



QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS RECORD NET INCOME, EPS AND EBITDA FOR ITS FY2022 FIRST QUARTER

Net income of \$224.3M, EPS of \$0.44 and EBITDA of \$405.7M; Phase II expansion remains on track for completion by mid-2022 and redeems \$60.0M of its outstanding preferred shares

Montréal, July 28, 2021 - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) ("Champion" or the "Company") is pleased to announce operational and financial results for the first quarter ended June 30, 2021.

Conference Call Details

Champion will host a conference call and webcast on July 29, 2021 at 8:30 AM EDT (Montréal Time) / 10:30 PM AEST (Sydney time) to discuss the results for first quarter ended June 30, 2021. Call details are outlined at the end of this release (the "document").

1. Highlights

Health & Safety

- An employee recordable injury frequency rate of 2.7, which is in line with Québec's open-pit industry standards; and
- Fully operational COVID-19 laboratory and measures maintained in line with the Government of Québec (the "Government") directives to mitigate risks related to COVID-19.

Financial

- Revenues of \$545.4M for the three-month period ended June 30, 2021, compared to \$244.6M for the same period in 2020;
- Record EBITDA¹ of \$405.7M for the three-month period ended June 30, 2021, compared to \$130.2M for the same period in 2020;
- Record net income of \$224.3M for the three-month period ended June 30, 2021 (EPS of \$0.44), compared to \$75.6M for the same period in 2020 (EPS of \$0.16);
- Cash flow from operating activities before change in working capital items of \$248.4M for the three-month period ended June 30, 2021, compared to \$82.5M for the same period in 2020. Cash used in operating activities totalled \$261.1M for the current period and included income and mining taxes payment, resulting in net cash outflow from operations of \$12.6M, compared to net cash flow from operations of \$75.3M for the same period in 2020;
- Redemption of \$60.0M of Quebec Iron Ore Inc. ("QIO"), the Company's subsidiary, preferred shares on June 30, 2021 held by Caisse de dépôt et placement du Québec, expected to reduce future dividend payments and overall cost of capital; and
- Cash on hand¹ and restricted cash of \$466.7M and receivables of \$283.3M as at June 30, 2021, compared \$680.5M and \$98.8M, respectively, as at March 31, 2021.

Operations

- New 3-year collective agreement reached on June 23, 2021, maintaining the Company's strong partnership with its workers;
- Production of 1,936,000 wmt of high-grade 66.3% iron ore ("Fe") concentrate for the three-month period ended June 30, 2021, compared to 1,798,800 wmt of high-grade 66.5% Fe iron ore concentrate for the same period in 2020;
- Fe recovery rate of 82.9% for the three-month period ended June 30, 2021, compared to 82.3% for the same period in 2020; and
- Free on Board ("FOB") total cash cost¹ of \$60.1/dmt (US\$48.9/dmt) (C1) for the three-month period ended June 30, 2021, compared to \$58.4/dmt (US\$42.2/dmt) for the same period in 2020 mainly due to increased costs of the scheduled and completed semi-annual maintenance program.

Growth and Development

- Acquisition of the Kamistiatusset iron ore project (the "Kami Project") and commencement of work related to revising the project's scope and its feasibility study; and
- Completion of the acquisition of the Lac Lamêlée property and the 1.5% net smelter return royalty on the Company's Moiré Lake property and Fermont Properties portfolio.

Phase II Expansion Project ("Phase II") Milestones

- Construction work is progressing as planned, with more than 300 individuals actively working on the Phase II project, which is expected to be completed by mid-2022; and
- Capital expenditures of \$77.9M and advance payments to Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN") and Quebec North Shore and Labrador Railway ("QNS&L") totalling \$40.3M were incurred in the three-month period ended June 30, 2021, with \$288.6M invested to date.

Champion's CEO, Mr. David Cataford, said: *"We owe another strong quarterly financial result to our workforce dedicated to the success of our Company. Through their efforts and with an increased focus on reducing global emissions in the steelmaking industry, Champion is benefiting from the rising demand and premium pricing for Bloom Lake's high-grade iron ore. I am also pleased to report that our Phase II expansion project, which is expected to double our nameplate capacity, remains on target for completion by mid-2022."*

2. Response to the COVID-19 Pandemic

Since the beginning of the pandemic, the Company has consistently and proactively deployed several measures in its efforts to mitigate risks related to COVID-19, in line with or exceeding Government guidelines.

In a collective effort to improve immunity against COVID-19, including the Company's ongoing participation in the Côte-Nord Industry Vaccination Center, the Québec vaccination campaign is progressing rapidly. According to daily data published on the website of the Institut National de Santé Publique du Québec, approximately 73% of Québec's population has received a first dose of vaccine and 63% are considered adequately vaccinated as at July 25, 2021.

Although the Company is managing its operations to mitigate risks related to COVID-19, given the significant uncertainty regarding the ultimate impact that the pandemic will have on the overall economy and the demand for iron ore concentrate, the extent to which it could impact operations and cash flows in the future remains uncertain and will depend on future developments, such as the duration of the pandemic, the emergence of variants, the efficacy and availability of vaccines and regulatory actions to contain the virus.

There has been no material change to the estimated impacts of the COVID-19 pandemic on the Company's ongoing and future operations and results since the filing of the 2021 annual MD&A on May 27, 2021. Refer to section 4 of the annual MD&A for the year ended March 31, 2021. The Company's full COVID-19 plan is available on its website at www.championiron.com.

3. Bloom Lake Phase II Update

The Phase II project 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 built 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. On June 20, 2019, the Company announced the findings of the Bloom Lake Feasibility Study (the "Feasibility Study"), including proven and probable mineral reserve estimates of 807.0 Mt (346.0 Mt of proven reserves and 461.0 Mt of probable reserves) at an average grade of 29.0% Fe.

During the three-month period ended June 30, 2021, \$77,925,000 in capital expenditures and \$40,338,000 in advance payments were incurred for the Phase II project, with \$288,580,000 invested to date, including \$30,549,000 in advance payments to SFPPN and \$25,000,000 to QNS&L.

The Company had total cash on hand¹ and restricted cash of \$466,711,000 as at June 30, 2021. In addition, the Company maintains a total undrawn credit facility of US\$220,000,000, a master lease agreement for an amount up to US\$75,000,000 in connection with the financing of Phase II mining equipment and a seven-year loan agreement with Fonds de Solidarité des Travailleurs du Québec of \$75,000,000, of which \$45,000,000 remains undrawn as at June 30, 2021. Investments of \$85,000,000 related to required upgrades at SFPPN, included in the overall Phase II capital expenditures, will be partially financed through a term loan of up to \$70,000,000 signed on July 21, 2021 with Fonds du développement économique du Québec. Based on the foregoing and using ongoing operational cash flows, the Company is now fully funded for the construction of the Phase II project which is scheduled for completion by mid-2022.

Milestones

In connection with the construction work that is progressing as planned, there are currently more than 300 employees, consultants and subcontractors on-site to meet the Bloom Lake Phase II completion objectives. Project milestones that were achieved and related works undertaken during the three-month period ended June 30, 2021 include:

- Commencement of load-out conveyors' installation;
- Mechanical and electrical installation of the mill recirculation conveyors;
- Erection of structure steel in the milling and screening area;
- Excavation of the crushed ore conveyors' bunker;
- Continuation of piping installation inside the plant;
- Continuation of electrical work; and
- Delivery of some major mining equipment.

The progression of construction work accelerated significantly in May and should continue to increase and reach its peak during the second fiscal quarter until October 2021. The ongoing hiring campaign to support the Phase II expansion is progressing as planned and the project is scheduled for completion by mid-2022.

Bloom Lake Phase II reserves are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI-43-101") and the Joint Ore Reserves Committee ("JORC") Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019. Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. 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. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.

4. Bloom Lake Mine Operating Activities

	Three Months Ended June 30,		
	2021	2020	Variance
Operating Data			
Waste mined and hauled (wmt)	4,699,500	2,612,800	80 %
Ore mined and hauled (wmt)	5,643,900	4,682,600	21 %
Material mined and hauled (wmt)	10,343,400	7,295,400	42 %
Strip ratio	0.83	0.56	48 %
Ore milled (wmt)	5,227,200	4,604,600	14 %
Head grade Fe (%)	29.6	31.3	(5 %)
Fe recovery (%)	82.9	82.3	1 %
Product Fe (%)	66.3	66.5	— %
Iron ore concentrate produced (wmt)	1,936,000	1,798,800	8 %
Iron ore concentrate sold (dmt)	1,974,700	1,758,800	12 %
Financial Data (in thousands of dollars)			
Revenues	545,408	244,574	123 %
Cost of sales	120,846	107,338	13 %
Other expenses	14,560	9,541	53 %
Net finance costs	4,387	1,145	283 %
Net income	224,339	75,556	197 %
EBITDA ¹	405,739	130,162	212 %
Statistics (in dollars per dmt sold)			
Gross average realized selling price	279.7	149.2	87 %
Net average realized selling price ¹	276.2	139.1	99 %
Total cash cost (C1 cash cost) ¹	60.1	58.4	3 %
All-in sustaining cost ¹	72.6	64.8	12 %
Cash operating margin ¹	203.6	74.3	174 %

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following Government directives in response to the COVID-19 pandemic. Operations gradually ramped up following the Government's announcement in April 2020 that mining activities were to be considered a "priority service" in Québec. Early actions implemented by the Company in response to the COVID-19 pandemic minimized impacts on the Company and its operations.

During the three-month period ended June 30, 2021, operational activities were impacted by a scheduled and completed semi-annual maintenance program. The next semi-annual maintenance is scheduled for the third quarter of the 2022 fiscal year.

In the current period, the Company and its mine site workers agreed on the terms of a new 3-year collective agreement on June 23, 2021, maintaining the Company's strong mutually beneficial partnership with its workers. The negotiation process did not affect the Company's operations.

In the three-month period ended June 30, 2021, 10,343,400 tonnes of material were mined and hauled, compared to 7,295,400 tonnes for the same period in 2020, an increase of 42%. This increase in material mined and hauled is attributable to the negative impact of the COVID-19 pandemic on several of the Company's other activities in the comparative period and to a higher strip ratio as per the mine plan in connection with the preparation for the Phase II project operations. The increase in material movement was enabled by the Company's ongoing mining equipment rebuild program, which provided a higher equipment utilization rate and additional equipment availability, and the commissioning of an additional haul truck during the second quarter of the 2021 fiscal year.

The strip ratio increased to 0.83 for the three-month period ended June 30, 2021, compared to 0.56 for the same period in 2020. The strip ratio is consistent with the mine plan for this period of the year.

The iron ore head grade for the three-month period ended June 30, 2021 was 29.6%, compared to 31.3% for the same period in 2020. The decrease in head grade is attributable to the presence of some lower-grade ore being sourced and blended from different pits, when compared to the prior year, which was anticipated and is in line with the mining plan and the LoM head grade average.

The Bloom Lake plant processed 5,227,200 tonnes of ore during the three-month period ended June 30, 2021, compared to 4,604,600 tonnes for the same period in 2020, representing an increase of 14%. The higher throughput is attributable to the combination of the COVID-19 imposed ramp-down in the comparative period and the higher mill throughput rate for the recently completed quarter. The continuous improvements and operational innovations saw the Company increase throughput stability and reach a higher level of mill productivity, enabling the Company to capitalize on elevated iron ore prices.

Bloom Lake produced 1,936,000 wmt of 66.3% Fe high-grade iron ore concentrate during the three-month period ended June 30, 2021, an increase of 8%, compared to 1,798,800 wmt of 66.5% Fe for the same period in 2020. The higher production is attributable to the mining of higher ore tonnages, and both higher throughput and recovery performance at the plant.

5. Financial Performance

A. Revenues

During the three-month period ended June 30, 2021, 1,974,700 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price of US\$228.3/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US\$228.3/dmt represents a premium of 14.2% over the benchmark IODEX 62% Fe CFR China Index ("P62") price, compared to a premium of 15.5% for the same period in 2020. The gross average realized selling price reflects the sales at a determined price, as well as the forward price of US\$232.3 at the expected settlement date for 1,156,100 tonnes which were in transit at the end of the period. The gross average realized selling price of US\$228.3/dmt is lower for the quarter, compared to the average IODEX 65% Fe CFR China Index ("P65") of US\$232.3/dmt. The difference is due to the fact that 25% to 40% of iron ore sales are not subject to provisional pricing and are based on backward-looking iron ore prices, which were approximately US\$40/dmt lower than the current spot price.

Further to recent discounting, required to compete with low pellet pricing and Chinese domestic concentrates priced lower than seaborne ones, the Company now has the ability to fully benefit from the premium pricing of its high-grade product and, in some cases, realizing a supplementary premium to the index. The Company believes that global carbon emissions reduction efforts will support the demand for high-grade raw materials including concentrates and pellets. As such, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. In addition, the Company should continue to benefit from the current period prices for its contracted volumes based on previous months' P65 prices in the upcoming fiscal period ending September 30, 2021. Other factors influencing the Company's realized price included the increasing demand for low silica and alumina products, due to rising coking coal prices and falling levels of iron ore inventories at Chinese ports, further tightening iron ore availability.

During the three-month period ended June 30, 2021, the global economic recovery, rising fuel prices and decreased vessel availability contributed to the rising sea freight index, when compared to the previous quarter. As a result, the Company paid higher freight costs in the three-month period ended June 30, 2021, compared to the same period in 2020. The freight costs variation relative to the Baltic Exchange C3 index during the period is mainly due to the timing of the vessels' booking.

During the three-month period ended June 30, 2021, the final price was established for the 1,007,000 tonnes of iron ore that were in transit as at March 31, 2021. Accordingly, during the three-month period ended June 30, 2021, provisional pricing adjustments of \$60,895,000 were recorded as additional revenues for the 1,007,000 tonnes, representing a positive impact of US\$25.3/dmt for the period.

After taking into account sea freight costs of US\$28.1/dmt and the provisional sales adjustment of US\$25.3/dmt, the Company obtained a net average realized selling price¹ of US\$225.5/dmt (CA\$276.2/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled

\$545,408,000 for the three-month period ended June 30, 2021 compared to \$244,574,000 for the same period in 2020. The increase is attributable to a higher net average realized selling price¹ and higher tonnages of iron ore concentrate being sold.

For the three-month period ended June 30, 2021, the Company sold 1,974,700 tonnes of iron ore concentrate shipped to 6 customers located in China, Japan and South Korea.

B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative ("G&A") expenses. For the three-month period ended June 30, 2021, the cost of sales totalled \$120,846,000, compared to \$107,338,000 for the same period in 2020.

During the three-month period ended June 30, 2021, the total cash cost¹ or C1 cash cost¹ per tonne, excluding specific and incremental costs related to COVID-19, totalled \$60.1/dmt, compared to \$58.4/dmt for the same period in 2020. The total cash cost¹ for the period was higher mainly due to increased costs of the scheduled and completed maintenance program.

C. Net Income & EBITDA¹

For the three-month period ended June 30, 2021, the Company generated a record net income of \$224,339,000 (EPS of \$0.44), compared to \$75,556,000 (EPS of \$0.16) for the same period in 2020. The increase in net income is mainly due to higher gross profit and improved production resulting in more iron ore concentrate sold, partially offset by higher income and mining taxes from increased taxable income.

For the three-month period ended June 30, 2021, the Company generated record EBITDA¹ of \$405,739,000, including non-cash share-based payments, representing an EBITDA margin¹ of 74%, compared to \$130,162,000, representing an EBITDA margin¹ of 53% for the same period in 2020. The variation in EBITDA¹ period over period is primarily due to the greater revenue from higher net average realized selling price¹.

D. All-In Sustaining Cost¹ ("AISC") and Cash Operating Margin¹

During the three-month period ended June 30, 2021, the Company realized an AISC¹ of \$72.6/dmt, compared to \$64.8/dmt for the same period in 2020. The variation is due to higher total cash cost¹ and higher sustaining capital expenditures related to higher stripping and mining activities and higher investments made in tailings lifts. Stripping and mining activities were negatively impacted by the reduced level of operations at the onset of the COVID-19 pandemic in the three-month period ended June 30, 2020. During the three-month period ended June 30, 2021, the Company performed preventive work on the dykes. Refer to section 7 - Cash Flows - Purchase of Property, Plant and Equipment.

Deducting the AISC¹ of \$72.6/dmt from the net average realized selling price¹ of \$276.2/dmt, the Company generated a cash operating margin¹ of \$203.6/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2021, compared to \$74.3/dmt for the same period in 2020. The variation is essentially attributable to a higher net average realized selling price¹.

6. Exploration Activities and Regional Growth

Exploration Activities

During the three-month period ended June 30, 2021, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three-month period ended June 30, 2021, the Company incurred \$743,000 in exploration and evaluation expenditures, compared to \$76,000 for the same period in 2020. During the three-month period ended June 30, 2021, the exploration expenditures mainly consisted of costs associated with minor exploration work and preliminary work related to updating the Kami Project feasibility study. In the comparative period, exploration expenditures related to the acquisition costs of staking additional exploration claims and the fees required to maintaining all of the Company's properties.

Acquisition of the Kami Project

On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The Kami Project and the related mining properties are located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border. Refer to note 5 - Acquisition of the Kami Project of the condensed interim consolidated financial statements for the three-month period ended June 30, 2021.

The Kami Project is a high-grade iron ore project near available infrastructure, situated only a few kilometers south-east of the Company's operating Bloom Lake Mine. Alderon Iron Ore Corp. ("Alderon"), the Kami Project's former owner, previously disclosed historical resources estimated at 1,274.5 Mt of measured and 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]. The historical Kami Project resource estimates are based on the NI 43-101 technical report entitled "Feasibility Study of the Rose Deposit and Resource Estimate for the Mills Lake Deposit of the Kamistiatussat (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Stantec and Watts, Griffis and McQuat Ltd. dated January 9, 2013 and having an effective date of December 17, 2012. The historical Kami Project reserve estimates are based on the NI 43-101 technical report entitled "Updated Feasibility Study of the Kamistiatussat (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Gemtec Ltd., Watts, Griffis and McQuat Ltd. and Golder Associates Ltd. dated October 31, 2018 and having an effective date of September 26, 2018. Kami Project mineral resources include Kami Project mineral reserves. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules. As stated above, the Company has initiated work to revise the Kami Project's scope and update the feasibility study.

Alderon completed an updated feasibility study on the Kami Project in September 2018. The Company is currently revising the Kami Project's scope and has initiated work intended to update the feasibility study, which is expected to be completed in the second half of 2022, as part of the Company's strategy to evaluate its growth alternatives within its property portfolio.

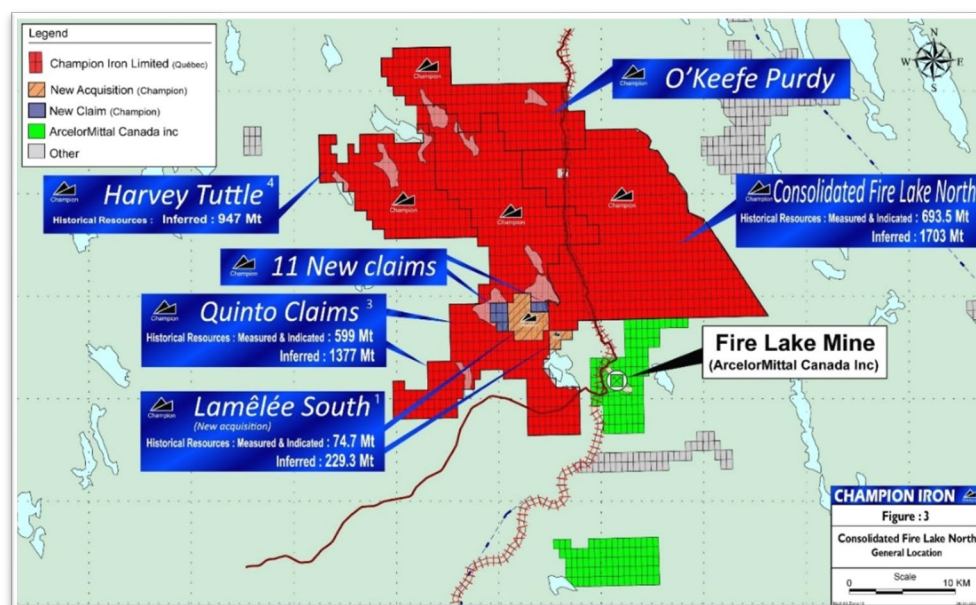
Acquisition of Exploration Property from Fancamp Exploration Ltd. ("Fancamp")

On July 12, 2021, the Company completed the acquisition of the Lac Lamêlée property and a 1.5% net smelter royalty interest on the Company's Moiré Lake property and the Company's Fermont property portfolio, including the O'Keefe-Purdy, Harvey-Tuttle, and Consolidated Fire Lake North properties from Fancamp.

The Lac Lamêlée property adds an additional 74.7 Mt of historical indicated resources and 229.3 Mt of historical inferred resources, with the project located adjacent to the Company's existing development properties south of Bloom Lake. The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-10 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

Consideration paid to Fancamp included \$1,300,000 in cash, an undertaking in favour of Fancamp to make future finite production payments on a fixed amount of future iron ore production payable once certain production thresholds have been reached with respect to the Lac Lamêlée, Moiré Lake and Fermont property portfolio properties.

Concurrently with the transaction, the Company also staked 11 additional claims directly adjacent to the Lac Lamêlée property.



Notes

- ¹ The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-10 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
- ² The historical Consolidated Fire Lake resource estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013 and having an effective date of January 25, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion Iron Limited is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion Iron Limited's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
- ³ The historical Quinto Claims resource estimates are based on the NI 43-101 technical reports entitled "Mineral Resource Technical Report, Peppler Project, Quebec" (as regards Peppler Lake), "Mineral Resource Technical Report, Lamêlée Project, Quebec" (as regards Lamêlée) and "Mineral Resource Technical Report, Hobdad Project, Quebec" (as regards Hobdad), each prepared by G H Wahl & Associates Consulting dated February 15, 2013 and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion Iron Limited is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion Iron Limited's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
- ⁴ The historical Harvey Tuttle resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011 and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion Iron Limited is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion Iron Limited's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
- ⁵ Certain resources mentioned are foreign estimates from an Australian perspective.

7. Cash Flows — Purchase of Property, Plant and Equipment

During the three-month period ended June 30, 2021, the Company invested \$109,939,000 in property, plant and equipment, compared to \$22,796,000 for the same period in 2020. The following table summarizes the investments made:

	Three Months Ended June 30,	
	2021	2020
(in thousands of dollars)		
Tailings lifts	6,338	554
Stripping and mining activities	8,534	2,630
Mining equipment rebuild	1,895	2,762
Sustaining capital expenditures	16,767	5,946
Phase II	77,925	5,839
Other capital development expenditures at Bloom Lake	15,247	11,011
Purchase of property, plant and equipment as per cash flows	109,939	22,796

The increase in tailings-related investments for the three-month period ended June 30, 2021, compared to the same period in 2020, is due to preventive work performed on the dykes. As part of the Company's ongoing and thorough monitoring and inspections of its tailings infrastructure, the Company continues to invest in its safe tailings strategy. Accordingly, some preventive and corrective interventions on two specific dykes are scheduled for the 2022 fiscal year, with an estimated cost of approximately \$23,000,000.

The variance in the costs related to stripping and mining activities is attributable to the ramp-down of operations in the first quarter of the 2021 fiscal year, mandated by the Government's COVID-19 containment directives, whereby operations were negatively affected in the comparable period. The stripping activities for the three-month period ended June 30, 2021 were higher, as anticipated, compared to the same period in 2020 as a result of the mine plan. Refer to Section 4 - Bloom Lake Mine Operating Activities.

The Company's mining equipment rebuild program reflects the work planned and undertaken during the three-month period ended June 30, 2021.

Following the Board's final approval on November 12, 2020, to complete the Phase II project, the Company accelerated its expenditures related to the Phase II project and expects to continue to do so over the coming quarters. During the three-month period ended June 30, 2021, the Phase II project advanced considerably and totalled \$77,925,000 in capital expenditures and \$40,338,000 in advance payments to SFPPN and QNS&L. Major milestones achieved during the three-month period ended June 30, 2021 include the commencement of the load-out conveyors' installation, structural steel erection in the milling and screening area, continuation of piping installation inside the plant and mechanical and electrical installation of the mill recirculation conveyors, whereas in the same period in 2020, the work consisted of detailed engineering and the production of spirals.

During the three-month period ended June 30, 2021, other capital development expenditures at Bloom Lake totalled \$15,247,000 and include an additional investment of \$3,800,000 in lodging infrastructure at the mine site to accommodate the increasing workforce, deposits of \$4,500,000 for production equipment to be commissioned and financed through the master lease agreement with Caterpillar Finance Services in the future and an investment of \$4,100,000 to increase mill capacity and other infrastructure improvements. During the three-month period ended June 30, 2020, other capital development expenditures at Bloom Lake totalled \$11,011,000 and consisted of infrastructure upgrades at the mine, the commissioning of new service equipment and the acquisition of 100 additional used railcars at a cost of \$5,500,000.

8. Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this document. Mr. Blanchet'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. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

9. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on July 29, 2021 at 8:30 AM EDT (Montréal Time) / 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/events-presentations 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/events-presentations. 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 055843#.

10. Cautionary Note Regarding Forward-Looking Statements

This document includes certain information and statements that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements other than statements of historical facts included in this document that address future events, developments or performance that Champion expects to occur, including Management's expectations regarding (i) future dividend payments and cost of capital; (ii) the revision of the Kami Project scope and feasibility study; (iii) the Company's ability to advance the Phase II expansion project and its construction and completion timeline, funding, impact on nameplate capacity, expected capital expenditures and production volume; (iv) the mitigation of risks related to COVID-19 and the impact of COVID-19 on the overall economy, the demand for iron ore concentrate and operations and cash flows of Champion; (v) upgrades at SFPPN and their funding; (vi) the reduction of carbon emission from the cold pelletizing technology and reduction of emissions generally; (vii) the impact of iron ore prices fluctuations on net cash flow from operation and the Company's development; (viii) global macroeconomics and iron ore industry conditions; (ix) the relationship between iron ore prices and exchange rates; (x) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore prices; (xi) the impact of exchange rate fluctuations on the Company and its financial results; (xii) the Company's growth; (xiii) interventions on the dykes and estimated costs thereof; (xiv) legal actions; (xv) the LoM of the Bloom Lake Mine; and (xvi) the Company's cash requirements for the next twelve months 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 and resources 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 expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause 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; future transportation costs, 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's operations, as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this document is given as of the date hereof and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. 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.

About Champion Iron Limited

Champion Iron Limited, 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 ore concentrate from the site by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake Phase I plant has a nameplate capacity of 7.4 Mtpa and produces a high-grade 66.2% Fe iron ore concentrate with low contaminant levels, which has proven to attract a premium to the Platts IODEX 62% Fe iron ore benchmark. In addition to the partially completed Bloom Lake Phase II project, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistatusset project located a few kilometres south-east of Bloom Lake, and the Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake. The Company sells its iron ore concentrate globally, including customers in China, Japan, the Middle East, Europe, South Korea, India and Canada.

Abbreviations

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations are used throughout this document: US\$ (United States dollar), CA\$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), m (meters), EPS (earnings per share) and Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable.

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 document has been authorized for release to the market by the CEO of Champion Iron Limited, David Cataford.

Copies of the Company's unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis for the three-month period ended June 30, 2021, are available under the Company's filing on SEDAR (www.sedar.com), on the ASX (www.asx.com.au) or the Company's website (www.championiron.com). All amounts are in Canadian dollars unless otherwise indicated.

¹ This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section included in note 20 of the Company's Management Discussion and Analysis for the three-month period ended June 30, 2021 (the "MD&A") available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.