QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS RECORD NET INCOME FOR ITS FY2021 FIRST QUARTER RESULTS

Record net income of $75.6M despite adapting operations in response to the COVID-19 pandemic

Montreal, July 28, 2020 - Champion Iron Limited (TSX: CIA) (ASX: CIA) ("Champion" or the "Company") is pleased to announce strong operational and financial results for the first quarter ended June 30, 2020 of the fiscal year ending March 31, 2021.

For complete details of the unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis ("MD&A") for the three-month period ended June 30, 2020, please refer to the Company's filings on SEDAR (www.sedar.com), the ASX (www.asx.com.au) 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 on Wednesday July 29, 2020 at 8:30 AM EDT (Montreal Time) / July 29, 2020 at 10:30 PM AEST (Sydney Time) to discuss the FY2021 first quarter results. Call details are outlined at the end of this release.

1. HIGHLIGHTS

Health and Safety

- No known cases of COVID-19 have been confirmed by the Company;
- In close collaboration with its unionized workforce, contractors and local communities, the Company adapted operations and implemented measures aligned with Government of Québec's (the "Government") directives in response to the COVID-19 pandemic;
- The Company implemented and continuously reviews its measures and protocols in order to minimize the risks related to COVID-19, which are expected to remain in place in order to safeguard the health and safety of our employees, partners and local communities;
- The Company collaborated with interregional transportation agencies, in concert with the Government, to facilitate transportation to Bloom Lake and mitigate local community risks related to the COVID-19 pandemic and;
- Continuous focus on overall health & safety.

1. HIGHLIGHTS (continued)

Financial

- Revenues of $244.6M for the quarter ended June 30, 2020, compared to $277.9M for the comparative period in 2019;
- EBITDA[1] of $127.7M for the quarter ended June 30, 2020, representing an EBITDA margin[1] of 52%, compared to an EBITDA[1] of $166.9M for the same period in the prior year, representing an EBITDA margin[1] of 60%;
- Record quarterly net income of $75.6M for the quarter ended June 30, 2020 (EPS of $0.16), compared to a net income of $74.2M for the same period in the prior year (EPS of $0.09); excluding incremental costs related to the COVID-19 pandemic for the quarter, the Company generated adjusted net income[1] of $78.0M representing adjusted EPS[1] of $0.17 for the quarter ended June 30, 2020;
- Net cash flow from operations of $75.3M for the quarter ended June 30, 2020, representing an operating cash flow per share[1] of $0.16, compared to $91.9M or $0.21 per share[1], respectively, for the same period in the prior year; and
- Cash on hand[2] of $347.5M as at June 30, 2020, compared to $298.7M as at March 31, 2020.

Operations

- Following the Government's COVID-19 containment directives, on March 24, 2020, the Company announced that it will ramp down operations at the Bloom Lake Mine. The Government subsequently issued directives, effective April 15, 2020, which the Company complied with by gradually ramping up operations at Bloom Lake, as announced on April 23, 2020, as mining activities were categorized by the Government as a "priority service" and allowed to resume normal operations in the province of Québec;
- Quarterly production of 1,798,800 wmt of high-grade 66.5% Fe iron ore concentrate for the three-month period ended June 30, 2020, compared to 1,989,400 wmt of high-grade 66.2% Fe iron ore concentrate during the same prior year period;
- Recovery rate of 82.3% for the quarter ended June 30, 2020, compared to a recovery rate of 82.1% for the same quarter in 2019;
- Free On Board ("FOB") Total cash cost[1] ("Total Cash Cost" or "Cash Cost") of $58.4/dmt (US$42.2/dmt) (C1) for the quarter ended June 30, 2020, compared to $54.3/dmt (US$40.6/dmt) for the same quarter in 2019; and
- Following the confirmation that its initial commercial production test qualified as Direct Reduction ("DR") pellet feed material, the Company produced an additional 207,900 wmt of DR quality iron ore concentrate at 67.8% Fe with a combined silica and alumina content of 2.68%.

Other Developments

- In connection with Bloom Lake's Phase II expansion project, which proposes to double the mine's nameplate capacity to 15 Mtpa, the Company resumed some discretionary capital spending and increased the initial $68M Phase II-related budget announced on June 20, 2019 by $30M, in order to prudently advance the project and preserve key timelines ahead of the deferred final Board of Directors decision to be made at a later date;
- Positioned the Company for additional growth opportunities by increasing its exploration mineral rights adjacent to the Bloom Lake mining lease by over 175%, following the acquisition of 152 claims (38 km^2), and staking of 127 claims (31.75 km^2), directly North of Bloom Lake's operations;
- Entered into a freight contract for one vessel per month until December 2020 at an agreed upon price of US$15.46 per tonne plus freight commissions; and
- Completed the Company's first Sustainability Report, highlighting an alignment with stakeholders regarding diligence on corporate and social governance responsibilities, and which is available on the Company's website at www.championiron.com.

"Today's results continue to highlight our team's agility in adapting operations while upholding our Company's core values. Despite temporarily ramping down operations early in the quarter, as per the Government's COVID-19 containment directives, our Company delivered record profitability while implementing strict measures to mitigate the risks of the COVID-19. Additionally, the production and shipment of additional DR quality iron ore concentrate, coupled with the substantial increase in mineral rights ownership adjacent to our operations and our diligence in managing the pandemic further positions our Company as a leader in the industry. With Bloom Lake's operations returning to normal levels, our focus remains on the health and safety of our employees, partners and communities", commented David Cataford, Champion's CEO.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 18.
2 Cash on hand includes cash and cash equivalents and short-term investments.

2. RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic has negatively impacted the global economy and created significant economic uncertainty and disruption to financial markets. However, the health and safety of the Company's employees, partners and the local communities has always been a priority and in response to the COVID-19 pandemic, operations were rapidly adapted within Government guidelines and together with the local communities, measures were implemented in the collective effort to contain the COVID-19 pandemic. To date, no known cases of COVID-19 have been confirmed by the Company.

On March 24, 2020, the Company announced the ramp down of operations at Bloom Lake, following a directive from the Government which required mining activities within the province to be reduced to a minimum. In line with the Government's directives, all discretionary work had been suspended and operations were restricted to a single production line, tailings management, water treatment and overall maintenance. On April 23, 2020, the Company announced it would gradually ramp up operations at Bloom Lake, following an announcement from the Government that effective April 15, 2020, mining activities were considered a "priority service" and the Company was allowed to resume normal operations, conditional on the implementation of guidelines aiming to contain the risks related to the COVID-19 pandemic. As the Company continues to focus on the health and safety of its workers, partners and communities, operations at the Bloom Lake Mine gradually ramped up and reached nameplate capacity by June 2020.

During the quarter ended June 30, 2020, Champion deployed several measures in its efforts to mitigate risks related to the COVID-19 pandemic, in line with Government guidelines. Implemented safety precautions include: additional monitoring of employees' health, temperature control prior to traveling and entering Bloom Lake, isolation measures from the nearby communities, additional transportation capacity to enable adequate social distancing, amended work schedules to reduce travel volumes, additional medical support and new disinfection and distancing protocols at the mine site. In addition to the measures and protocols rapidly set up at the onset of the pandemic, the Company has recently implemented additional measures to mitigate the risks related to COVID-19, including a mandatory disease management protocol for suspected cases, an internal audit process to assess the protocols related to COVID-19, a traceability register of employees in response to a possible infection of its employees, a mandatory information session for new contractors and employees and a monitoring of measures adopted by contractors to manage the COVID-19 pandemic. The current measures in place are monitored and revised by the employees on site and, when required, by an executive committee assembled to adapt operations in response to the COVID-19 pandemic. In addition, several communication channels have been created to ensure adequate supervision and communication of newly implemented measures.

The operational protocols implemented to reduce the risks for our workers and the measures used to participate in the collective effort to reduce the spread of the COVID-19 affected the operational results during the recently completed quarter. The ramp-down period in addition to the lower throughput achieved during the ramp-up period, resulted in a production decrease of approximately 10% when compared to the same quarter of the previous fiscal year. As the Company implemented best practices while managing its response to the COVID-19 pandemic, substantial direct and incremental operating costs were incurred during the quarter ended June 30, 2020, which totalled $4.6M or $2.6/dmt. COVID-19 specific costs could continue to be incurred in the foreseeable future and could increase if the Company enhances its protective measures. Although, no significant absenteeism was observed within the Company, certain operational sectors were delayed, namely production drilling activities, which accumulated a backlog whereby waste mining activities were negatively impacted. While the Company functioned at a significant reduction to its nameplate capacity for a period of time during the quarter, the Company demonstrated its agility and maximized its operations, minimizing the overall impact of the pandemic by delivering quarterly production and sales of 1.8M wmt.

In order to reduce its liquidity risks, the Company participated in the temporary tax relief in response to COVID-19 as announced by the Federal and Provincial Governments in Canada, which allows for the deferral in payment of income and mining taxes until September 30, 2020. As at June 30, 2020, the Company deferred the payment of the income tax related to the fiscal year ended March 31, 2020 amounting to $57.8M as well as monthly installments for the period April to June 2020 inclusively for income and mining taxes totalling $14.2M. The Company will continue to monitor and adapt to the rapidly changing global economy impacted by the pandemic. In addition, the Company's focus on strengthening its balance sheet in recent years provides it with financial flexibility to navigate the negative impacts of volatility in iron ore prices and its effects on its operations. As of June 30, 2020, the Company cash on hand[1] totalled $347.5M, with no debt repayment due until June 2021. Had the Company not participated in the temporary tax relief offered by the Federal and Provincial Government in response to COVID-19 and not deferred paying tax liabilities, the Company's cash on hand would have been $275.5M as at June 30, 2020.

Despite the economic impact of the COVID-19 pandemic, iron ore prices remained robust throughout the first quarter of the 2021 fiscal year, providing an attractive operating margin environment. Although the Company is managing its operations and liquidity to mitigate risks related to the COVID-19 pandemic, the extent to which the COVID-19 pandemic could impact operations and cash flows will depend on future developments, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy and the demand for iron ore concentrate.

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

3. BLOOM LAKE MINE OPERATING ACTIVITIES

	Three Months Ended June 30,	
	2020	2019
Operating Data		
Waste mined (wmt)	**2,612,800**	3,580,900
Ore mined (wmt)	**4,682,600**	5,105,100
Material mined (wmt)	**7,295,400**	8,686,000
Strip ratio	**0.6**	0.7
Ore milled (wmt)	**4,604,600**	4,780,000
Head grade Fe (%)	**31.3**	32.5
Recovery (%)	**82.3**	82.1
Product Fe (%)	**66.5**	66.2
Iron ore concentrate produced (wmt)	**1,798,800**	1,989,400
Iron ore concentrate sold (dmt)	**1,758,800**	1,906,700
Financial Data (in thousands of dollars)		
Revenues	**244,574**	277,914
Cost of sales	**102,776**	103,607
Cost of sales - incremental costs related to COVID-19	**4,562**	—
Other expenses	**9,541**	7,371
Net finance (income) costs	**(1,322)**	29,052
Net income	**75,556**	74,241
EBITDA[1]	**127,695**	166,936
Statistics (in dollars per dmt sold)		
Average realized selling price[1]	**139.1**	145.7
Total cash cost (C1 cash cost)[1]	**58.4**	54.3
All-in sustaining cost[1]	**64.8**	62.8
Cash operating margin[1]	**74.3**	82.9

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following directives from the Government in response to the COVID-19 pandemic, which required mining activities to be reduced to a minimum within the province. The operations progressively resumed as announced by the Company on April 23, 2020, following the announcement from the Government that mining activities were to be considered a "priority service". Although the Company was operating at a minimal capacity for a period of time and its activities at the mine were disrupted, early actions implemented by management in response to the COVID-19 pandemic have minimized its impacts on operations. This has allowed production to reach nearly 1.8 million wmt, which is in line with the plant nameplate capacity and represent only a 10% reduction, when compared to the same quarter of the previous fiscal year.

The quarterly production was also impacted by a scheduled semi-annual shutdown. As a result of the COVID-19 new measures and related inefficiencies, the shutdown scope was reduced and additional days were required. A small portion of the work initially planned for this scheduled shutdown was not completed, with the remainder of the required work postponed and expected to be completed later in the year. The second planned shutdown is scheduled for the third quarter of Champion's fiscal year ending March 31, 2021.

During the three-month period ended June 30, 2020, 7,295,400 tonnes of material were mined, compared to 8,686,000 tonnes in the same period of the prior year, representing a decrease of 16%. This reduction is attributable to the negative impact of the COVID-19 pandemic on several of the Company's activities including: a reduced mining activity level due to compliance with the public health directives issued by the Government; reduced equipment maintenance due to COVID-19-related resources limitations, which had adverse repercussions on equipment availability; and the arrival of the seasonal workforce, which required integration and training.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 18.

3. BLOOM LAKE MINE OPERATING ACTIVITIES (continued)

Operational Performance (continued)

The plant processed 4,604,600 tonnes of ore during the first quarter of the fiscal year 2021, compared to 4,780,000 tonnes in the comparable prior year period, representing a decrease of 4%. The variation is a direct result of the COVID-19 imposed ramp-down, as only one of the Company's two production lines remained in operation for a period of time.

The Company achieved an average recovery rate of 82.3% during the first quarter of the fiscal year 2021, compared to a recovery rate of 82.1% in the same period of the prior year, which remained relatively stable. Several factors adversely impacted the recovery rate during the quarter, such as the ramp down of the Company's operations at the beginning of the quarter due to the COVID-19 pandemic, a lower head grade and a second shipment of low-silica concentrate. Following the successful commercial production test last quarter, DR pellet producers and direct reduced iron ("DRI") plant operators have accepted the Company's product specifications which confirms Bloom Lake's ability to produce DR quality iron ore concentrate. With this confirmed product specification, the Company produced an additional 207,900 wmt of DR quality iron ore concentrate at 67.8% Fe with a combined silica and alumina content of 2.68%, at the request of a customer in the Middle East. This specific production of low-silica concentrate reduced the quarterly recovery rate by 0.6%. This second shipment confirms the ability of the Company to sell its ore to producers of DR pellets, which can be converted by DRI producers and utilized in electric arc furnaces, which represent a growing subset of global steelmaking capacity. This positions the Company to potentially increase its customers' base and confirms that Bloom Lake is one of the few producing deposits globally that can transition its product offering in response to potential shifts in steelmaking methods in the coming years.

Based on the foregoing, Bloom Lake produced 1,798,800 wmt of 66.5% Fe high-grade iron ore concentrate during the three-month period ended June 30, 2020, a decrease of 10%, compared to 1,989,400 wmt in the same period of the prior year. The lower production is mainly a result of the Government mandated ramp down of operations due to the COVID-19 pandemic, but still in line with the plant's nameplate capacity.

The reduction of 8% in iron ore concentrate sold during the three-month period ended June 30, 2020, compared to the same period of the prior year, is a direct result of the lower production associated with the Government mandated ramp down of operations due to the COVID-19 pandemic, and this is partially offset by the sale of the elevated iron ore inventory on hand at the end of March 2020.

4. FINANCIAL PERFORMANCE

A. Revenues

During the three-month period ended June 30, 2020, a total of 1,758,800 tonnes of high-grade iron ore concentrate were sold at a CFR China gross realized price of US$107.8/dmt, before provisional sales adjustments and shipping costs. The gross realized sales price of US$107.8/dmt represents a premium of 15.5% over the benchmark P62 price, compared to a premium of 9% for the previous quarter. The gross realized sales price reflects the timing of the sales as well as the forward price at the expected settlement date for 1,310,000 tonnes shipped during the period.

While the COVID-19 pandemic has proved to be challenging for many economies globally, China demonstrated its economic resilience and reached record high steel production rates, while steel mills in Europe, the Middle East and the Far East reduced outputs throughout the first quarter of the Company's 2021 fiscal year. The iron ore material normally consumed by several steel makers who were adversely impacted by the pandemic rapidly diverted to China where a strong increase in iron ore products arrivals could be witnessed. While the demand for high grade iron ore concentrate remains robust, competition from the excess supply of iron ore pellets, which were testing multiyear low prices, created downward pressure on the high grade market premium pricing during the period. Iron ore pellets are primarily consumed by European steel makers, who materially curtailed production levels in the period, creating an excess supply of pellets, which found their way into the Asian market. As high-grade iron ore concentrate often competes with pellets, the Company realized discounted selling prices to the P65 index, ranging from $0.50 to $3.80 per dmt sold for a portion of its shipments, due to competition from the depressed premium for pellets in the period. As pellet producers adjust their outputs in response to the lower demand from European customers and as the global dynamic stabilizes, the Company does not expect discounts to P65 index to be required for its sales in the long-term. These factors, combined with shortages of high-grade material in the market in early 2019, as some major producers experienced operational challenges, contributing to the upward pressure on high-grade iron ore prices last year, explains the variation in the gross realized price from US$119.3/dmt for the three-month period ended June 30, 2019 to US$107.8/dmt during three-month period ended June 30, 2020.

As the gross realized price of US$107.8/dmt for the recently completed quarter is aligned with the average P65 for the quarter of US$108.3/dmt, the Company continues to demonstrate its ability to realize the benefits of producing high grade iron ore over the reference P62 material.

4. FINANCIAL PERFORMANCE (continued)

A. Revenues (continued)

The sea freight costs remained at low levels during both three-month periods ended June 30, 2020 and 2019. During the first quarter of the Company's 2021 fiscal year, the decline in fuel prices and reduction of shipments from Brazil reduced sea freight costs, while during the same period last year, the impact of a major producer's challenges in early 2019 on global freight rates lowered the Company's sea freight costs. The freight costs variation with the C3 index is mainly due to the timing of the vessels' bookings. Although the Company benefited from low sea freight costs during the quarter, lesser vessel bookings were made ahead of time in April, given the COVID-19-related uncertainties and the ramp down of its operations, which prevented the Company from fully benefiting from the historical low C3 index. The Company recently entered into a freight contract for a portion of its expected volumes.

During the three-month period ended June 30, 2020, a final price was established for 851,000 tonnes which were in transit at the end of the Company's fourth quarter ended March 31, 2020. In addition, 80,000 tonnes shipped prior to March 31, 2020 were still subject to pricing evaluation during the recently completed quarter. Accordingly, revenues associated with these 931,000 tonnes, which were accounted for in the fourth quarter of the fiscal year ended March 31, 2020 were increased by US$16,424,000 during the three-month period ended June 30, 2020. Based on the foregoing, the average net realized FOB price for the first quarter ended June 30, 2020 was positively impacted by US$9.3/dmt.

Deducting sea freight costs of US$16.8/dmt and adding the provisional sales adjustment of US$9.3/dmt, the Company obtained an average net realized price of US$100.3 per tonne (CA$139.1 per tonne) for its high-grade iron ore delivered to the end customer, benefiting from an average foreign exchange rate of CA$1.3853/US$. As a result, revenues totalled $244,574,000 for the three-month period ended June 30, 2020 compared to $277,914,000 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 June 30, 2020, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific incremental and non-recurring COVID-19 related costs, totalled $58.4/dmt, compared to $54.3/dmt in the same period of the previous year. The C1 cash-cost[1] for the quarter was impacted by various factors, including the inefficiencies related to the COVID-19 preventive measures associated with social distancing protocols and the negative volume impact of lower iron ore concentrate sales, as fixed costs remained unchanged. To maintain its partnership with its agile workforce, the Company decided to keep its full workforce on payroll during the pandemic period despite the lower production rate imposed to comply with the Government's public health directives.

Following the successful commercial production test completed in the last quarter, whereby DR pellet producers and DRI plant operators confirmed product specifications and Bloom Lake's ability to produce DR quality concentrate, the Company produced an additional 207,900 wmt of DR quality iron ore concentrate at the request of a customer in the Middle East. This second vessel shipment demonstrates the Company's ability to produce this distinctive iron ore material rapidly by simply adjusting the plant flowsheet. The Company continues to optimize its production methods in relation to this product as it seeks to reduce operating costs and improve product quality over time.

The cash cost was negatively impacted by Société ferroviaire et portuaire de Pointe-Noire's ("SFPPN") operation costs which were higher than they were in the comparative quarter in 2019. However, the Company is confident that it will benefit from corrective actions implemented by SFPPN, as SFPPN's port operations costs began to decrease compared to the last quarter of the fiscal year ended March 31, 2020.

C. Cost of Sales - incremental costs related to COVID-19

In line with Government directives, Champion implemented several measures in its efforts to mitigate the risks related to the COVID-19 pandemic. The Company incurred direct, incremental and non-recurring operating costs of $4,562,000 or $2.6/dmt for the three-month period ended June 30, 2020. These costs do not include the inefficiency nor the volume impact over fixed costs associated with lower production rates emanating from the COVID-19 pandemic, in all areas of the Company's mining operations. These specific costs are mainly comprised of premiums paid to employees from adjusted work schedules, incremental transportation costs and incremental costs for cleaning and disinfecting facilities. While the work schedules were adapted and related premiums to payroll were paid during the quarter ending June 30, 2020, the Company resumed its normal work schedules at the end of June 2020. Despite the fact that the costs associated with the revised schedules and the related premiums are not recurring, the Company will continue to deploy measures to mitigate the risks from COVID-19 on site and at the local community level. Accordingly, COVID-19 specific costs could continue to be incurred during fiscal year 2021 and could increase if the Company enhances its protective measures.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 18.

4. FINANCIAL PERFORMANCE (continued)

D. Gross Profit

The gross profit for the three-month period ended June 30, 2020 totalled $128,296,000, compared to $170,693,000 for the same period of the prior year. Although the iron ore concentrate price was trending upwards during the three-month period ended June 30, 2020, the lower average realized selling price[1] was at $139.1, compared to an exceptionally high average selling price[1] of $145.7 during the same period last year. Therefore, a decrease in the gross profit is attributable to lower revenues, as a result of lower average realized selling price and lower volumes of iron ore concentrate sold. The lower gross profit is also due to incremental costs related to COVID-19, which totalled $4,562,000 or $2.6/dmt during the period and higher depreciation expenses attributable to previous investments which were made to increase throughput and surpass the mine's nameplate capacity. The production costs remained stable compared to the same period of the prior year.

E. Other Expenses

The decrease in share-based payments reflects the lower stock price, period over period, combined with the issuance of annual equity awards in relation to the performance achieved during the fiscal year ended March 31, 2020.

The increase in general and administrative expenses in the three-month period ended June 30, 2020, compared to the same period in the previous year, is due to higher salaries and benefits from a higher headcount, higher professional fees and a higher annual premium for the Company's Directors' and Officers' liability insurance. The increase is partially offset by lower traveling expenses due to the COVID-19 pandemic.

Corporate Social responsibility ("CSR") expenses are mainly composed of community taxes such as property and school taxes and expenditures related to the Company's Impact and Benefits Agreement with the First Nations ("IBA"). Higher CSR expenses reflect the Company's increased focus on sustainability. In addition, the Company completed its first Sustainability Report, highlighting its alignment with stakeholders regarding its diligence on the environment, social and governance responsibilities. The Sustainability Report is available on the Company's website at www.championiron.com.

F. Net Finance (Income) Costs

Net finance income totalled $1,322,000 for the three-month period ended June 30, 2020, compared to net finance costs of $29,052,000 for the same period in the prior year. The main components of the net finance (income) costs include interest on long-term debt, the foreign exchange on accounts receivable, cash on hand and long-term debt, the change in fair value derivatives associated with the previous credit facilities which were repaid in August 2019 and the change in the fair value of non-current investments.

The decrease in net finance costs is mainly attributable to the positive impact of the refinancing which the Company undertook and closed on August 16, 2019. The new credit facility bears an annualized 3.9% interest rate, compared to a rate of 10% from the previous credit facilities. The capitalization of borrowing costs on qualified assets during the development period of Bloom Lake's Phase II expansion project, which amounted to $931,000 for the three-month period ended June 30, 2020 (2019: nil) also contributed to the variation.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. The appreciation of the Canadian dollar against the U.S. dollar as of June 30, 2020 compared to March 31, 2020, contributed to an unrealized foreign exchange gain on the Company's long-term debt. As the gain was not totally offset by the unrealized loss on accounts receivable and cash on hand denominated in U.S. dollars, the Company recorded a non-cash exchange gain of $1,774,000 during the recently completed quarter.

The previous credit facilities included embedded derivative instruments which had to be revalued on a quarterly basis. Following the refinancing which closed on August 16, 2019, these derivatives were extinguished. As such, non-cash changes in the fair value of derivative financial instruments no longer affect the Company's quarterly results. In the three-month period ended June 30, 2019, the unfavorable non-cash changes in the fair value of derivative financial instruments amounted to $19,170,000.

Non-current investments in listed common shares are classified as financial assets at fair value through profit or loss. For the three-month period ended June 30, 2020, the net increase in the fair value of non-current investments in common shares represented $2,467,000 resulting from a higher stock price of the investments, while in the comparative period of last year, the net decrease was $25,000.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 18.

4. FINANCIAL PERFORMANCE (continued)

G. Income Taxes

The Company and its subsidiaries are subject to tax in Australia or Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available for which the losses can be used against. Quebec Iron Ore ("QIO"), Champion's operating subsidiary, is subject to Québec mining tax at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the Québec Mining Tax Act, divided by revenues. The progressive tax rates based on the mining profit margin are as follows:

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

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for three-month period ended June 30, 2020 (2019: 26.68%).

During the quarter ended on June 30, 2020, current income and mining taxes expenses totalled $43,442,000, compared to $53,362,000, for the same period of the comparative prior year. The variation is mainly due to lower taxable profit.

During the three-month period ended June 30, 2020, deferred income tax expenses totalled $1,079,000, compared to $6,667,000 for the comparative period. The decrease is due to lower accelerated depreciation, emanating from a lower timing difference between the net book value and the tax value of the Company's assets.

H. Net Income & EBITDA[1]

For the three-month period ended June 30, 2020, the Company generated net income of $75,556,000 (earnings per share of $0.16), entirely attributable to the Company's shareholders. In the comparative prior year period, the Company reported net income of $74,241,000 (earnings per share of $0.09) of which $38,751,000 was attributable to the Company's shareholders. The variation is due to lower net finance costs and lower income tax expenses, offset by the lower operating income.

Excluding the incremental costs related to COVID-19, which totalled $4,562,000 or $2.6/dmt, and its related tax impact, the Company generated adjusted net income[1] of $78,004,000 for an adjusted EPS[1] of $0.17 for the three-month period ended June 30, 2020.

During the quarter ended June 30, 2020, the Company generated an EBITDA[1] of $127,695,000, representing an EBITDA margin[1] of 52%, compared to an EBITDA[1] of $166,936,000, representing an EBITDA margin[1] of 60% in the same period of the prior year. The variation period over period is essentially due to the lower average realized selling price[1] combined with the lower volume of sales, as well as the incremental costs related to COVID-19 and a higher total cash cost per tonne[1].

I. All-In Sustaining Cost[1] ("AISC") and Cash Operating Margin[1]

The Company believes that the AISC[1] and cash operating margin[1] are measures reflecting the costs associated with producing iron ore and assessing the Company's ability to operate without reliance on additional borrowing or usage of existing cash. The Company defines AISC[1] as the total cost 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 June 30, 2020, the Company realized an AISC[1] of $64.8/dmt, compared to $62.8/dmt in the same period last year. The variation relates to higher total cash cost[1] per tonne sold, higher G&A expenses over lower volume sold, partially offset by lower sustaining investments made in property, plant and equipment, which have been postponed for later in the 2021 fiscal year, due the ramp down of operations during the COVID-19 pandemic.

Deducting the AISC[1] of $64.8/dmt from the average realized selling price[1] of $139.1/dmt, the Company generated a cash operating margin[1] of $74.3/dmt for each tonne of high-grade iron ore concentrate sold during the quarter ended June 30, 2020, compared to $82.9/dmt in the same period of the previous year. As the AISC solely increased by 3%, the variation is essentially attributable to a lower average realized selling price[1].

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 18.

4. FINANCIAL PERFORMANCE (continued)

J. Non-Controlling Interest

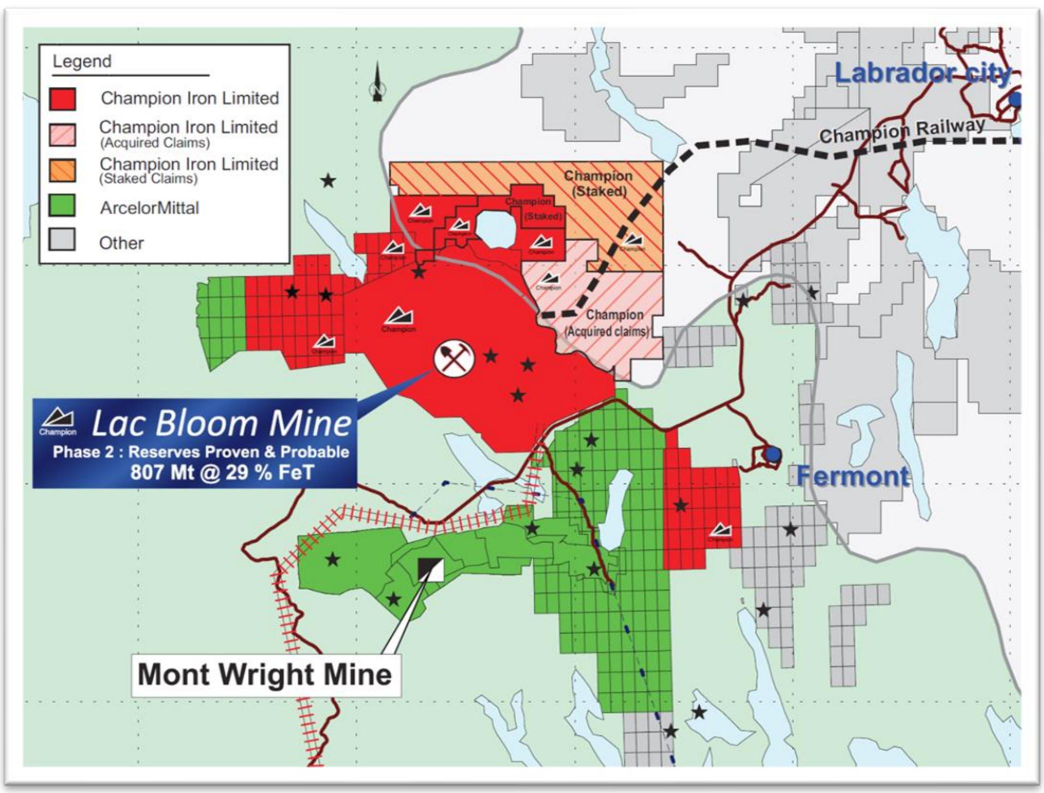
Following Champion's acquisition of Investissement Québec's 36.8% equity interest in QIO on August 16, 2019, the non-controlling interest in QIO no longer exists. Investissement Québec was formerly Ressources Québec Inc., at the time of the transaction.

5. EXPLORATION ACTIVITES

During the three-month period ended June 30, 2020, the Company continued to maintain all of its properties in good standing and did not enter into farm-in/farm-out arrangements. However, the Company did not undertake exploration work at Bloom Lake, nor on any of its other properties. Accordingly, during the quarter ended June 30, 2020, $76,000 was incurred in exploration and evaluation compared to $194,000 in the comparative period. The exploration expenditures mainly consist of fees required to maintain all its properties and the acquisition costs of staking additional exploration claims.

On April 2, 2020, the Company staked a block of claims covering an area of 31.75km^2 directly North of QIO's Bloom Lake mining lease and contiguous to its other claims in this area. Furthermore, the Company acquired additional claims totalling 38km^2 also located directly North of the Bloom Lake operations. Following these transactions, the Company now controls a block of claims totalling 178.16 km^2 situated in the province of Newfoundland and Labrador and in the province of Québec, directly North and West of the Bloom Lake mining lease.

While the current reserves at Bloom Lake are estimated to support mining operations for twenty years, the acquired claims provide the Company with additional opportunities and are in keeping with the Company's strategy to attempt to extend ore deposits in the vicinity of the Bloom Lake operations, where possible.



6. BLOOM LAKE PHASE II UPDATE

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

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

On June 20, 2019, the Company also announced the approval of an initial budget of $68M to fund and advance the Phase II expansion project during 2019 and into 2020, with the intention to secure the project timeline proposed by the Feasibility Study. The work completed to date significantly de-risked the project timeline by completing cement and civil engineering projects, removing seasonality risks for the project completion.

Given the global uncertainty resulting from the COVID-19 pandemic, on March 24, 2020, the Company announced that its intentions to address the Phase II expansion plans, initially expected in the middle of the current calendar year, were postponed to a later time and that discretionary capital expenditures had been suspended. Accordingly, during the first quarter of fiscal year 2021, the Phase II expansion project activities were limited to advancing detailed engineering, engaging with local communities and continuing the production of spirals required in the Bloom Lake plant's recovery process.

With measures in place to mitigate the risks related to COVID-19, the Company resumed some discretionary spending and expanded the initial budget of $68M announced on June 20, 2019, by $30M to $98M, in order to prudently advance the project and preserve key timelines ahead of the deferred final Board of Directors decision to be made at a later date.

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

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 18.

7. CASH FLOWS - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended June 30, 2020, the Company invested $23,621,000 in the purchase of property, plant and equipment, compared to $26,477,000 in the same period of the prior year. The following table summarizes the investments made:

	Three Months Ended June 30,	
	2020	2019
(in thousands of dollars)		
Tailings lifts	**554**	5,369
Stripping and mining activities	**2,630**	3,267
Mining equipment rebuild	**2,762**	3,314
Sustaining capital expenditures	**5,946**	11,950
Phase II	**5,839**	2,313
Other capital development expenditures at Bloom Lake	**11,836**	12,214
Purchase of property, plant and equipment as per cash flow	**23,621**	26,477

In 2019, the Company made the decision to accelerate the construction work relating to the raising of the tailings containment dam to ensure safe tailings deposition. As the project was finalized late in the fall of 2019, the expenditures relating to the raising of the tailings dam is expected to decrease over the next few years. The expenditures related to the raising of the tailings dam for the quarter ended June 30, 2020 are associated with a new coarse tailing line. The construction work on the dykes project was delayed as a result of the COVID-19 pandemic and has only resumed at the end of June 2020. All other expenditures relating to the raising of the tailings dam have been postponed and will be rescheduled later in the fiscal year ended March 31, 2021.

Work planned for the first quarter of the 2021 fiscal year in relation to stripping activities and the mining equipment rebuild program has been partially postponed until later in the 2021 fiscal year, due to the ramp down of operations during the COVID-19 pandemic, which resulted in lower stripping activities and lower mining equipment rebuilding in the quarter, compared to the same previous year period.

The investment in the Bloom Lake Phase II expansion project consists of detailed engineering work and the production of spirals, and it was funded from the $68,000,000 budget for such purposes, which was approved in the 2020 fiscal year. Expenditures in the same period of the previous year were also related to detailed engineering work.

For the three-month period ended June 30, 2020, the other capital development expenditures at Bloom Lake totalled $11,836,000 and consisted of infrastructure upgrades at the mine, and the commissioning of new service equipment required to maintain a strip ratio in line with the Phase II mine plan. In addition, the Company acquired 100 additional used rail cars at a cost of $5,500,000. During the three-month period ended June 30, 2019, the other capital development expenditures at Bloom Lake totalled $12,214,000, and related to the completion of the Phase II Feasibility Study, as well as infrastructure upgrades at the mine and service equipment capacity improvements.

8. CONFERENCE CALL AND WEBCAST INFORMATION

A webcast and conference call to discuss these results will be held on Wednesday, July 29, 2020 at 8:30 AM EST (Montreal Time) / July 29, 2020 at 10:30 PM AEST (Sydney time). Listeners may access a live webcast of the conference call from the Investors section of the Company's website at www.championiron.com/investors or by dialing toll free 1-888-390-0546 within North America or +1-800-076-068 from Australia.

An online archive of the webcast will be available by accessing the Company's website at www.championiron.com/investors. 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 790506#.

Qualified Person and data verification

Mr. Nabil Tarbouche, Senior Geologist at the Company (P.Geo.) is a “qualified person” as defined by National Instrument 43-101 and has reviewed and verified the scientific and technical information contained in this release. Mr. Tarbouche’s review and approval does not include statements as to the Company’s knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study.

About Champion Iron Limited

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

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

For further information please contact:

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

This quarterly activities report has been authorized for release to the market by the CEO of Champion Iron Limited, David Cataford.

Forward-Looking Information

This quarterly activities report contains certain information and statements, which may constitute or be deemed "forward-looking information" within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements in this quarterly activities report , other than statements of historical fact, that address future events, developments or performance that Champion expects to occur, including management's expectations regarding (i) the recovery rates; (ii) the Company's growth; the increase of the plant capacity and reliability; (iv) the Company's or the SFPPN's operational improvement; (v) the Phase II expansion of the Bloom Lake Mine and its expected construction timeline, capital expenditures, NPV and IRR; (vi) the new product test and its impact on securing new customers; (vii) the improvement of SFPPN's operational efficiency and associated reduction in port operation costs; (viii) the estimated future operation capacity of the Bloom Lake Mine; (ix) the Company's cash requirements for the next twelve months; (x) the completion of the construction for a potential expansion of the Bloom Lake Mine; (xi) the potential job creation related to the Bloom Lake Mine; (xii) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore price; (xiii) the impact of exchange rate fluctuations; (xiv) the impact of iron ore concentrate price fluctuation; (xv) the LoM of the Bloom Lake Mine; (xvi) the possibility of reconsidering redomiciliation and related future savings; and (xvii) the effectiveness of measures implemented to mitigate the risk and contain COVID-19 and the potential impacts on Champion's business, financial condition and financial results of the outbreak of the COVID-19 pandemic, are forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves may be greater or less than the estimates provided herein. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims" "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. 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 expressed in forward-looking statements include, without limitation: the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; the effects of catastrophes and public health crises, including impact of COVID-19 on the global economy, the iron ore market and Champion Iron Limited's operations, as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2020 Annual Information Form and the risks and uncertainties discussed in the Company's quarterly activities report for the year ended March 31, 2020 and management's discussion and analysis report for the fiscal year ended March 31, 2020, all of which are available on SEDAR at www.sedar.com and the ASX at www.asx.com.au.

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

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