

# THIRD QUARTER RESULTS OF THE 2021 FISCAL YEAR

January 28, 2021



PREMIUM PRODUCT, TIER 1 JURISDICTION,  
HIGH QUALITY INFRASTRUCTURE

**CHAMPION IRON** 

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In particular, but without limiting the foregoing, this Presentation contains forward-looking information and statements pertaining to Champion Iron Limited and management's expectations, including, without limitation, with respect to the effectiveness of measures implemented to mitigate the risks of COVID-19, the ability to screen employees and contractors for the COVID-19 and effectiveness of hired personnel and their focus on emergency planning and coordination; the effectiveness of the repurpose program to reduce transportation for used wood pallets; the achievement of sustainability objectives, social matters and governance; the impact of fluctuations in iron ore prices and freight pricing; the impact of pellet pricing on the Company's product pricing; the industry demand; the project lead time; the supply response and focus of return on capital by industry majors; the impact of timing of sales, waste mining activities; the impact of maintenance activities; the stability of operations on ore recovery and ability to improve recovery circuit; the operational productivity and impact on operating costs; the impact of exchange rate fluctuations on Champion Iron Limited and its financial results; the impact of contracted volume pricing based on previous months and ability to benefit from lagging price mechanism in future periods; the ability to benefit from contracted freight volumes until March 2021; the provisional price impact on future realized price; SFPFN financing and expected investments; provision for taxes payable; Champion Iron Limited's ability to advance the Phase II expansion project and its funding, completion timeline, impact on nameplate capacity, expected capital expenditures and project economics; the US\$75 million Phase II equipment financing from Caterpillar Financial Services Limited and expected closing date; the Company's growth generally; (the completion of the Kami project acquisition and its anticipated timing); the intent to complete an updated feasibility study and review the scope of the Kami Project; and the reserves and reserves and additional port capacity expected from the Kami project acquisition. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein. In this Presentation, reference is made to the Company's Bloom Lake Mine economic analysis. All information derived therefrom are not estimates or forecasts of metrics and may not actually be achieved. Such information reflects internal projections used by management for the purposes of making capital investment decisions and for internal long range planning and budget preparation. Accordingly, undue reliance should not be placed on same. In addition, forward-looking statements or information are based on a number of factors, expectations or assumptions of Champion Iron Limited which have been used to develop such statements and information but which may prove to be incorrect. Although Champion Iron Limited believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on such statements or information because Champion Iron Limited can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: general economic, competitive, political and social uncertainties; the general stability of the economic and political environment in which Champion Iron Limited operates; the impact of catastrophes and public health crises, including the impact of COVID-19 on the global economy, the iron ore market and Champion Iron Limited's operations; the timely receipt of any required regulatory and governmental approvals, necessary permitting or in the completion of development and construction activities; the ability of Champion Iron Limited to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; project delays; the ability of the operator of the projects in which Champion Iron Limited has an interest to operate the field in a safe, efficient and effective manner; the ability of Champion Iron Limited to obtain capital and financing on acceptable terms; general economic, market or business conditions; future commodity prices; future prices of iron ore; currency exchange and interest rates; and the regulatory framework regarding taxes and environmental matters in the jurisdictions in which Champion Iron Limited operates; 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 fiscal year ended March 31, 2020 and MD&A for the fiscal year ended March 31, 2020, all of which are available on SEDAR at [www.sedar.com](http://www.sedar.com), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://www.championiron.com). The forward-looking information and statements included in this Presentation are not guarantees of future performance and should not be unduly relied upon. The forward-looking information and statements contained in this Presentation speak only as of the date of this Presentation, and Champion Iron Limited does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. If Champion Iron Limited does update certain forward-looking information or statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements or information.

The non-IFRS financial performance measures included in this Presentation include: total cash cost or C1 cash cost, all-in sustaining costs ("AISC"), average realized selling price, cash operating margin and cash profit margin, earnings before interest, tax, depreciation and amortization ("EBITDA"), EBITDA margin, adjusted net income, adjusted net income attributable to Champion Iron Limited shareholders, adjusted earnings per share ("adjusted EPS"), operating cash flow per share and operating cash flows before working capital. These measures are intended to provide additional information and should not be considered in isolation, or as a substitute of, measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers.

The mineral reserve and mineral resource estimates included in this Presentation are based on the following technical reports: (i) with respect to Bloom Lake, the National Instrument 43-101 technical report titled "Ni 43-101 Technical Report Bloom Lake Mine Feasibility Study Phase 2" by BBA Inc., Soutex and WSP Canada Inc. dated August 2, 2019 and having an effective date of June 20, 2019 (the "Phase 2 Feasibility Study"); (ii) with respect to the Moiré Lake property, the National Instrument 43-101 technical report titled "Technical Report and Mineral Resource Estimate on the Moiré Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012 and having an effective date of March 28, 2012 (the "Moiré Lake Technical Report"); and (iii) with respect to the Kami Project, the National Instrument 43-101 technical report titled "Updated Feasibility Study of the Kamistatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Gemtec Ltd., Watts, Griffin and McQuat Ltd. and Golder Associates Ltd. dated October 31, 2018 and having an effective date of September 26, 2018 (the "Alderon Kami Feasibility Study"). There is no obligation on Champion Iron Limited to report on these foreign estimates of mineralisation in accordance with ASX Listing Rule 5 since each of the aforementioned pre-feasibility studies and technical reports were prepared for properties adjacent to or near Champion Iron Limited's mining tenements.

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

The mineral resource and reserve estimates in the Alderon Kami Feasibility Study and the mineral resource estimates in the Moiré Lake Technical Report are strictly historical in nature and are non-compliant with National Instrument 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion Iron is not treating the historical estimates as current mineral resources or mineral reserves.

Mr. Nabil Tarbouche, Senior Geologist at Quebec Iron Ore Inc., a wholly-owned subsidiary of the Company (P. Geo.), is a "qualified person" as defined by National Instrument 43-101 and has reviewed and approved the disclosure of the scientific and technical information related to Bloom Lake contained in this Presentation (the "Bloom Lake Information"). 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 Phase II Feasibility Study. Mr. Tarbouche is a member of the Ordre des Géologues du Québec. Mr. Tarbouche consents to the inclusion in this Presentation of the Bloom Lake Information in the form and context in which it appears. Certain other information contained in this Presentation has been obtained from published sources prepared by third parties and has not been independently verified and no representation or warranty, expressed or implied, is made with respect to, and no undue reliance shall be placed on, the information or opinions contained herein or in any verbal or written communication made in connection with this Presentation.

Reference to P62: Platts TSI IODEX 62% Fe CFR China; P65: Platts IO Fines 65% Fe CFR China.  
This Presentation has been authorized for release to the market by the CEO of Champion Iron Limited, David Catafora.  
All amounts are in Canadian dollars unless otherwise stated.

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## CONFERENCE CALL PARTICIPANTS

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CHAMPION IRON 



**DAVID CATAFORD**  
Chief Executive Officer



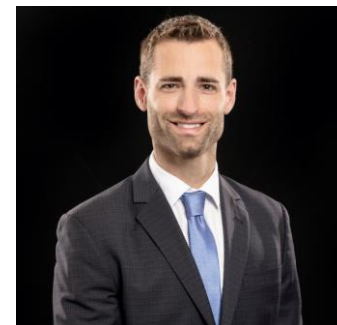
**MICHAEL O'KEEFE**  
Executive Chairman



**NATACHA GAROUTE**  
Chief Financial Officer



**ALEXANDRE BELLEAU**  
Chief Operating Officer



**MICHAEL MARCOTTE**  
Vice-President Investor Relations

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# FY2021 THIRD QUARTER HIGHLIGHTS

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1,922,100 WMT  
CONCENTRATE PRODUCED

83.6%  
ORE RECOVERY



\$56.2/DMT  
TOTAL CASH COST

\$65.0/DMT  
ALL-IN SUSTAINING COST



REVENUES \$329.5M  
NET CASH FLOW OPS \$185.3M  
EBITDA \$211.9M

ADJUSTED NET INCOME \$123.4M  
\$0.26 ADJUSTED EPS



\$507.2M CASH ON HAND\*  
\$44.6M RESTRICTED CASH\*

\$254.6M LONG-TERM DEBT\*  
US\$200M UNDRAWN CREDIT FACILITY

## COVID-19 / HEALTH & SAFETY

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- Implemented a rapid testing COVID-19 laboratory at the mine, using technology approved and certified by Health Canada, which is capable of screening up to 225 employees and contractors daily
- Strict measures to adapt operations to conform with or exceed the Government's directives remain in place to safeguard the health and safety of our employees, partners and communities
- Established a contingency plan for each sector of activity in the event of multiple COVID-19 detections



- Hired a team dedicated to fire prevention and emergency planning and coordination

### QUEBEC IRON ORE + CONTRACTORS FISCAL YEAR 2021

	Q1	Q2	Q3	YTD
Total Recordable Injury Frequency Rate (TRIFR)	3.99	1.67	3.4	2.92
Disability Injury Severity Rate (DISR)	27.47	15.45	18.7	19.9

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## FOCUS ON SUSTAINABILITY

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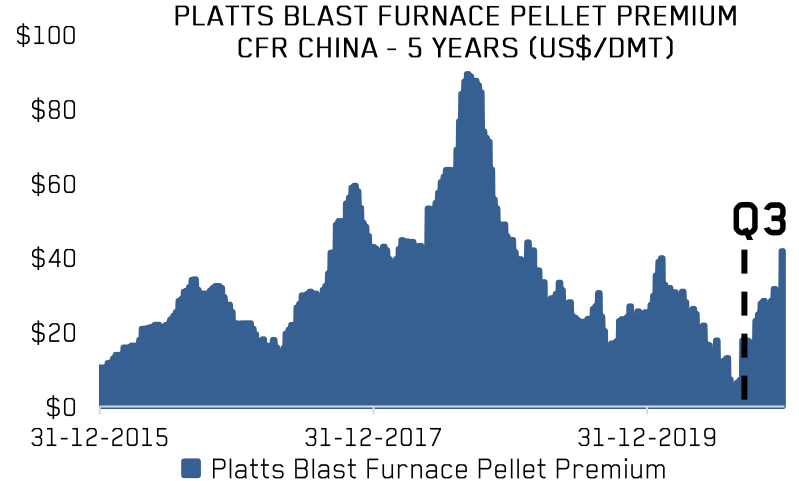
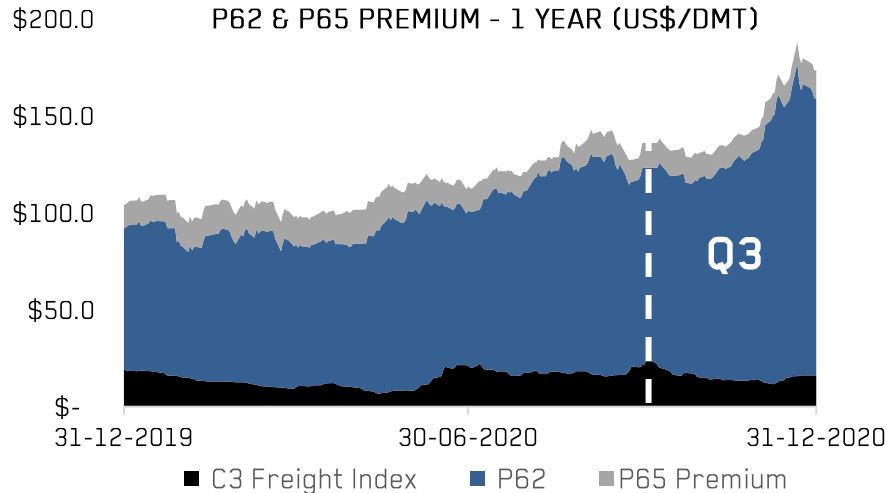
- No occurrences of major environmental issues during the quarter
- Over 300 employees participated in an awareness program for waste management and material sorting
- Completed the first phase of the ore storage area wall closing designed to reduce dust emissions



- Initiated a repurpose program to reduce transportation over 2,000 kilometers for approximately 1,500-2,000 used wood pallets per year

# INDUSTRY OVERVIEW

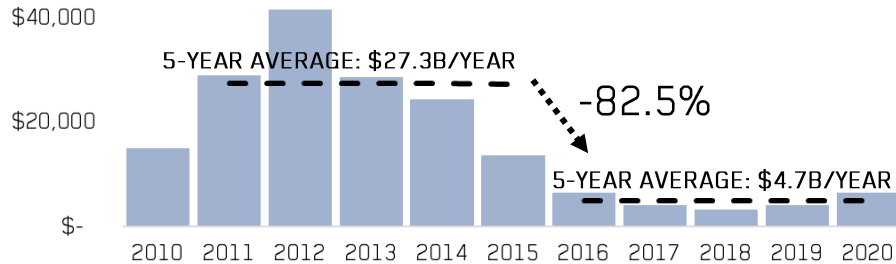
- Rise in iron ore prices during the period with robust global demand and limited supply response
- Stable freight prices quarter over quarter despite rising iron ore prices
- Increasing pellet premium improves pricing for high-grade iron ore concentrate



# INDUSTRY OVERVIEW

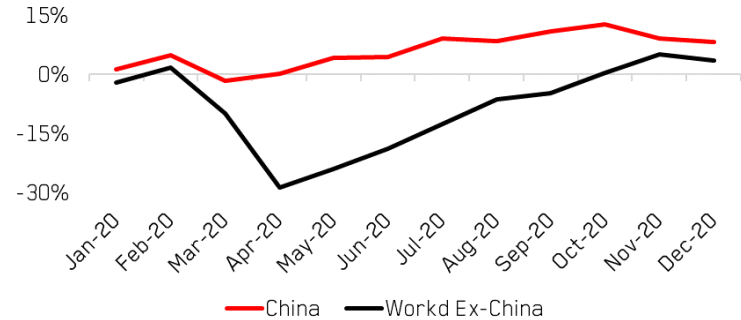
- Global steel demand setting new records
- World ex-China now showing growth year-over-year
- Inventories of iron ore remain low

GLOBAL IRON ORE INDUSTRY DEVELOPMENT CAPITAL (US\$M)



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STEEL GROWTH DEMAND (YEAR-OVER-YEAR %)



- Global iron ore supply growth limited with low industry development capital deployed in recent years
- Lead time for iron ore projects averages 5-14 years depending on project stage
- Industry majors focused on return of capital to investors



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# BLOOM LAKE OPERATIONAL RESULTS

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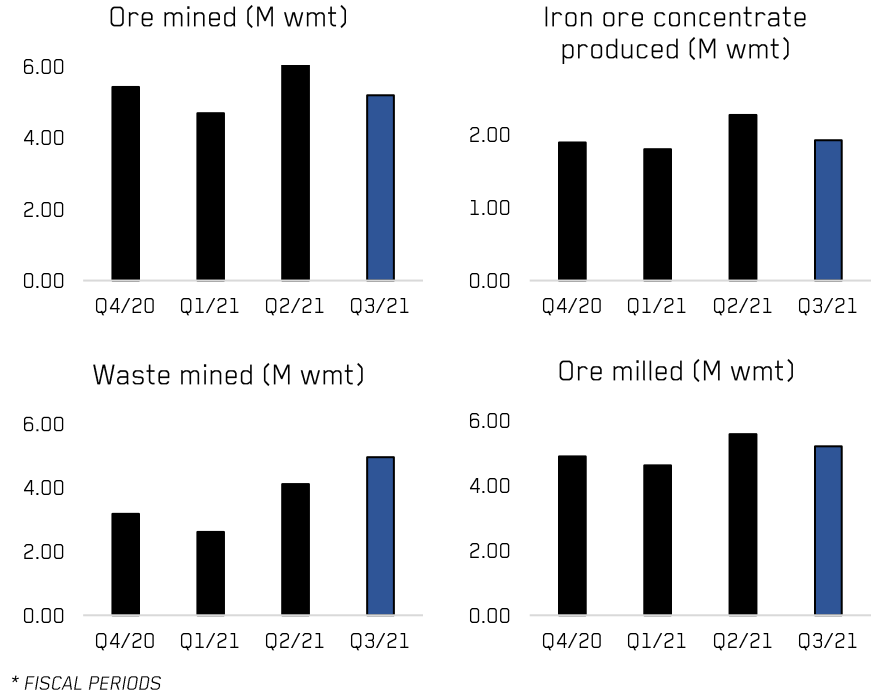


# OPERATIONS OVERVIEW

- Production continues to track positively with nameplate capacity
- Successfully completed the scheduled semi-annual maintenance
- Recovered waste mining activity backlog created in fiscal Q1/2021; Overall stripping activities in line with mining schedule

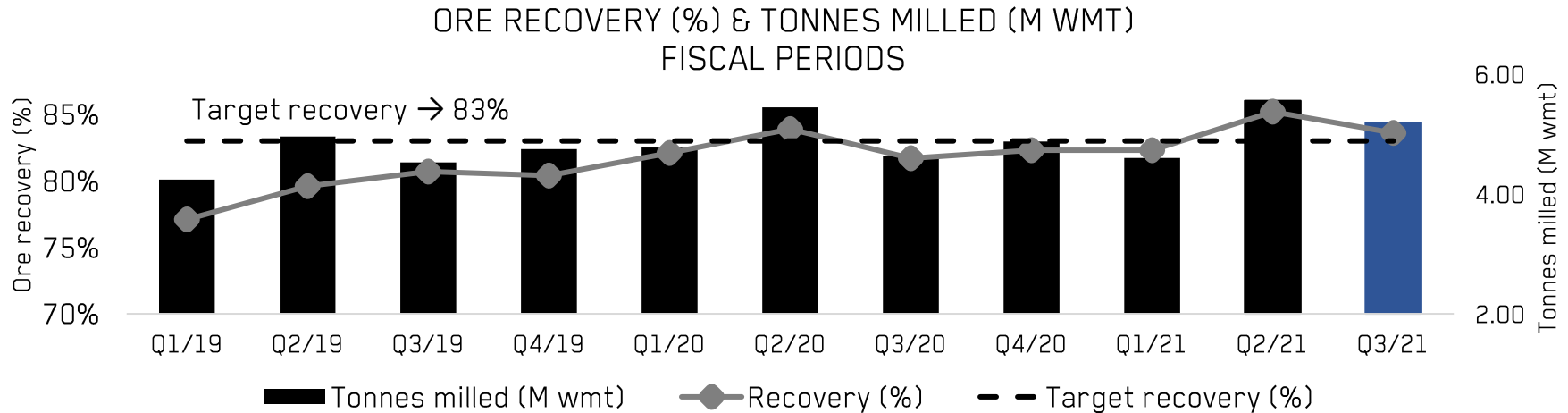
FISCAL PERIODS	Q4/20	Q1/21	Q2/21	Q3/21	FY2021 TO DATE
Iron ore concentrate produced (M wmt)	1.89	1.80	2.27	1.92	5.99
Iron ore concentrate sold (M dmt)	1.89	1.76	2.06	1.89	5.71
Waste mined (M wmt)	3.18	2.61	4.11	4.96	11.68
Ore mined (M wmt)	5.41	4.68	6.07	5.18	15.94
Strip ratio	0.59	0.56	0.68	0.96	0.73
Ore milled (M wmt)	4.88	4.60	5.56	5.19	15.36
Head grade Fe (%)	31.7	31.3	30.9	29.7	30.6
Recovery (%)	82.3	82.3	85.2	83.6	83.8
Product Fe (%)	66.5	66.5	66.1	66.4	66.3

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## STABLE ORE RECOVERY

- Recovery of 83.6% in line with initial target recovery of 83%
- Best ore recovery to date in a scheduled maintenance period, where ore recovery is typically negatively impacted by the stability of the concentrator
- Continuously working on recovery circuit improvements to optimize recovery



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# THIRD QUARTER FINANCIAL RESULTS

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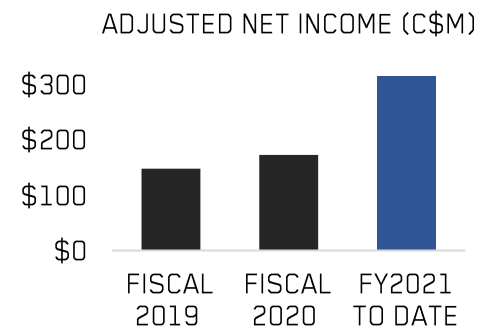
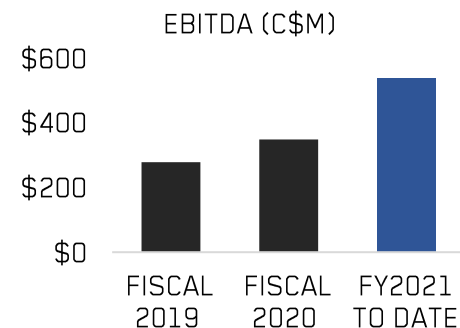


## THIRD QUARTER FINANCIAL HIGHLIGHTS

- Record quarterly revenue, EBITDA, net cash flow from operations and net income
- Operating costs in line with previous quarters that had scheduled maintenance
- Net income impacted by COVID-19 related costs of \$2.2M or \$1.2/dmt
- Financial results negatively impacted by the appreciation of the Canadian dollar

FINANCIAL RESULTS (\$ MILLION)	Q4/FY20	Q1/FY21	Q2/FY21	Q3/FY21	FY2021 TO DATE
Revenues	175.7	244.6	311.0	329.5	885.1
EBITDA	61.1	127.7	197.8	211.9	537.4
Operating income	52.1	118.8	189.5	203.3	511.5
Net income	18.4	75.6	112.2	120.8	308.5
Adjusted Net income	18.4	78.0	113.8	123.4	315.2
Net Cash flow from operations	84.6	75.3	128.3	185.3	388.9
Earnings per share - basic	0.04	0.16	0.24	0.25	0.65
Adjusted Earnings per share - basic	0.04	0.17	0.24	0.26	0.67
Gross average realized selling price (\$/dmt)	130.5	149.2	162.8	194.8	169.2
Net Average realized selling price (\$/dmt)	93.1	139.1	150.7	174.2	154.9
Total cash cost (\$/dmt)	53.9	58.4	48.5	56.2	54.1
All-in sustaining cost (\$/dmt)	59.8	64.8	57.4	65.0	62.2
Cash operating margin (\$/dmt)	33.3	74.3	93.3	109.2	92.7
Cash operating margin (%)	35.8%	53.4%	61.9%	62.7%	59.8%

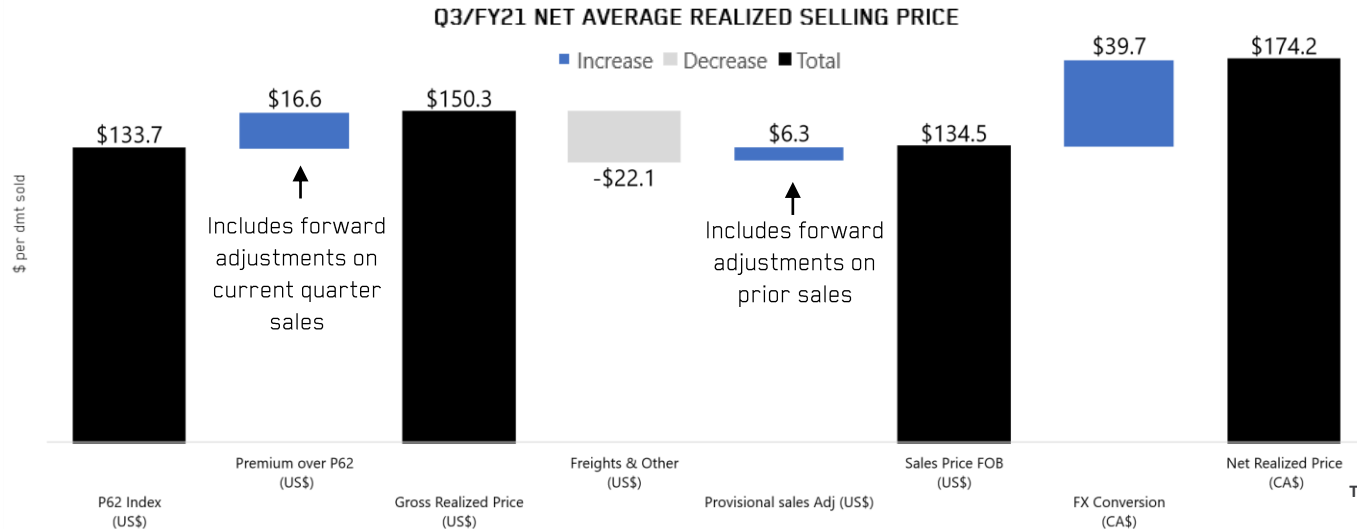
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# THIRD QUARTER

## AVERAGE REALIZED SELLING PRICE

- Average gross realized price tracking the P65 index and 23% higher than the previous quarter
- Improving pellet premium reduced or eliminated discounts to the P65 index price for some shipments sold in the period
- Pricing negatively impacted from a portion of contracted volumes based on previous months prices when P65 prices were lower
- Benefited from the freight contract in place during the period for one vessel per month until December 2020, at US\$15.46/t + commissions; Entered new freight contract for one vessel per month, until March 2021, at US\$17.5/t + commissions



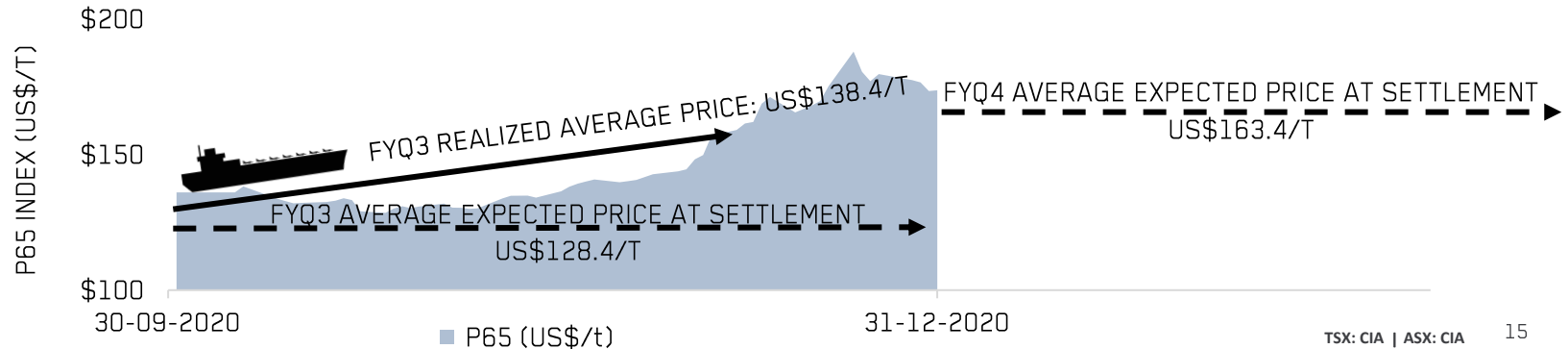
# POSITIVE PROVISIONAL PRICE ADJUSTMENT

- 1.19M tonnes which were subject to provisional pricing at the end of FYQ2 realized final price during the quarter
- FYQ3 positive provisional pricing adjustment of \$15.4M (US\$11.9M) represents a positive impact of US\$6.3/dmt to the average realized price for tonnes sold in the period

PROVISIONAL IMPACT Q2/FY21						
Final price on tonnes in transit at Q2	–	Q2 Average expected price at settlement date*	×	Tonnes in transit at Q2 (M dmt)	=	Provisional impact on Q3
US\$138.4/t		US\$128.4/t		1.19		US\$11.9M

PER TONNE SOLD		
Tonnes sold in Q3 (M dmt)	=	Provisional impact per tonne sold in Q3
1.89		US\$6.3/t

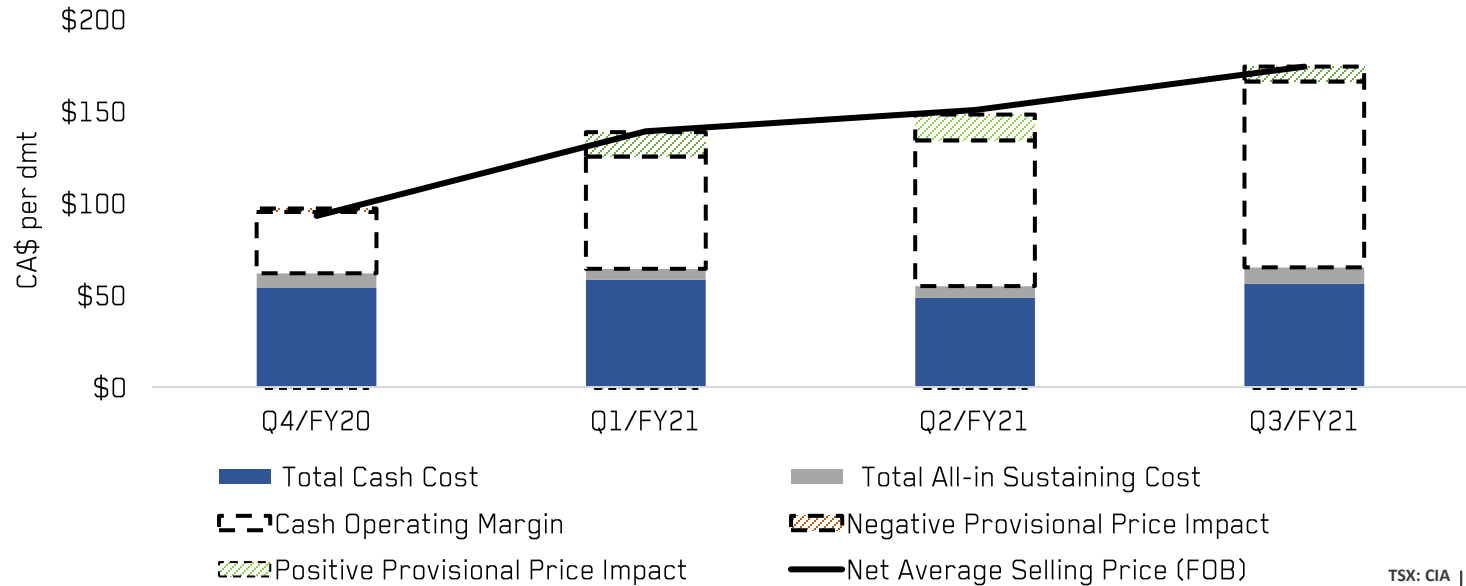
→ 0.6M tonnes remain subject to provisional price at the end of FYQ3



\*Expected price based on P62 Index forward price and anticipated P65 index premium at settlement date

# POSITIVE CASH OPERATING MARGIN

- Increased cash operating margin for the fifth consecutive quarter
- Record cash operating margin of 62.7% and EBITDA margin of 64.3% in Q3/FY21





## INCREASED FINANCIAL FLEXIBILITY

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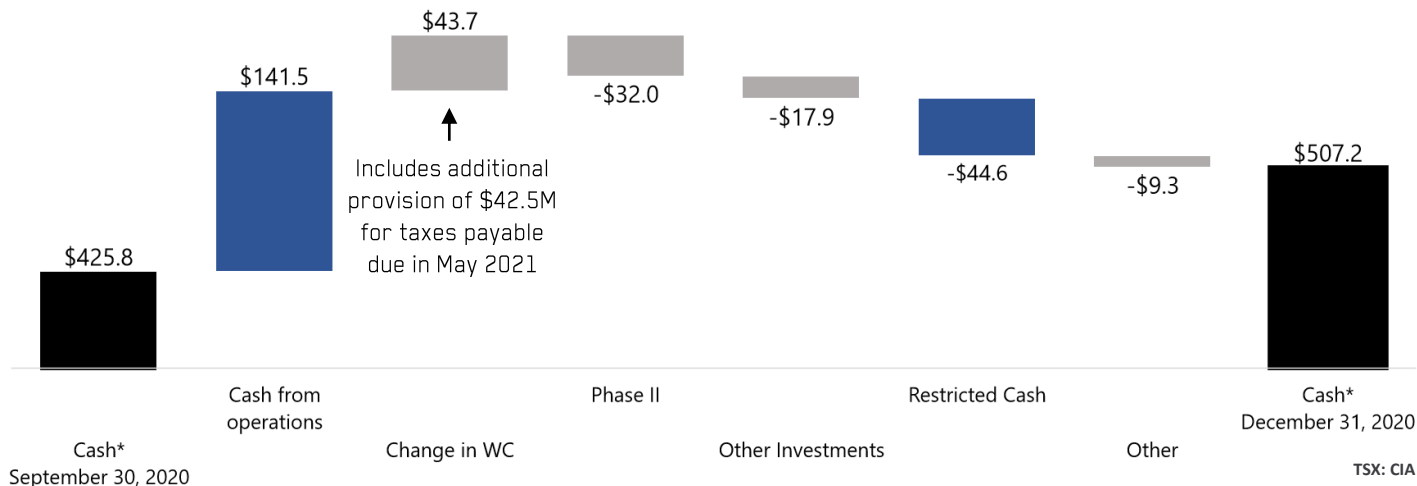
- ✓ Increased Credit Facility from US\$200M to US\$400M and received an equipment financing commitment letter for US\$75M from Caterpillar Financial Services Limited
- ✓ First capital repayment postponed from June 30, 2021 to June 30, 2022
- ✓ US\$200M of the Credit Facility\* remains undrawn as of December 31, 2020



- ✓ In line with the Phase II anticipated port related work programs, entered into an agreement to jointly invest \$135M in SFPPN with the Government of Québec (Société du Plan Nord)
- ✓ Champion to invest \$85M at the SFPPN, subject to a loan of up to \$70M by the Government of Québec through the Fonds du développement économique

# CASH INCREASE DETAILS

- Cash flows from operations of \$141.5M, an improvement of 12.3% compared to the previous quarter
- Received proceeds of \$18.8M from warrant and option exercises
- Declared and paid accumulated dividends of \$7.2M on QIO's preferred shares bearing an interest rate of 9.25%
- Working capital impacted by an additional \$42.5M provision for taxes payable due in May 2021 (cumulative provision of \$115.9M)
- Transferred \$44.6M into a restricted account for potential Phase II cost overruns as per a condition of the Credit Facility



\*Cash on hand includes cash and cash equivalents and short-term investments

# BALANCE SHEET POSITIONED FOR GROWTH



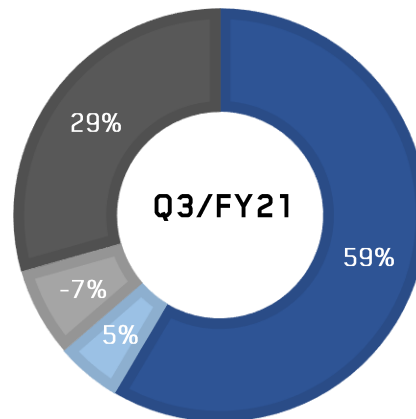
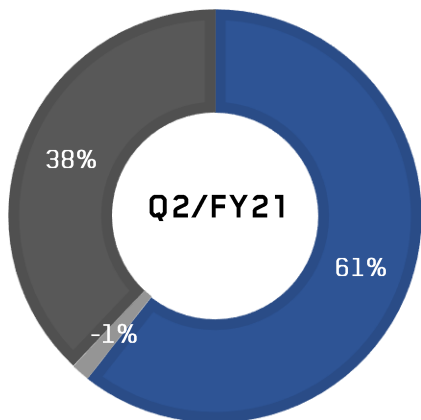
\$507.2M Cash & S-T investments  
 \$44.6M Restricted cash\*  
 \$-61.0M Working capital



\$254.6M Long-term debt (face value)\*  
 US\$200M Available & undrawn Credit Facility\*



- ✓ Net cash\* positive of \$236.1M
- ✓ \$87.3M QoQ improvement in net cash\*



■ Cash and cash equivalents ■ Restricted cash ■ Working Capital ■ LTD Face value\*

\* Restricted cash for potential cost overruns on Phase II as a condition of the Credit Facility; US\$200M long-term debt at Constant FX; Credit Facility including US\$170M Term Loan and US\$30M Revolving Facility; Net cash including cash & short-term investments and restricted cash.

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## PHASE II UPDATE

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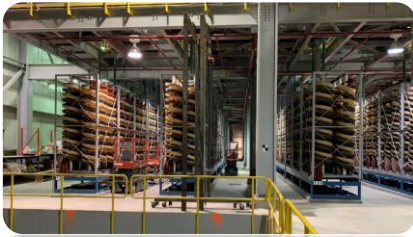
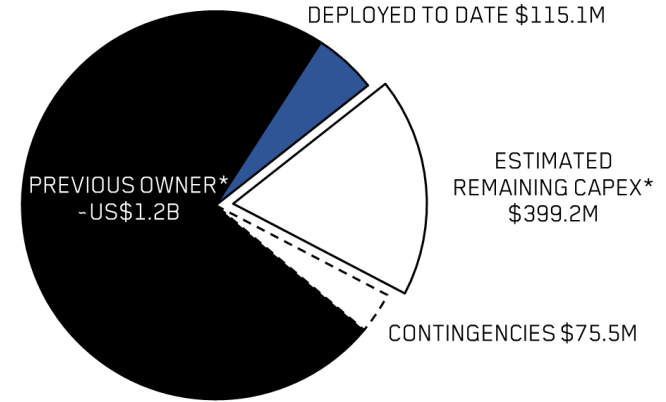
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## APPROVED AND FINANCED PHASE II

- Approved and fully financed project scheduled for completion by mid-2022
- Deployed an additional \$32M in the quarter with cumulative work programs to date of \$115.1M, including \$6M in advanced payments
- Progress on key milestones, including:
  - ✓ 65% of engineering work completed
  - ✓ Installation of spiral banks and grinding area conveyors
  - ✓ Completion of the ore storage conveyor modifications
  - ✓ Finalized the extension shelters of the load-out area
  - ✓ Commenced diverse mechanical installations
  - ✓ Selected major mine equipment supplier

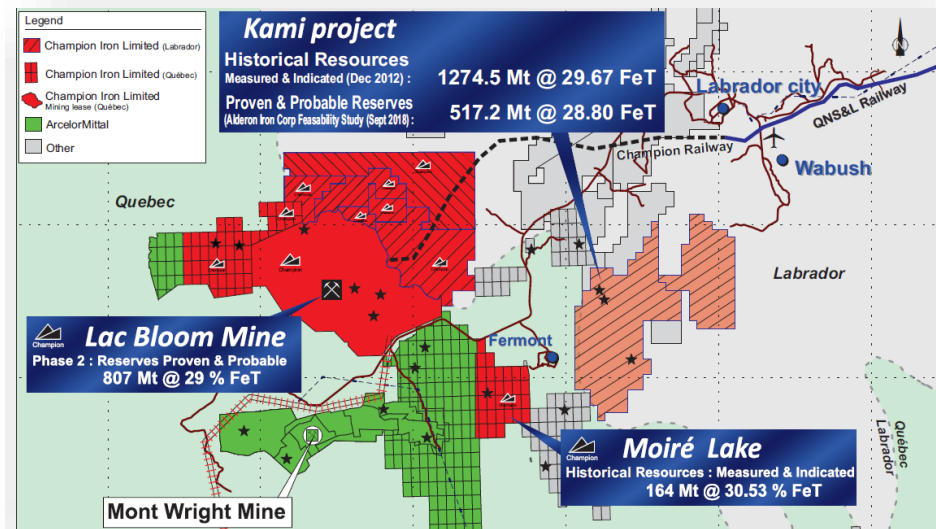
PHASE II - CAPEX (C\$M)



# ACQUISITION OF KAMI PROJECT

√ On November 16, 2020, Champion announced the proposed acquisition of the KAMI project and related assets for a total consideration of 4.2M ordinary shares, \$15M cash and a finite production payment

- Strategically located only a few kilometres south east of Bloom Lake
- Significant historical resources and reserves of high-grade iron ore near available infrastructure
- Acquisition will include 8 Mtpa of port capacity at the port of Sept-Îles, including a pre-payment of port related fees
- Champion intends to review the scope of the project and complete an updated Feasibility Study in the near term



\* Closing of the acquisition of the Kami Project is subject to a governmental approval in Newfoundland and Labrador and other customary conditions. Bloom Lake Phase II reserves and resources are based on the Phase II Feasibility Study of 807 Mt at an average grade of 29% (346 Mt Proven reserves and 461 Mt Probable reserves). Kami project historical resources estimated at 1,274.5 Mt Measured & Indicated resources (536.9 Mt Measured and 737.6 Mt Indicated) and Proven and Probable reserves of 517.2 Mt (392.7 Mt Proven and 124.5 Mt Probable), where Reserves are part of Resources. Moiré Lake historical Measured & Indicated resources of 164 Mt (164 Mt Indicated). See disclosure section for information on the Phase II Feasibility Study and on the historical estimates. The other reserves and resources are historical estimates and, from an Australian perspective, foreign estimates. See disclosure section for information on the Phase II Feasibility Study and on the historical and foreign estimates.

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# THANK YOU TO OUR STAFF

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Contact us for more information.

Michael Marcotte, VP Investor Relations

[mmarcotte@championiron.com](mailto:mmarcotte@championiron.com) 514-316-4858