

SECOND QUARTER RESULTS OF FISCAL YEAR-END 2020

OCTOBER 30, 2019



PREMIUM PRODUCT, TIER 1 JURISDICTION,
HIGH QUALITY INFRASTRUCTURE

CHAMPION IRON 

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The historical mineral resources mentioned are strictly historical in nature and are non-compliant to National Instrument 43-101 mineral resources and mineral reserves standards, and should therefore not be relied upon. A qualified person has not done sufficient work to upgrade or classify the historical mineral resources as current National Instrument NI-43-101 compliant.

All amounts are in Canadian dollars unless otherwise stated.

CONFERENCE CALL PARTICIPANTS

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DAVID CATAFORD
CEO



MICHAEL O'KEEFE
Executive Chairman



NATACHA GAROUTE
CFO



MICHAEL MARCOTTE
VP Investor Relations

2020 SECOND QUARTER HIGHLIGHTS

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5,393,900 WMT
ORE MINED



2,189,700 WMT
CONCENTRATE PRODUCED



\$48.3/DMT
TOTAL CASH COST



REVENUE \$160.4M
CASH FLOW OPS \$104.9M
EBITDA \$62.6M



\$75M
CASH GENERATED

5,450,800 WMT
ORE MILLED

83.9%
RECOVERY

\$66.2/DMT
ALL-IN SUSTAINING COST

ADJUSTED NET INCOME \$50M
\$0.11 ADJUSTED EPS

\$25.4M REDUCTION IN
LONG-TERM DEBT

HEALTH & SAFETY

- QIO's statistics in line with benchmark for open pit mining as set by ASPM
- Additional measures in place to train wave of new personnel arriving at site
- Continuous monitoring and improvement of protocols

QUEBEC IRON ORE + CONTRACTORS FINANCIAL YEAR 2020						BENCHMARK 2019*
	Q1	July	August	September	YTD	
Lost Time Injury Frequency Rate (LTIFR)	4,28	6,92	3,93	3,56	4,99	3,38
Disability Injury Severity Rate (DISR)	6,85	2,3	47,25	37,97	17,89	9

*ASPM: Association paritaire pour la santé et la sécurité au travail du secteur minier <http://aspmine.qc.ca/>

ENVIRONMENT FOCUS

- No occurrences of major environmental issues during the quarter
- Completed work for dam rising which improved tailings management
- Revegetation plan now covers 40 hectares
- Completed work in streams surrounding Fermont to improve fish habitat
- Initiated trial with new blasting compound to reduce Nitrogen Oxide (NOx)



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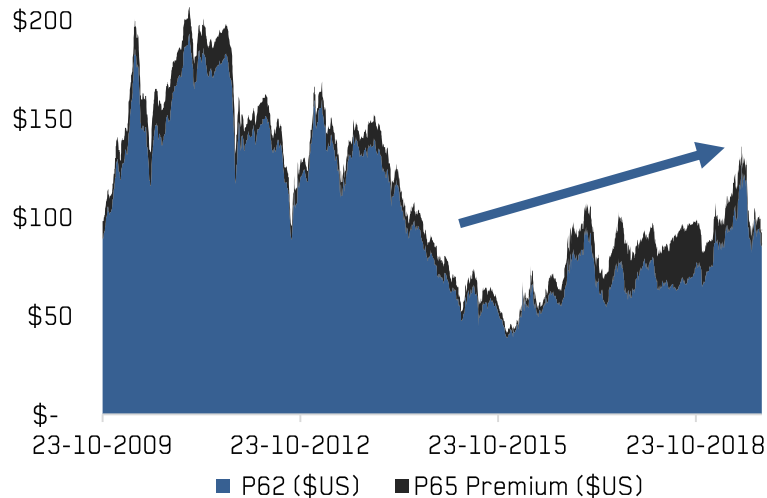


INDUSTRY OVERVIEW

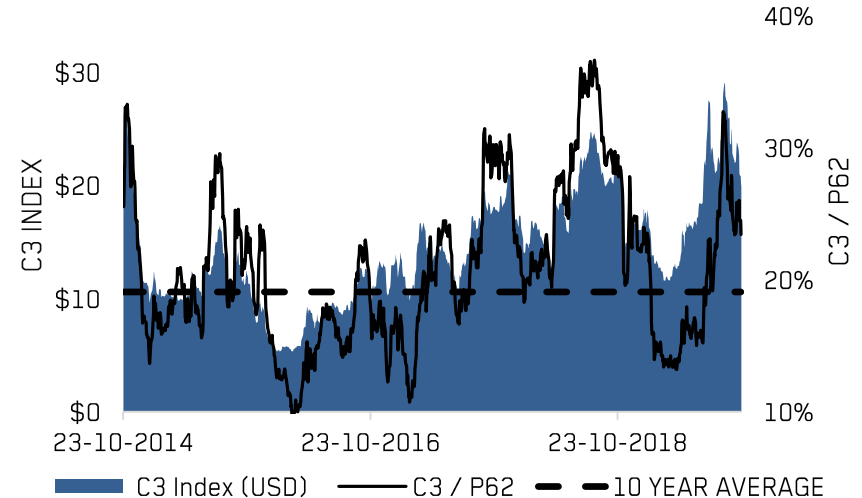
→ Continued strength in iron ore prices with P65 up 16% year over year

→ Abnormal freight rate in Q2/FY2020 has now corrected closer to its historical relationship with iron ore price

P62 & P65 PREMIUM - 10 Years (US\$/T)

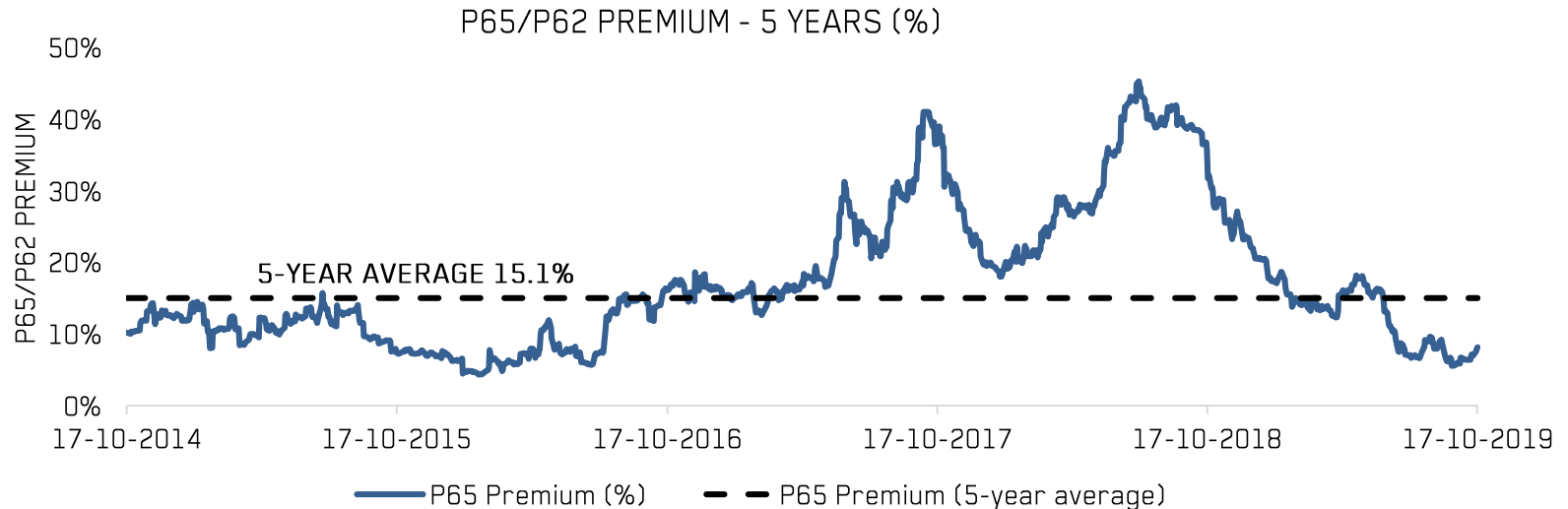


C3 INDEX & C3/P62 RATIO (5-YEARS)



INDUSTRY OVERVIEW

- Multi-year low premium for P65 product in the quarter
- Bloom Lake's quality product continues to command strong interest with customers globally



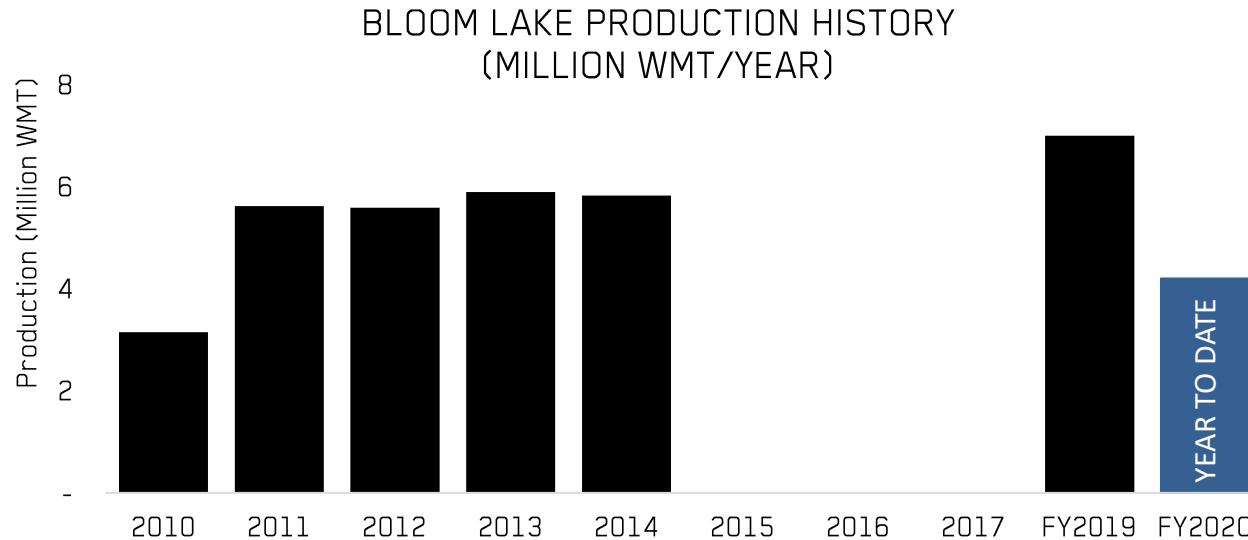
BLOOM LAKE OPERATIONAL RESULTS

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HISTORICAL PRODUCTION RECORD

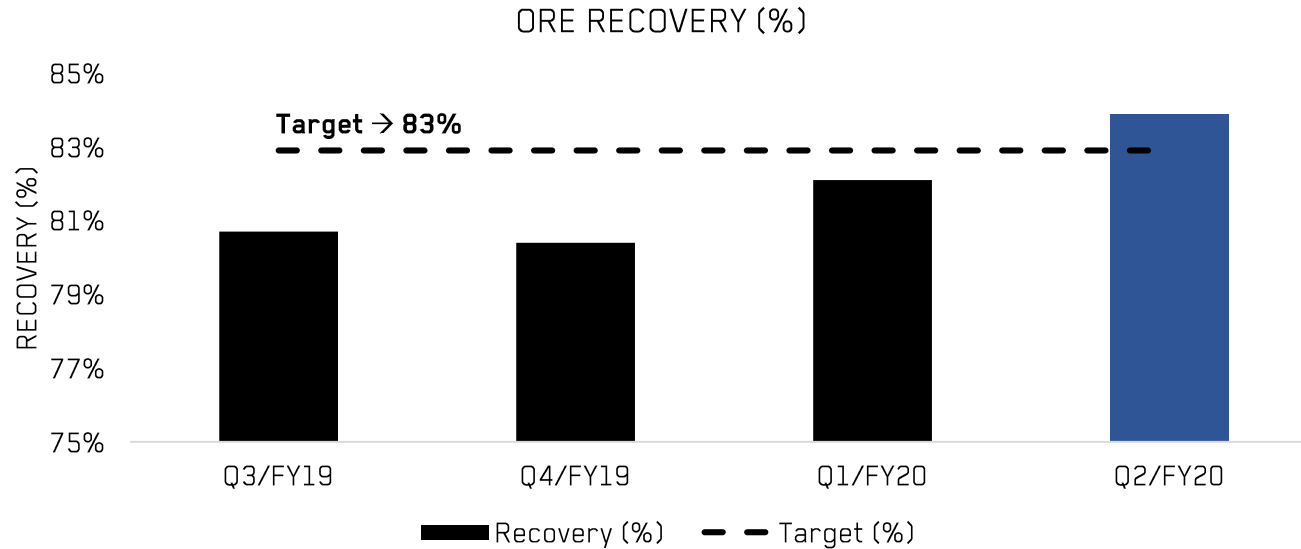
- New historical quarterly production of 2.19M wet metric tonnes
- Annual run rate of 8.4 Mtpa year to date vs. nameplate capacity of 7.4 Mtpa
- Product quality unaffected; no penalties for contaminants since commissioning



ACHIEVED TARGET ORE RECOVERY

→ Record quarterly recovery rate of 83.9%

→ Continuous evaluation of processes to improve recovery rate beyond initial target of 83%

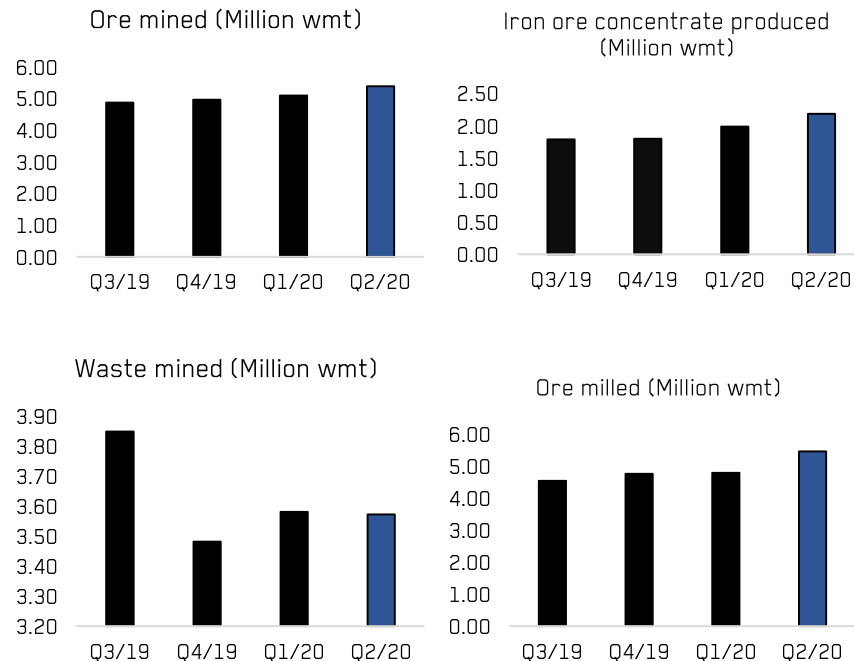


OPERATIONS OVERVIEW

- Increased plant reliability which improved operating metrics
- Sequential improvement in strip ratio
- Head grade continues to meet or exceed reserve model

FISCAL PERIODS	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20
Iron ore concentrate produced (Million wmt)	1.86	1.79	1.80	1.99	2.19
Iron ore concentrate sold (Million dmt)	1.93	1.71	1.74	1.91	1.86
Waste mined (Million wmt)	2.98	3.85	3.48	3.58	3.57
Ore mined (Million wmt)	5.21	4.88	4.98	5.11	5.39
Strip ratio	0.57	0.79	0.70	0.70	0.66
Ore milled (Million wmt)	4.96	4.53	4.75	4.78	5.45
Head grade Fe (%)	32.0	32.1	30.6	32.5	32.3
Recovery (%)	79.6	80.7	80.4	82.1	83.9
Fe (%)	66.6	66.4	66.3	66.2	66.3

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* FISCAL PERIODS

SECOND QUARTER FINANCIAL RESULTS

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SECOND QUARTER FINANCIAL RESULTS

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→ Record cash flow from operations of \$104.9M

→ \$53.5M Non-cash impact to net profit attributable to the closing of recent refinancing transactions

Financial Results (\$ MILLION)	Q3/FY19	Q4/FY19	Q1/FY20	Q2/FY20	YEAR TO DATE
Revenue	147.5	182.2	277.9	160.4	438.3
EBITDA	65.4	86.5	166.9	62.6	229.5
Operating profit	62.8	83.1	163.3	57.9	221.2
Net profit	31.2	28.2	74.2	-1.7	72.5
Adjusted Net income	31.2	28.2	74.2	50.0	124.2
Cash flow from operation	89.1	38.0	91.9	104.9	196.8
Earnings per share - basic	0.05	0.02	0.09	0.00	0.09
Adjusted Earnings per share - basic	0.05	0.02	0.09	0.11	0.20
Average realized selling price (\$/dmt)	86.2	104.4	145.7	86.2	116.3
Total cash cost (\$/dmt)	49.4	48.4	54.3	48.3	51.4
All-in sustaining cost (\$/dmt)	55.5	55.4	62.8	66.2	64.5
Cash operating margin (\$/dmt)	30.7	49.0	82.9	20.0	51.8
Cash operating margin (%)	35.6%	46.9%	56.9%	23.2%	44.5%

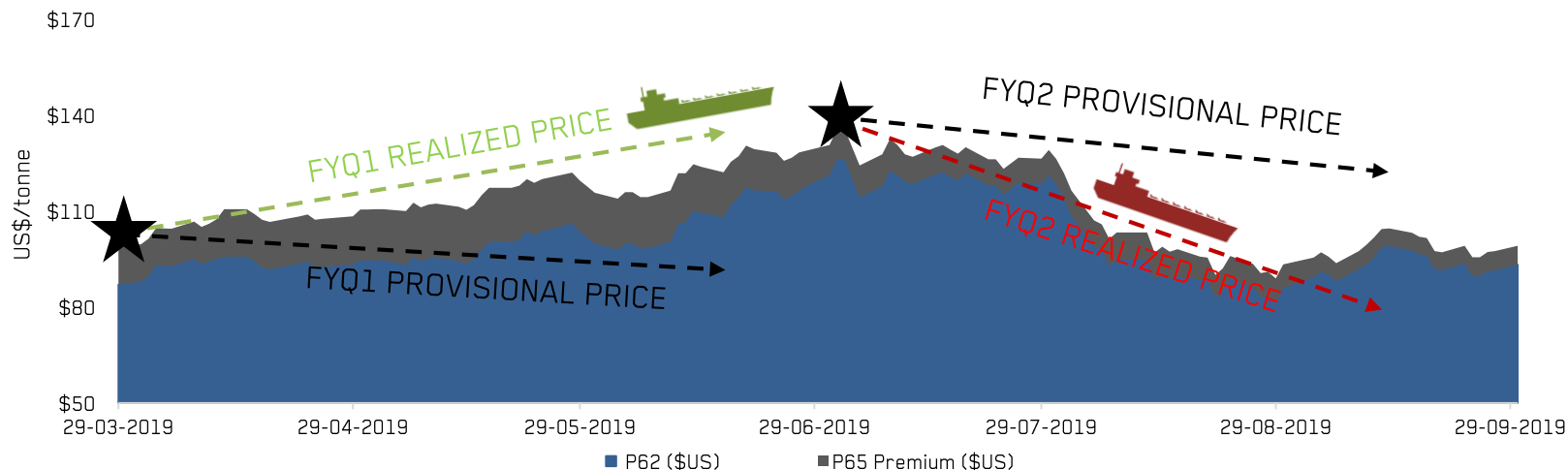
NAVIGATING VOLATILE PERIODS

★ Provisional pricing is set at quarter end for vessels in transit (Price exposure up to 90 days)

---> Price revision is made in the following period based on realized price

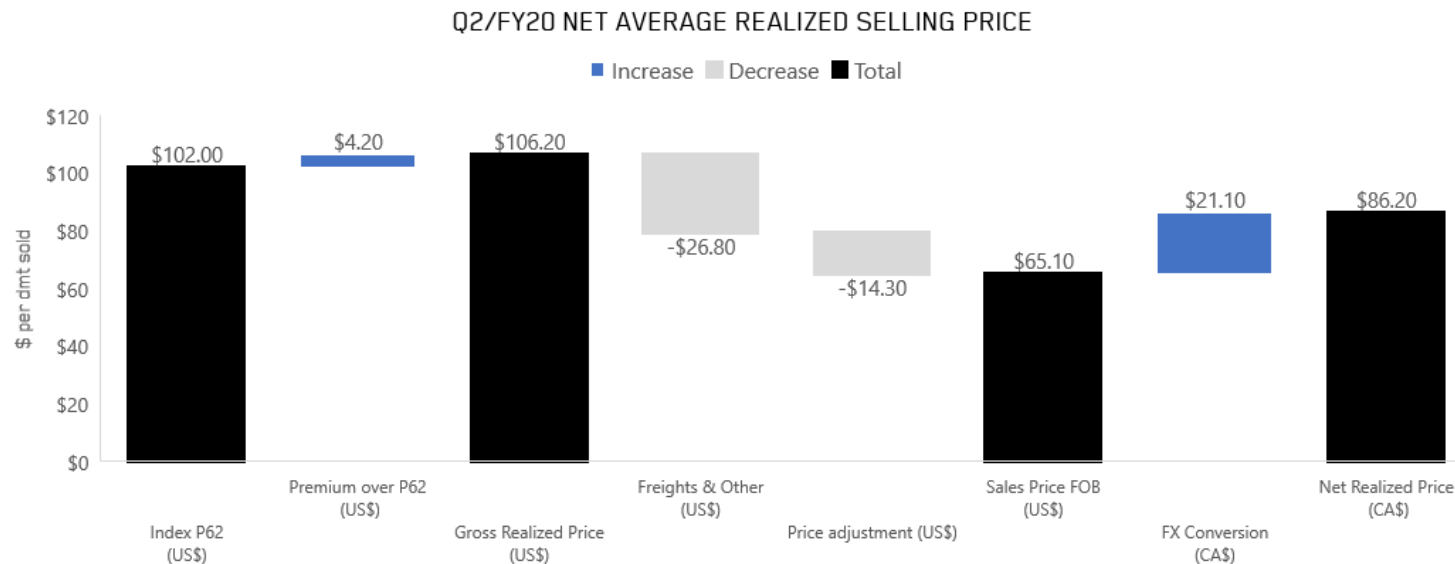
→ Q1/FY20 had a positive price revision of US\$11.9/t

→ Q2/FY20 had a negative price revision of US\$14.3/t



REALIZED SELLING PRICE

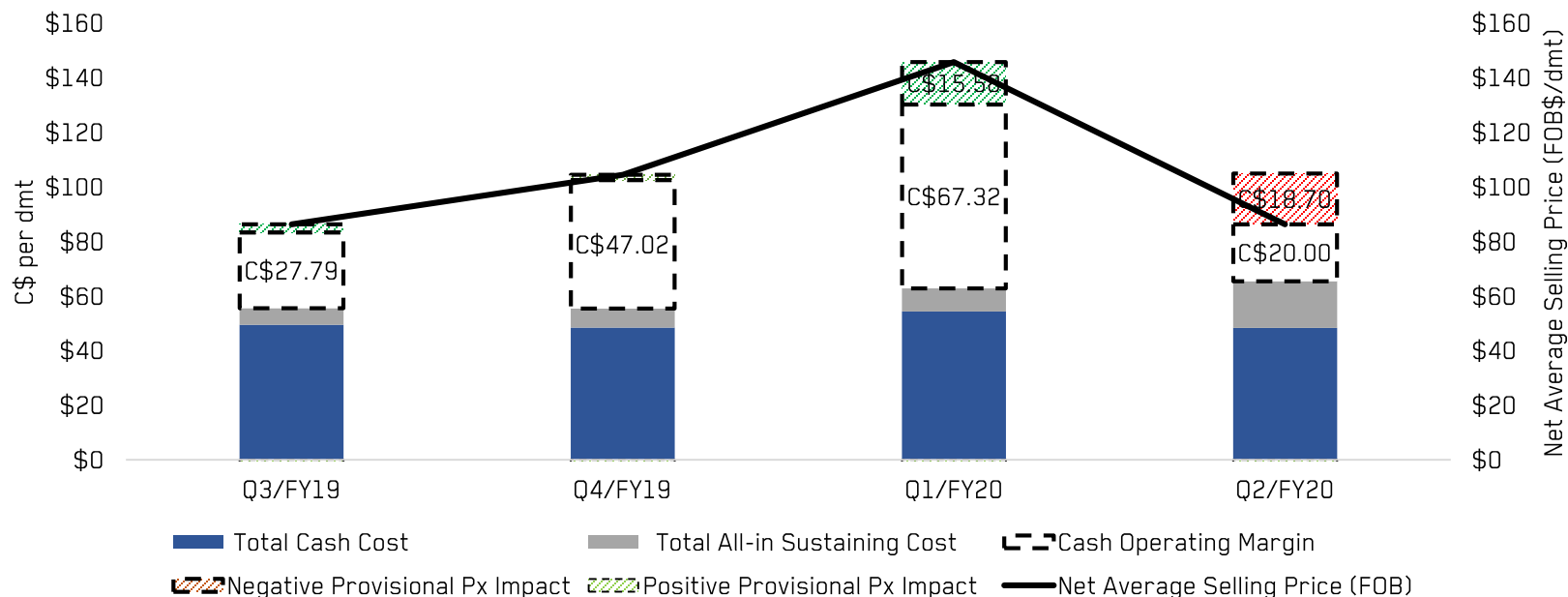
- Short-term increase in freight rate in the quarter recently corrected to lower levels
- Multi-year low premium in the period for P65 over P62 is seen to be short-term dynamic



STRONG CASH OPERATING MARGIN

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- Strong cash operating margin contributing to an EBITDA margin of 39% in Q2/FY20 and 52.4% year to date
- Excluding provisional pricing impact, cash operating margin remains in line with recent periods



POSITIONING FOR FUTURE GROWTH

- All-in sustaining cost higher in the period due to seasonal expenditures, expenses to improve reliability of operations and growth positioning
- Accelerated expenditures associated with previously disclosed accelerated tailings dam rising
- Tailings dam work only affecting timing of expenditures, but not overall dam related budget
- Mining equipment rebuild program improves short-term reliability



POSITIONED TO FULLY BENEFIT FROM OUR FLAGSHIP ASSET

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← Closed transactions on August 16, 2019 →



- ↑ US\$180M loan facility with Scotia Bank / SocGen as lead arrangers
- ↑ C\$185M preferred equity with Caisse de Dépôt et Placement du Québec

- ↓ C\$211M acquisition of 36.8% interest in QIO
- ↓ C\$278M repayment of debt facilities & debentures



REPOSITIONED BALANCE SHEET

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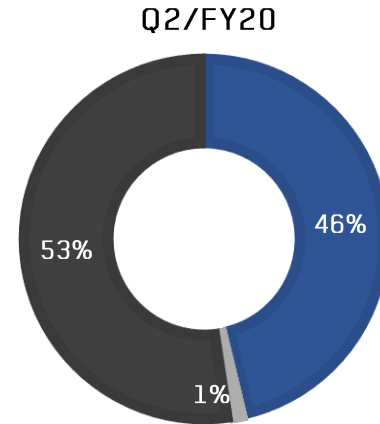
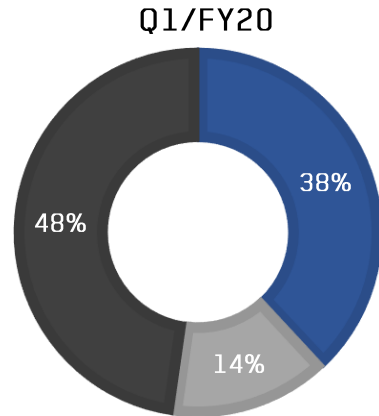
\$211.0M Cash & S-T Investments



\$239.1M Long-Term Debt (Face Value)*



↑ \$0.4M increase in Cash & S-T Investment (QoQ)
↓ \$25.4M reduction in Long-Term Debt (QoQ)



■ Cash ■ Working Capital ■ LTD Face value*

*Consistent FX of CA\$0.755

PHASE II – STATUS UPDATE

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PHASE II UPDATE

- Construction work progressing in accordance with initial budget of C\$68M
- Continue to monitor market conditions as we consider the proposed timeline for the expansion
- Advancing several financing alternatives to fund balance of Phase II capex

- \$18.6M spent to date and achieved the following milestones:
 - ✓ Civic work related to silo and conveyor foundations
 - ✓ Electrical and mechanical work inside the plant
 - ✓ Ordered long lead time items
 - ✓ Advanced detailed engineering

PHASE / EVENTS (CALENDAR PERIODS)	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Initial \$68M work program approved												
Final funding considerations & approval												
Mine fleet ordering and production												
Remaining construction work												
Mine ramp-up												

PHASE II – EXECUTION

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√18,000h worked

√ 3,200m³ of concrete

√ 8,300m³ of backfill



Silo tunnel form work

Concrete pouring on conveyor foundation



Electrical room 600V distribution

Plant foundations modifications



THANK YOU TO OUR STAFF

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TSX: CIA | ASX: CIA

THANK YOU!

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