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QUEBEC IRON ORE

CHAMPION IRON

SEPTEMBER 2019 QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS SOLID FY2020 SECOND QUARTER RESULTS

Record quarterly production of 2,189,700 wmt and recovery rate of 83.9%
Record quarterly operating cash flow of $104.9 million

Montreal, October 30, 2019 - Champion Iron Limited (TSX: CIA) (ASX: CIA) ("Champion" or the "Company") is pleased to announce strong operational and financial results for the second quarter ended September 30, 2019 of the fiscal year ending March 31, 2020.

For complete details of the unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis, please refer to the Company's filings on SEDAR (www.sedar.com) or the Company's website (www.championiron.com). All amounts are in Canadian dollars unless otherwise indicated.

Conference Call Details

Champion will host a conference call and webcast at 8:30 AM EDT (Montreal Time), on Wednesday October 30, 2019 to discuss the second quarter results of the fiscal year ending March 31, 2020. Call details are outlined at the end of this news release.

1. HIGHLIGHTS

Operations

- Record quarterly production of 2,189,700 wet metric tonnes ("wmt") of high-grade 66.3% Fe iron ore concentrate or 10.1% higher than previous quarterly record;
- Record quarterly recovery rate of 83.9%; and
- Total cash cost[1] of $48.3/dry metric tonne ("dmt") (US$36.6/dmt), 11% lower than previous quarter results.

Financial

- Revenues of $160.4M for the second quarter, net of a provisional sales adjustment of $34.7M;
- Record quarterly cash flow from operations of $104.9M, representing cash flow per share of $0.24;
- EBITDA[1] totalling $62.6M or 39% EBITDA[1] margin;
- Net loss of $1.7M for the second quarter and $0.00 of earnings per share;
- Adjusted net income[1] of $50M for the second quarter and $0.11 of adjusted earning per share[1]; and
- Generated $75M in cash during the quarter, resulting in cash on hand[2] of $211.0M as at September 30, 2019.

Growth

- Successfully completed the previously announced transaction with CDP Investissements Inc., a subsidiary of Caisse de dépôt et placement du Québec for a preferred share offering of $185M in addition to a US$200M credit facility with The Bank of Nova Scotia and Société Générale as lead arrangers;
- Now the 100% owner of the Bloom Lake mine further to the completion of the previously announced transaction with the government of Québec, through its agent Ressources Québec Inc. ("RQ"), to acquire RQ's 36.8% equity interest in Québec Iron Ore ("QIO") for a total cash consideration of $211M;
- Previously approved work program of $68M on Phase II to secure the timetable detailed by the feasibility study filed on SEDAR on August 2, 2019, progressing on schedule and on budget; and
- The Company conducted a drilling campaign at its Bloom Lake property to improve ore characterization and a geophysical survey on the Roach Hill property.

"This quarter represents an important milestone for our Company. We now have 100% ownership of our flagship asset and have repositioned our capital structure, which significantly reduces our debt carrying costs", commented David Cataford, Champion's CEO. "While our team continues to demonstrate their operational excellence, our high-quality product remains in strong demand globally. With access to decades of resources, we are well positioned to leverage the support of our financial and regional partners as our Company implements its growth initiatives."

2. BLOOM LAKE MINE OPERATING ACTIVITIES[3]

	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	**2019**	2018
Operating Data				
Waste mined (wmt)	**3,572,200**	2,978,400	**7,153,100**	6,351,300
Ore mined (wmt)	**5,393,900**	5,204,900	**10,499,000**	9,852,800
Strip ratio	**0.7**	0.6	**0.7**	0.6
Ore milled (wmt)	**5,450,800**	4,964,200	**10,230,800**	9,208,200
Head grade Fe (%)	**32.3**	32.0	**32.4**	31.6
Recovery (%)	**83.9**	79.5	**83.1**	78.4
Product Fe (%)	**66.3**	66.6	**66.3**	66.5
Iron ore concentrate produced (wmt)	**2,189,700**	1,858,300	**4,179,100**	3,401,200
Iron ore concentrate sold (dmt)	**1,860,400**	1,931,700	**3,767,100**	3,672,100
Financial Data (in thousands of dollars)				
Revenues	**160,370**	174,678	**438,284**	325,419
Cost of sales	**89,921**	87,265	**193,528**	183,033
Other expenses	**7,874**	6,092	**15,245**	16,123
Net finance cost	**46,433**	7,106	**75,485**	21,345
Net income (loss)	**(1,726)**	67,497	**72,515**	88,245
Adjusted net income[1]	**49,915**	67,497	**124,156**	88,245
Basic earnings per share attributable to shareholders	**0.00**	0.10	**0.09**	0.13
Adjusted earnings per share attributable to shareholders[1]	**0.11**	0.10	**0.20**	0.13
EBITDA[1]	**62,575**	81,321	**229,511**	126,263
Statistics (in dollars per dmt sold)				
Average realized selling price[1]	**86.2**	90.4	**116.3**	88.6
Total cash cost[1]	**48.3**	45.2	**51.4**	49.8
All-in sustaining cost[1]	**66.2**	52.9	**64.5**	56.1
Cash operating margin[1]	**20.0**	37.5	**51.8**	32.5
Statistics (in U.S. dollars per dmt sold)				
Average realized selling price[1]	**65.1**	68.4	**87.6**	69.2
Total cash cost (C1 cash cost)[1]	**36.6**	34.6	**38.7**	38.3
All-in sustaining cost[1]	**50.1**	40.5	48.5	43.2
Cash operating margin[1]	**15.0**	27.9	39.1	26.0

Operational Performance

During the three-month period ended September 30, 2019, 9.0 million tonnes of material was mined, representing an increase of 10% compared to the same quarter of the prior year. This increase was enabled by higher mining equipment availability and a higher utilization rate, attributable to the Company's progress with its mining equipment rebuilding program. The mining operations continuous improvement plan reduced the trucking cycle time which contributed positively to volume mined.

The plant processed 5,450,800 tonnes of ore during the second quarter compared to 4,964,200 tonnes in the comparable prior year period. The 10% increase relates to the higher average hourly mill throughput and the higher iron recovery, further to the implementation of operational innovations in the previous quarter, designed to increase plant capacity, reliability and performance.

The Company achieved an average recovery rate of 83.9% during the second quarter, compared to 79.5% in the same period of the prior year. The improvement relates to the continuous optimization of the recovery circuit, in addition to preventive works completed earlier this year, which produced a more stable recovery rate, fluctuating from 83.5% to 84.4% during the quarter. The quarterly recovery rate achieved during the period set a new historical record for Bloom Lake which was first commissioned in 2010.

Based on the foregoing, Bloom Lake produced 2,189,700 wmt of 66.3% Fe high-grade iron ore concentrate during the three-month period ended September 30, 2019, compared to 1,858,300 wmt in the same period of the prior year, representing an 18% increase.

In addition to the new hourly mill throughput and recovery rate records achieved during the quarter, the Bloom Lake product quality specifications continue to meet or exceed benchmarks and significantly, to date, the Company has not been assessed any penalties in connection with product quality.

The Company mined 17,652,100 tonnes of material during the six months ended September 30, 2019, compared to 16,204,100 tonnes in the same period in the prior year. The increase is attributable to the improvement in mining equipment reliability and increased productivity resulting from the rebuilding program.

The plant processed 10,230,800 tonnes of ore during the six months ended September 30, 2019. During the first half of the current fiscal year, the recovery circuit continues to be optimized, whereby the Company achieved a 79.4% recovery rate at the beginning of the year compared to a recovery rate of 83.9% for the quarter ended September 30, 2019. Overall, year to date, the Company has achieved an average recovery rate of 83.1%. The Bloom Lake plant has demonstrated that the current recovery rate is a sustainable rate that can be maintained or possibly increased over the long-term.

Based on the foregoing, Bloom Lake produced a total of 4,179,100 wmt of Fe 66.3% as at September 30, 2019. These results established a new bi-annual production record for the Bloom Lake Mine.

3. FINANCIAL PERFORMANCE

The Company entered pre-commercial production in February 2018, shipped its first vessel of concentrate to China on April 1, 2018 and declared commercial production on June 30, 2018.

A. Revenues

During the three-month period ended September 30, 2019, a total of 1,860,400 tonnes of high-grade iron ore concentrate were sold at a CFR China gross realized price of US$106.2/dmt before provisional sales adjustments and shipping costs. The gross sales price of US$106.2/dmt represents a premium of 4% over the benchmark P62 price compared to a premium of 17% in the previous quarter, primarily attributable to pressures on the global steel market. During the quarter, a final price was established for 1.0 million tonnes which were in transit at the end of FY2020 Q1 and subject to provisional price adjustments. As the iron ore price was under pressure during this quarter and as the premium between the P62 and the P65 decreased by 50%, a price adjustment of US$14.3/dmt was recorded for these shipments. Sales on the spot market were also initiated. Deducting sea freight costs of US$26.8/dmt together with the provisional sales adjustment of US$14.3, the Company obtained an average net realized price of US$65.1 per tonne (CA$86.2 per tonne) for its high-grade iron ore delivered to the end customer, benefiting from an average foreign exchange rate of CA$1.33 / US$. As a result, revenues totalled $160,370,000 for the period compared to $174,678,000 in the same prior year period. The provisional sales adjustments included in sales were recorded at $(34,700,000), compared to $5,500,000 in the same prior year period.

For the six-month period ended September 30, 2019, the Company sold over 3,767,100 tonnes of iron ore concentrate shipped to end-user customers located in China, Europe, Japan and the Middle East, which was shipped in 22 Capesize vessels. While the P65 indicative price of high-grade iron ore fluctuated between US$89.0/dmt and US$135.9/dmt during the quarter ended September 30, 2019, the Company sold its product at an average gross realized price of US$112.8/dmt, before shipping and adjustments related to provisional sales. The gross sales price of US$112.8/dmt represents a premium of 10% over the benchmark P62 price. Deducting sea freight costs of US$23.1/dmt and the negative provisional sales adjustment of US$2.1, the Company obtained an average realized price of US$87.6 per tonne (CA$116.3 per tonne) for its high-grade iron ore delivered to the end-user customer. As a result, revenues totalled $438,284,000 year-to-date, compared to $325,419,000 for the same period of the prior year. The sales increase is mainly attributable to the volume and selling price. The provisional sales adjustments included in sales were recorded at $(10,300,000) compared to $5,500,000 in the same prior year period.

B. Cost of Sales

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

During the three-month period ended September 30, 2019, the total cash cost[1] or C1 cash cost[1] per tonne totalled $48.3/dmt, compared to $45.2/dmt in the same period of the previous year. The C1 cash-cost[1] of the period reflects the impact of higher costs from port operations, the indexation of the railway transportation contracts and the costs attributable to additional manpower as the Company supplemented its workforce during the year.

For the six-month period ended September 30, 2019, the Company produced high-grade iron ore at a total cash cost[1] of $51.4/dmt compared to $49.8/dmt in the previous year. The C1 cash cost[1] reflects, in addition to the factors identified for the quarter, the impacts of the major shutdown performed earlier this year during which additional works were completed in order to increase the plant reliability and recovery rate.

C. Gross Profit

The gross profit for the three-month period ended September 30, 2019 totalled $65,756,000 compared to $83,329,000 for the same period of the prior year. A higher gross realized price during the period of US$12.4/dmt was offset by an adjustment on provisional sales of US$14.3/dmt, impacting the gross sales by approximately US$ 4,000,000. Higher freight costs and lower volumes contributed to the remaining variation.

The gross profit for the six-month period ended September 30, 2019 totalled $236,449,000, compared to $133,877,000 for the same prior year period. The increase is largely driven by the 31% increase in the realized price together with higher plant reliability and the effectiveness of preventive works completed during the scheduled major shutdowns. Year-to-date, the Company is benefiting from a 45% cash profit margin per tonne.

D. Other Expenses

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

The variation of the other expenses and income for the three-month period ended September 30, 2019, compared to the same period the previous year, is essentially due to the completion of the transition from a development cost structure to an operating organization.

The variation of the other expenses and income for the six-month period ended September 30, 2019, compared to the same period the previous year, is essentially due to restart costs incurred in the first quarter of the prior year, as well as Champion's transition from a development stage company to an iron ore producer. The increase in share-based payments reflects the higher stock price period over period, combined with the issuance of annual equity awards in relation to the performance achieved during the last fiscal year ended March 31, 2019.

E. Net Finance Costs

Net finance costs totalled $46,433,000 for the three-month period ended September 30, 2019 compared to $7,106,000 for the same period in the prior year. The increase is mainly attributable to the impact of the refinancing closed on August 16, 2019, representing $57.3 million offset by the revaluation of warrants related to the $19.5 million Glencore debenture. Of the $57.3 million, $53.5 million is related to non-cash items including the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous financing facilities. The unamortized book value of the previous debt reflected the deduction of derivative financial instruments that were reclassified in either derivative liability or equity. Therefore, the debt book value was lower than the face value.

The change in the fair value of the derivative liability is associated with the variation of the Company's ordinary share price, which decreased by 26.6% during the period, and is a non-cash item. This derivative liability is now recorded as an equity item following the refinancing.

The Company reports in Canadian dollars and benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. Consequently, the unrealized foreign exchange loss included in net finance costs represents a non-cash expenditure associated with the conversion of the term facilities in Canadian dollars. The Company maintains sufficient U.S. dollars on hand to prevent foreign exchange loss upon interest or capital payments. Unrealized loss on investments and accretion costs are non-cash items.

The increase in net finance costs for the six-month period ended September 30, 2019, when compared to the same period the year prior, is mainly due to the same factors identified in the previous section.

F. Income Taxes

The Company's subsidiaries are subject to tax in Australia and Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. QIO, Champion's operating subsidiary, is subject to a Quebec mining tax at a progressive rate ranging from 16% to 28% depending on the mining profit margin as defined by tax regulations. The mining profit margin represents the mining profit divided by revenues and is taxable based on three segments as follow:

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

In addition, QIO is subject to an income tax in Canada where the statutory rate is 26.68%.

During the three and six-month periods ended September 30, 2019, current income and mining taxes amounted to $14,624,000 and $67,986,000 respectively compared to $11,974,000 and $17,504,000 respectively for the same periods of the prior year. The higher mining and income taxes, period over period, are due to higher taxable profit as the Company has no more tax losses available.

During the three and six-month periods ended September 30, 2019, deferred income and mining taxes amounted to a recovery of $1,449,000 and an expense of $5,218,000 respectively, compared to expenses of $9,340,000 and $9,340,000 respectively, for the same periods of the prior year. The recovery during the quarter is associated with the early debt repayment. The deferred expenses for the six-month period is related to the accelerated depreciation permitted under tax rules.

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

For the three-month period ended September 30, 2019, the Company generated net loss of $1,726,000, with the net income attributable to Champion shareholders for the period totalling $2,139,661, representing earnings per share of $0.00. The non-controlling interest ("NCI") has been calculated until acquisition closing date of August 16, 2019. The variation period over period is mainly due to the non-cash financing costs resulting from the early payments of Sprott Private Resource Lending (Collector) LP ("Sprott") and CDP Investissements Inc. ("CDPI") credit facilities. In the comparative period of last year, a net income of $67,497,000, representing earnings per share of $0.10 per share was realized.

As previously mentioned, the refinancing of the Sprott and CDPI credit facilities resulted in non-cash financing costs associated with derivative instruments that were embedded in the original facilities. Excluding the non-recurring non-cash transactions, the Company would have generated an adjusted net income[1] of $49,915,000 and an adjusted earnings per share[1] of $0.11 for the second quarter. Similarly, the net income for the six-month period that ended September 30, 2019 that is at $72,515,000 would have been at $124,156,000. Accordingly, the earnings per share would have been adjusted to $0.20.

During the second quarter ended September 30, 2019, the Company generated an EBITDA[1] of $62,575,000 or an EBITDA[1] margin of 39% compared to an EBITDA[1] of $81,321,000 or an EBITDA[1] margin of 47% in the same period of the prior year.

For the six-month period ended September 30, 2019, the Company generated a net income of $72,515,000 translating to earnings per share of $0.09. A net income of $88,245,000 or $0.13 per share was realized in the six-month period ended September 30, 2018. By excluding the non-cash impact of the refinancing, the net income for the first six months of the year would have been at $122,255,000 or $0.19 per share.

For the six-month period ended September 30, 2019, the Company generated an EBITDA[1] of $229,511,000 or an EBITDA[1] margin of 52% compared to an EBITDA[1] of $126,263,000 or an EBITDA[1] margin of 39% in the same period of the prior year. This increase is mainly attributable to the increase in realized price.

H. All-In Sustaining Cost[1] and Cash Operating Margin[1]

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

During the three-month period ended September 30, 2019, the Company realized an AISC[1] of $66.2/dmt compared to $52.9/dmt in the same period last year. The variation period over period is due to three main factors. The Company made the prudent decision to accelerate tailings containment dam rising construction work in order to ensure safe tailings deposition. It should be noted that since the works related to the dikes project are mainly of a civil nature, a large part of the program was completed during the summer months resulting in a higher sustaining capital expense during the current quarter. Additionally, the Company made additional investments in the mining equipment rebuilding program, required to increase mining equipment fleet availability. As well, the Company finalized its conversion from a development stage company to an iron ore producer. The conservative decision made by the Company to bring forward the tailings investment does not modify the total amount that would have been invested on the tailings facility over the next few years, only the timing of the expenditures.

Deducting the AISC[1] of $66.2/dmt from the realized average selling price[1] of $86.2/dmt, the Company generated a cash operating margin[1] of $20.0 for each tonne of high-grade iron ore concentrates sold during the second quarter ended September 30, 2019 compared to $37.5/dmt in the same period of the last year. In addition to investments being made earlier than planned, the realized selling price decrease of 5% has also contributed to the decrease.

For the six-month period ended September 30, 2019, the Company realized an AISC[1] of $64.5/dmt compared to $56.1/dmt in the same period of last year. Despite a higher AISC[1], the cash operating margin[1] was at $51.8/dmt compared to $32.5/dmt in the same period of the previous year, reflecting the ability to adjust necessary investments to take advantage of the market fluctuations.

I. Non-Controlling Interest

Following the close of the acquisition of RQ's 36.8% interest in QIO, Champion's NCI does not exist anymore. The net income attributable to the NCI was based on the financial results of QIO. The NCI attributed to the minority interest during the period was calculated up to the closing date of the acquisition on August 16, 2019.

4. CONFERENCE CALL AND WEBCAST INFORMATION

A webcast and conference call to discuss these results will be held on Wednesday, October 30, 2019, at 8:30 AM EDT (Montreal Time). Listeners may access a live webcast of the conference call from the Investors section of the Company's website at www.championiron.com or by dialing toll free 1-888-390-0546 within North America or +1-888-076-068 from Australia.

An online archive of the webcast will be available by accessing the Company's website at www.championiron.com. A telephone replay will be available for one week after the call by dialing +1-888-390-0541 within North America or +1-416-764-8677 overseas, and entering passcode 657982#.

1 EBITDA, average realized selling price, total cash cost or CI cash cost, AISC, cash operating margin, adjusted net income and adjusted earnings per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of Champion Iron's MD&A included in note 15. Adjusted net income and adjusted earnings per share attributable to shareholders excluding the financial costs related to refinancing closed on August 16, 2019.

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

3 The Company considers that pre-commercial production operations at the Bloom Lake mine commenced on April 1, 2018 with the first shipment of high-grade iron ore concentrate and that commercial production began on June 30, 2018. Cash on hand includes cash and cash equivalents and short-term investments.

About Champion Iron Limited

Champion is a producing iron development and exploration company, focused on developing its significant iron resources in the south end of the Labrador Trough in the province of Quebec. Following the acquisition of its flagship asset, the Bloom Lake iron ore property, the Company implemented upgrades to the mine and processing infrastructure and has partnered in projects associated with improving access to global iron markets, including rail and port infrastructure initiatives with government and other key industry and community stakeholders. Champion's management team includes professionals with mine development and operations expertise, who also have vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

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For additional information on Champion Iron Limited, please visit our website at: ***www.championiron.com***

Forward-Looking information

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this news release that address future events, developments or performance that Champion expects to occur including management's expectations regarding (i) demand for Champion's product; (ii) maintenance of the recovery rate; and (iii) the hedge benefit between the revenues generated in U.S. dollars and its U.S. denominated term facility; are 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 "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. Although Champion believes the expectations expected in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation: continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled *"Risk Factors"* of the Company's 2019 Annual Information Form and the risks and uncertainties discussed in the Company's MD&A for the year ended March 31, 2019, both available on SEDAR at www.sedar.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward- looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion's forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of Champion's management and information available to management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.