<b>39%</b>



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

#### Adjusted Net Income and Adjusted EPS

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

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

	September 30,	December 31,	Three Months Ended March 31,	June 30,
	2024	2024	2025	2025
<small>(in thousands of dollars, except shares and per share data)</small>				
<b>Net income</b>	19,807	1,741	39,140	<b>23,784</b>
<b>Adjusted net income</b>	19,807	1,741	39,140	<b>23,784</b>
<small>(in thousands)</small>				
Weighted average number of ordinary shares outstanding — Basic	518,111	518,251	518,251	<b>522,702</b>
<b>Adjusted EPS</b> <small>(in dollars)</small>	0.04	0.00	0.08	<b>0.05</b>

	September 30,	December 31,	Three Months Ended March 31,	June 30,
	2023	2023	2024	2024
<small>(in thousands of dollars, except shares and per share data)</small>				
<b>Net income</b>	65,281	126,462	25,791	81,357
<b>Adjusted net income</b>	65,281	126,462	25,791	81,357
<small>(in thousands)</small>				
Weighted average number of ordinary shares outstanding — Basic	517,258	517,761	518,104	518,080
<b>Adjusted EPS</b> <small>(in dollars)</small>	0.13	0.24	0.05	0.16

# Champion Iron Limited

## Management's Discussion and Analysis

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

	As at June 30,	As at March 31,
(in thousands of dollars)	2025	2025
Cash and cash equivalents	176,054	117,451
Undrawn amounts under credit facilities	360,569	488,410
<b>Available liquidity</b>	<b>536,623</b>	<b>605,861</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 its C1 cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flows from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison with other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The cost of sales includes production costs such as mining, processing and mine site-related general and administrative expenses, as well as rail and port operating costs. Depreciation expense is not a component of C1 cash cost.

	September 30,	December 31,	March 31,	Three Months Ended June 30,
	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,265,700	3,287,400	3,495,300	3,831,800
(in thousands of dollars, except per dmt data)				
Cost of sales	252,960	258,728	279,644	313,928
<b>C1 cash cost (per dmt sold)</b>	<b>77.5</b>	<b>78.7</b>	<b>80.0</b>	<b>81.9</b>

	September 30,	December 31,	March 31,	Three Months Ended June 30,
	2023	2023	2024	2024
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	3,442,800
(in thousands of dollars, except per dmt data)				
Cost of sales	212,584	235,457	227,496	264,911
<b>C1 cash cost (per dmt sold)</b>	<b>73.7</b>	<b>73.0</b>	<b>76.6</b>	<b>76.9</b>

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

#### All-in Sustaining Cost per dmt sold

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

The Company calculates AISC as the sum of C1 cash costs, sustaining capital, including deferred stripping costs, and general and administrative expenses divided by the iron ore concentrate sold, to arrive at a per dmt figure. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

	September 30,	December 31,	March 31,	Three Months Ended June 30,
	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,265,700	3,287,400	3,495,300	3,831,800
(in thousands of dollars, except per dmt data)				
Cost of sales	252,960	258,728	279,644	313,928
Sustaining capital expenditures <sup>1</sup>	65,919	38,193	33,230	42,241
General and administrative expenses	12,114	11,813	12,457	12,581
	330,993	308,734	325,331	368,750
<b>AISC (per dmt sold)</b>	<b>101.4</b>	<b>93.9</b>	<b>93.1</b>	<b>96.2</b>

	September 30,	December 31,	March 31,	Three Months Ended June 30,
	2023	2023	2024	2024
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	3,442,800
(in thousands of dollars, except per dmt data)				
Cost of sales	212,584	235,457	227,496	264,911
Sustaining capital expenditures <sup>1</sup>	60,446	24,031	19,759	38,008
General and administrative expenses	12,729	11,206	13,973	12,350
	285,759	270,694	261,228	315,269
<b>AISC (per dmt sold)</b>	<b>99.1</b>	<b>83.9</b>	<b>88.0</b>	<b>91.6</b>

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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

#### Cash Operating Margin per dmt sold and Cash Profit Margin

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

	September 30,	December 31,	March 31,	Three Months Ended June 30,
	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,265,700	3,287,400	3,495,300	<b>3,831,800</b>
(in thousands of dollars, except per dmt data)				
Revenues	350,980	363,170	425,345	<b>390,027</b>
Net average realized selling price (per dmt sold)	107.5	110.5	121.7	<b>101.8</b>
AISC (per dmt sold)	101.4	93.9	93.1	<b>96.2</b>
<b>Cash operating margin (per dmt sold)</b>	6.1	16.6	28.6	<b>5.6</b>
<b>Cash profit margin</b>	6%	15%	24%	<b>6%</b>

	September 30,	December 31,	March 31,	Three Months Ended June 30,
	2023	2023	2024	2024
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	3,442,800
(in thousands of dollars, except per dmt data)				
Revenues	387,568	506,891	332,673	467,084
Net average realized selling price (per dmt sold)	134.4	157.1	112.1	135.7
AISC (per dmt sold)	99.1	83.9	88.0	91.6
<b>Cash operating margin (per dmt sold)</b>	35.3	73.2	24.1	44.1
<b>Cash profit margin</b>	26%	47%	21%	32%

# Champion Iron Limited

## Management's Discussion and Analysis

(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 price realized on iron ore concentrate sold during the period. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

	September 30,	December 31,	Three Months Ended March 31,	June 30,
	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,265,700	3,287,400	3,495,300	<b>3,831,800</b>
(in thousands of dollars, except per dmt data)				
Revenues	350,980	363,170	425,345	<b>390,027</b>
Provisional pricing adjustments	22,947	17,407	[5,389]	<b>26,552</b>
Freight and other costs	154,425	141,568	140,627	<b>142,687</b>
Gross revenues	528,352	522,145	560,583	<b>559,266</b>
<b>Gross average realized selling price (per dmt sold)</b>	<b>161.8</b>	<b>158.8</b>	<b>160.4</b>	<b>146.0</b>

	September 30,	December 31,	Three Months Ended March 31,	June 30,
	2023	2023	2024	2024
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	3,442,800
(in thousands of dollars, except per dmt data)				
Revenues	387,568	506,891	332,673	467,084
Provisional pricing adjustments	[1,559]	[15,997]	31,005	[27,947]
Freight and other costs	102,411	140,971	130,074	151,547
Gross revenues	488,420	631,865	493,752	590,684
<b>Gross average realized selling price (per dmt sold)</b>	<b>169.4</b>	<b>195.8</b>	<b>166.3</b>	<b>171.6</b>

### 21. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of July 29, 2025, there were 533,251,001 ordinary shares issued and outstanding, and 7,919,744 restricted share units, deferred share units and performance share units issued under the Company's Omnibus Incentive Plan.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 22. Risk Factors

Champion is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares.

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

Refer to the section entitled "Risk Factors" of the Company's MD&A for the financial year ended March 31, 2025, 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) to see the principal risk factors that apply to the Company and that may have a material adverse effect on its business, operating results and financial condition and for information about the Company's exposure to each of the described risks.

### 23. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

#### Disclosure Controls and Procedures

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

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

#### Internal Control over Financial Reporting

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

There have been no changes in the Company's ICFR that occurred during the period beginning on April 1, 2025, and ended on June 30, 2025, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

#### Limitations of DC&P and ICFR

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

### 24. Approval

The Board oversees Management's responsibility for financial reporting and internal control systems through its Audit Committee. The Audit Committee meets quarterly with Management and with the Company's independent auditors to review the scope and results of the annual audit and quarterly reviews, as applicable, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board and submitted to the shareholders. The Board has approved the Financial Statements and the disclosure contained in this MD&A as of July 30, 2025.



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 25. Nature of Securities

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

### 26. 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).