

April 15, 2021

NEWSLETTER

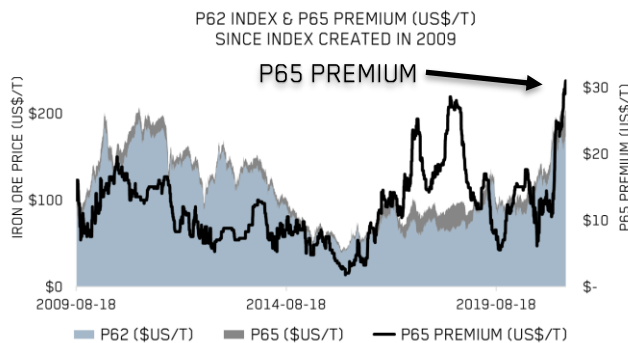
CHAMPION IRON 

TIER 1 MINING & DEVELOPMENT

CHAMPION IRON NEWSLETTER

Since our last newsletter, issued on January 13, 2021, Champion Iron Limited ("Champion" or the "Company") reported record financial results for the quarter ended December 31, 2020. In addition, the acquisition of the Kamistatusset iron ore project ("Kami project"), a high-grade iron ore project situated only a few kilometres south east of our Bloom Lake mine ("Bloom Lake"), was completed on April 1, 2021. Following the acquisition, the Company expects to update the feasibility study for the project in the near term, as Champion diligently evaluates growth alternatives within its portfolio. Our Company looks forward to potentially capitalizing on the growing demand for high-grade iron ore as it advances its Phase II expansion project, expected to double Bloom Lake's nameplate capacity to 15 Mtpa. The Phase II project currently remains on track for completion by mid-2022. Lastly, on March 22, 2021, Champion was added to Australia's preeminent equity benchmark, the S&P/ASX 200 Index.

With the global economy accelerating in tandem with an increased focus on reducing greenhouse gas emissions in the steel industry, the P65 high-grade index used to price Bloom Lake's concentrate product is breaking historical record levels. The P65 index premium over the traditional P62 index is now approximately US\$30/tonne, a new record, but significantly below its historical relationship with steel profit margins also at a new record¹ (*more details below*).



Source: Champion Iron Limited, Platts data, Bloomberg data

IS CHINA ON A MISSION TO DECARBONIZE?

Champion produces one of the highest quality iron ore concentrates in the world, which can significantly contribute to emission reductions in the steel-making process and improve value-in-use for steel makers seeking to optimize their output.

Following statements by China's President at the UN General Assembly in September 2020, aiming to have CO₂ emissions peak before 2030², China outlined its progress in tackling pollution during the 14th Five Year Plan held in early March 2021, where it set objectives to focus on during the coming years. Of particular interest was the reference to the importance of specific industries, including steel, which accounts for approximately 15% of China's carbon emissions³, and its requirement to shift towards lower emissions⁴. Some analysts view China's commitment

towards its Clean Air Policy and its announced initiatives as a potential strong catalyst underpinning a structural shift in the steel industry⁵.

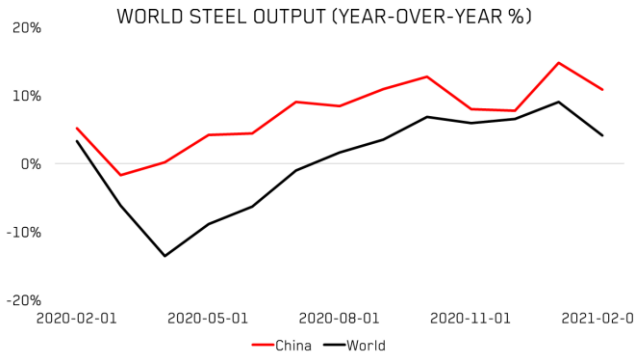
Unsurprisingly, several announcements have been made by Chinese authorities in the recent weeks, reinforcing their commitment to reduce emissions in the steel industry, in addition to goals to controlling steel-making capacity in China⁶. While the initial reaction may lead to believe that China would see its consumption decline, its authorities affirmed forecasts of its crude steel demand and output, expected to peak in 2025 or beyond⁷. With such goals and robust domestic demand, observers have noted that China's steel demand may outpace its output, potentially leading China to emerge as a structural importer of steel rather than a net exporter over time⁸. Additional recent signals of China's determination to reduce exports include ongoing consideration to reduce export tax rebates on steel⁹. As China produces nearly 60% of the world's steel output¹⁰, much to the benefit of other countries, a tonne of steel not produced in China, will eventually need to be produced elsewhere. Arguably, given the limited unutilized steel capacity and elevated emission standards ex-China, such a structural shift may increase demand for high-grade iron ore, in order to improve value in use in the steel making process and help mitigate emissions globally.

Additional signals of China's commitment to reduce emissions include recently imposed restrictions in Tangshan, China's largest steel-making hub, which accounts for nearly 15% of China's steel making capacity¹¹. While restrictions on Tangshan's steel capacity have often been enforced for short periods, the current restrictions target a 40% reduction on emissions for the balance of the year¹². With Tangshan's steel capacity reduced, other provinces have spare capacity to ramp up production and meet potential gaps created by the imposed restrictions¹³. The impact of such a transfer in capacity across China is notable on its impact on the demand for higher quality iron ore with steelmakers incentivised to optimize value-in-use and control emissions amid rising profit margin¹⁴. Further supporting what appear to be structural changes on China controlling emissions include newly deployed environmental inspections by authorities, following the ministry's statement of a "zero-tolerance attitude" towards steel makers' non-compliance¹⁵.

While several carbon reduction technologies are being studied to reduce emissions in the steel making process, little commercial development is expected by analysts in the next few years¹⁶. With our high-grade concentrate product's ability to be used as direct feed or converted into sinter and pellet feed, Champion believes that it is well positioned to help contribute in reducing emissions globally for the traditional steel-making methods. In addition, our Company could also potentially participate in the use of new technologies in the steel industry with its SKK product, a Direct Reduction grade iron ore concentrate, which can be used in pelletizing, where some technologies utilize hydrogen based Direct Reduced Iron in their Electric Arc Furnaces.

GLOBAL STEEL DEMAND ACCELERATING

Recent crude steel output data published by the World Steel Association highlight growing global steel demand, following the impacts of the COVID-19 pandemic, with global February steel output improving 4.1% year over year¹⁷.



Source: Champion Iron Limited, World Steel Association data

Analysts have noted that accelerating industrial recovery across the world ex-China is reflected in several economic indicators, including the manufacturing Purchaser Managers' Index breaking historical records in several countries¹⁸.

China's use of special purpose bonds has been a productive tool to stimulate infrastructure projects in the nation for years. Following limited special purpose bond issuances in the months leading to China's 5-Year plan held early March 2021, it is expected that provincial and municipal governments are set to embark on large issuances following newly implemented quotas, in line with those of 2020, which were nearly 75% above pre-pandemic quotas¹⁹. Added to the anticipated additional steel demand from China's stimulus programs is the notable US\$2.25 trillion American Job Plan, proposed by the Biden administration, which includes a heavy focus on infrastructure rebuilding across the United States²⁰.

STEEL PRICES RISING FASTER THAN RAW MATERIALS

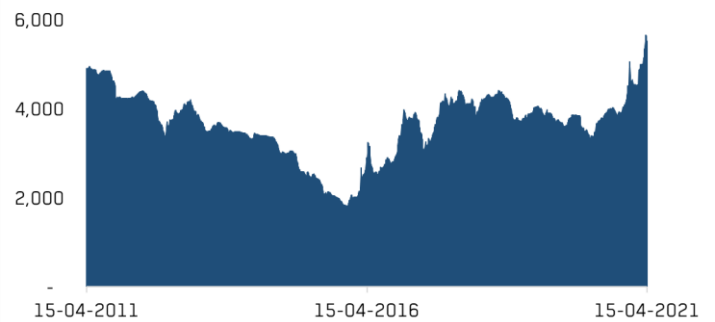
The backdrop of the global economic recovery, additional stimulus programs and China's policies to reduce emissions from the steel sector account, in our view, account for the recent rise in global steel prices. In addition to rising global steel prices, China's domestic rebar and hot rolled steel prices are also breaking new records.

CHINA REBAR STEEL PRICE (CNY/T) - 10 YEARS



Source: Champion Iron Limited, Bloomberg data

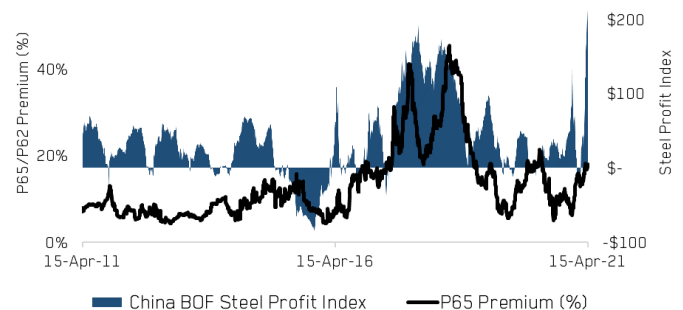
CHINA HOT ROLLED STEEL PRICE (CNY/T) - 10 YEARS



Source: Champion Iron Limited, Bloomberg data

Despite iron ore prices breaking new records in recent days, the acceleration in steel prices support healthy operating margins for steel producers. In fact, the Bloomberg steel profit index illustrates rising margins for producers, further supporting their ability to consume high-grade iron ore in order to mitigate emissions and increase productivity. Despite the recent record P65 premiums, the relationship between the P65 premium and steel profit margin remains historically low.

STEEL PROFIT INDEX VS P65/P62 PREMIUM 10-YEARS



Source: Champion Iron Limited, Bloomberg data, Platts data

PHASE II – ON TRACK FOR MID-2022

With our Company's iron ore concentrate in high demand, Champion continues to advance the Phase II expansion project, expected to double Bloom Lake's nameplate capacity to 15 Mtpa by mid-2022.

With C\$399.2 million remaining to deploy on the project, our balance sheet remains well positioned with C\$551.8M in cash, short-term investments and restricted cash as of December 31, 2020. Further de-risking the Phase II expansion project is an additional eight million tonnes per annum of port capacity at the multiuser berth the Company uses at the port of Sept-Îles, secured in the recently acquired Kami project. Key milestones for the Phase II project were recently delivered, including the installation of spiral banks and grinding area conveyors, advanced engineering work, completion of the ore storage conveyor modifications, finalization of the load-out area extension shelters, advanced construction for additional lodging and selection of a major mining equipment supplier.

In addition, and as detailed in the December 31, 2020 quarterly results, to support investments required as detailed in the Feasibility Study and with the anticipated port related work programs to support the additional volumes from the Phase II project, the Company and Société du Plan Nord plan to jointly invest \$135 million in Société Ferrovière du Port de Pointe-Noire ("SFPPN"), of which \$85.0 million will be invested by the Company, subject to a loan of up to \$70.0 million by the Government of Québec through the Fonds du développement économique.

PHASE II PROJECT – RECENT WORK PROGRAMS

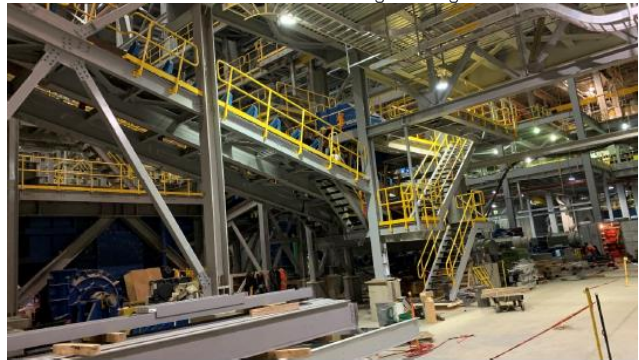
Concentrator – Spirals and launders installation



Accommodation complex – Lodging buildings construction



Concentrator – Structural work in grinding sector



Concentrator – UCCs structural installation





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Our website at www.championiron.com

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

The information regarding the Phase II expansion of Bloom Lake has been taken from the Phase II Feasibility Study announced on June 20, 2019. Champion is not aware of any new information or data that materially affects 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.

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FORWARD-LOOKING INFORMATION

This newsletter includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this newsletter that address future events, developments or performance that Champion expects to occur, including statements regarding (i) the update of the Kami project feasibility study; (ii) the growth portfolio of the Company; (iii) demand for high-grade iron ore; (iv) the Company's Phase II expansion project and its expected nameplate capacity and timing for completion; (v) global macroeconomic conditions and factors that could influence the steel market; (vi) the Company and its products' ability to participate in new technologies for the steel industry and (vi) planned investments by the Company and Société du Plan Nord in SFPPN, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Although Champion believes the expectations expected in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could

cause the actual results to differ materially from those expressed or implied in forward-looking statements include, without limitation: project delays; changes in the assumptions used to prepare feasibility studies; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; 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; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2020 Annual Information Form and the risks and uncertainties discussed in the Company's MD&A for the year ended March 31, 2020, both available on SEDAR at www.sedar.com. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. 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 newsletter 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 Champion 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.

Certain of the information in this newsletter has been obtained from external sources, studies or reports. While Champion believes this information to be reliable it has not independently verified such information and disclaims any liability pursuant to such information.

*P62: Platts TSI IODEX 62% Fe CFR China; P65: Platts IO Fines 65% Fe CFR China; C3: Freight rate Tubarao-Qingdao

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- ¹ Bloomberg data; Platts data
 - ² DW.com; March 5, 2021
 - ³ Bloomberg, March 31, 2021
 - ⁴ BMO, February 25, 2021
 - ⁵ Macquarie, February 24, 2021
 - ⁶ Global Times, March 22, 2021
 - ⁷ HellnicShippingnews.com, march 22, 2021; Clarksons, March 22, 2021
 - ⁸ Global Times, March 22, 2021
 - ⁹ Platts, April 8, 2021
 - ¹⁰ Wood Mackenzie data
 - ¹¹ Clarksons, March 19, 2021; Wood Mackenzie data
 - ¹² Mysteel, March 24, 2021
 - ¹³ Mysteel data; Clarksons, April 6, 2021
 - ¹⁴ Mysteel, March 29, 2021; Macquarie, April 8, 2021
 - ¹⁵ Bloomberg March 12, 2021; BMO April 6, 2021
 - ¹⁶ Wood Mackenzie, March 5, 2021
 - ¹⁷ World Steel, March 24, 2021
 - ¹⁸ BMO, March 25, 2021
 - ¹⁹ Mysteel, March 29, 2021
 - ²⁰ Bloomberg March 23, 2021; Macquarie April 8, 2021