



QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS FY2023 FOURTH QUARTER AND ANNUAL PRODUCTION

- Record quarterly production of 3.1M wmt and annual production of 11.2M wmt, representing a 41% increase year-on-year
- Ramp-up towards Bloom Lake's expanded nameplate capacity of 15 Mtpa nearing completion

Montréal, April 26, 2023 (Sydney, April 27, 2023) - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) ("Champion" or the "Company") is pleased to report its production results and mining operation expenditures for the financial fourth quarter ended March 31, 2023. Detailed operational and audited financial results are scheduled to be released prior to the Company hosting a conference call and webcast on May 31, 2023.

Conference Call Details

Champion will host a conference call and webcast on May 31, 2023, at 8:30 AM (Montréal time) / 10:30 PM (Sydney time) to discuss the results for the financial fourth quarter ended March 31, 2023. Call details are outlined at the end of this quarterly activities report.

Champion's CEO, Mr. David Cataford, said: "The ongoing commitment of our people significantly increased annual production by 41%, year-on-year, as we ramp up Bloom Lake's Phase II expansion project. We are proud to report that the completed Phase II infrastructure enabled our site to produce at its expanded nameplate capacity on several operating days during the quarter. Additionally, in connection with our goal to participate in the accelerating shift to reduce emissions in steelmaking, we are advancing our recently announced Direct Reduction Pellet Feed ("DRPF") Project, including an approval by the Board of Directors (the "Board") to increase the initial budget to maintain the project timeline. Benefiting from our high-purity resource, the DRPF Project is set to position Champion as a global leader with a rare product required by the steel industry to reduce emissions."

1. Highlights

Sustainability and Health & Safety

- No serious injuries nor major environmental issues reported during the period;
- Welcomed the participants of the 2023 First Nations Expedition at the Bloom Lake installations during their 4,500 km snowmobile expedition that carried the message of reconciliation, healing and hope; and
- Bloom Lake Phase II plant officially named "Tshinanu", meaning "we, together" in the Innu language, in recognition of the Company's partnership with First Nations since the restart of the Bloom Lake mining operations and the shared vision for a collaborative future.

Operations and Finance

- Quarterly record production of 3.1 million wmt of high-grade 66.1% Fe concentrate for the three-month period ended March 31, 2023, an increase of 65% compared to 1.9 million wmt for the same period in 2022, attributable to the strong performance of the recently commissioned Phase II concentrator. Annual production of 11.2 million wmt of high-grade 66.1% Fe concentrate, up from 7.9 million wmt last year;

- Quarterly record iron ore concentrate sales of 3.1 million dmt for the three-month period ended March 31, 2023, compared to 1.9 million dmt for the same period in 2022, an increase of 64%, and a record 10.6 million dmt sold for the 2023 financial year, up from 7.7 million dmt last year;
- While the Company's facilities reached their designed nameplate capacity on several operating days during the period, quarterly operational results were impacted by previously disclosed delays in the delivery and commissioning of mining equipment and locomotives to service third-party rail capacity in Sept-Îles, limiting mining and haulage capacity. Quarterly operating results were also impacted by a longer than expected planned maintenance shutdown of one of the Company's two crushers, and by a four-day power outage which impacted third-party infrastructure at the port facility in Sept-Îles. With the recent delivery and assembly of mining equipment and the progress on third-party infrastructure work programs and near-term anticipated locomotives delivery, the path towards reaching Bloom Lake's expanded nameplate capacity of 15 Mtpa in the near term has significantly improved;
- C1 cash cost¹ of \$79.0/dmt (US\$58.4/dmt) for the three-month period ended March 31, 2023, compared to \$60.0/dmt (US\$47.4/dmt) for the same period in 2022, was negatively impacted by fixed costs incurred to support the infrastructure required to achieve the higher anticipated production prior to achieving nameplate capacity. The Company expects those costs to decrease and to normalize as production gradually ramps up towards Bloom Lake's expanded production nameplate capacity of 15 Mtpa. Cash cost¹ during the three-month period ended March 31, 2023, was also impacted by inflationary pressures on fuel, explosives and site-related general and administrative expenses, additional maintenance costs and higher reliance on contractors at the mine due to delays in mining equipment deliveries; and
- Robust available liquidity² of \$673.7 million as at March 31, 2023, including \$327.1 million of cash and cash equivalents and short-term investments, compared to available liquidity of \$476.0 million as at December 31, 2022.

Direct Reduction Pellet Feed Project ("DRPF Project" or the "Project") Update

- In connection with the recently announced positive findings of the DRPF Project feasibility study, the Board approved an increase of \$52 million to the initial budget of \$10 million announced on January 26, 2023, in order to maintain the Project's estimated 30-month construction period; and
- The Project remains on schedule with detailed engineering works advancing as planned.

2. Direct Reduction Pellet Feed Project Update

On January 26, 2023 (Montréal time), the Company announced the findings of the feasibility study for the DRPF Project, conducted in partnership with BBA Inc., evaluating the equipment and infrastructure required to upgrade the Bloom Lake Phase II plant to produce approximately 7.5 Mtpa of DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2%.

The Project is to align with the steel industry's focus to reduce emissions and its associated impact on the raw material supply chain. Accordingly, production of a DRPF product would enhance the Company's ability to further contribute to the green steel supply chain by engaging with additional customers focused on the Direct Reduced Iron ("DRI") and Electric Arc Furnaces ("EAF") steelmaking route, which reduces emissions in the steelmaking process by approximately half, compared to the traditional steelmaking route using Blast Furnace ("BF") and Basic Oxygen Furnace ("BOF") methods. By producing the DRPF product required in the DRI-EAF steelmaking process, the Company is to contribute to reduce the usage of coal used in the conventional BF-BOF steelmaking method, which is to significantly reduce emissions globally. Benefiting from a high purity resource, the Company has a rare opportunity to produce one of the highest DRPF quality products available on the seaborne market, for which Champion expects to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

The feasibility study proposed a 30-month construction period with estimated capital expenditures of \$470.7 million, including additional power and port-related infrastructure, resulting in a Net Present Value ("NPV") of \$738.2 million and an Internal Rate of Return ("IRR") of 24.0% after tax. To maintain the estimated project construction timeline and a project completion by the second half of calendar 2025, the Board increased the initial \$10 million budget approved on January 26, 2023, by \$52 million for ordering long lead time items. The Company expects to fund the Project through existing liquidity, including cash flow from operating activities, and additional non-dilutive funding sources.

During the three-month period ended March 31, 2023, detailed engineering works advanced as planned.

Additional details on the Project, including key assumptions and capital costs, can be found in the Company's press release dated January 26, 2023, available under its filings on SEDAR at www.sedar.com, the ASX at www.asx.com.au and on the Company's website at www.championiron.com.

The Company is not aware of any new information or data that materially affects the information included in the DRPF Project feasibility study

and confirms that all material assumptions and technical parameters underpinning the estimates in the DRPF Project feasibility study continue to apply and have not materially changed.

3. Bloom Lake Mine Operating Activities

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	2023	2022	Variance
Operating Data						
Waste mined and hauled (wmt)	5,023,900	5,071,700	(1%)	19,574,300	20,512,500	(5%)
Ore mined and hauled (wmt)	9,193,800	5,388,200	71%	32,442,000	22,263,200	46%
Material mined and hauled (wmt)	14,217,700	10,459,900	36%	52,016,300	42,775,700	22%
Strip ratio	0.55	0.94	(41%)	0.60	0.92	(35%)
Ore milled (wmt)	9,054,600	4,904,100	85%	31,682,900	20,972,100	51%
Head grade Fe (%)	28.4	30.3	(6%)	29.2	29.9	(2%)
Fe recovery (%)	78.6	82.7	(5%)	79.3	83.2	(5%)
Product Fe (%)	66.1	66.2	—%	66.1	66.2	—%
Iron ore concentrate produced (wmt)	3,084,200	1,869,000	65%	11,186,600	7,907,300	41%
Iron ore concentrate sold (dmt)	3,092,900	1,889,900	64%	10,594,400	7,650,600	38%

Phase II Commercial Production

During the first quarter of the 2023 financial year, the Company successfully commissioned its second ore processing plant with its first shipment of concentrate railed in May 2022. In the second quarter of the 2023 financial year, the last major on-site Phase II infrastructure work programs were completed, enabling the Company's two crushers to feed both processing facilities and reducing bottlenecks during maintenance periods. With major on-site work programs completed ahead of schedule, Phase II reached commercial production in December 2022 and the Company continued to make improvements to stabilize and optimize operations.

While Phase II demonstrated its ability to reach the designed nameplate capacity on several operating days since reaching commercial production, production during the fourth quarter of the 2023 financial year was impacted by the longer than expected maintenance shutdown of the Company's newly commissioned crusher due to winter challenges, and previously disclosed mining equipment delivery and commissioning delays, which limited mining capacity. This short-term limitation in mining and crushing capacity created some inefficiencies across the site, restricting the ongoing ramp-up during the quarter. With the recent delivery and assembly of mining equipment and current work to increase throughput and the recovery ratio, the path towards Bloom Lake reaching its expanded nameplate capacity of 15 Mtpa in the near term has significantly improved.

Off-site work programs, including third-party infrastructure, continued to advance during the quarter, further positioning the Company to benefit from the gradual ramp-up in production expected in the near term. During the three-month period ended March 31, 2023, downstream limitations, including locomotive delivery delays and a four-day power outage at the port, negatively impacted the Company's operational results.

While the Company is experiencing a short-term disconnect in upstream and downstream capacity, compared to the completed infrastructure at Bloom Lake, Management is confident that a stable and operational balance state will be reached in the near term. Bloom Lake is currently in its facilities synchronization period, an important step towards increasing operational capacity.

Operational Performance

In the three-month period ended March 31, 2023, 14.2 million tonnes of material were mined and hauled, compared to 10.5 million tonnes during the same period in 2022, an increase of 36%. The increase in material movement was enabled through the utilization of additional equipment. Tonnage mined and hauled for the current quarter was lower than anticipated, compared to the initial Phase II ramp-up schedule, due to previously disclosed required mining equipment delivery delays. With the recent delivery and assembly of equipment required to increase mining capacity towards Phase II's expected nameplate capacity, Management is confident its operations can deliver a stronger performance in the upcoming months.

The strip ratio for the three-month period ended March 31, 2023, was impacted by the limited number of drills and haul trucks due to delivery delays. In order to optimize plant operations in connection with transitional incremental feed requirements during the Phase II ramp-up period, the Company chose to reduce mined waste. The Company intends to gradually recover accumulated waste backlog in future periods as additional mining equipment becomes available.

The plants processed 9.1 million tonnes of ore during the three-month period ended March 31, 2023, compared to 4.9 million tonnes for the same prior-year period. The mining capacity limitations resulting from previously disclosed equipment delivery delays negatively impacted the tonnage processed during the quarter. The plants' performance during the three-month period ended March 31, 2023, was also impacted by a longer than expected maintenance shutdown of one of the Company's two crushers.

The iron ore head grade for the three-month period ended March 31, 2023, was 28.4%, compared to 30.3% for the same period in 2022. The variation in head grade is attributable to the presence of some lower-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mine plan and the life of mine head grade average.

The Company's average Fe recovery rate of 78.6% for the three-month period ended March 31, 2023, was negatively impacted by lower recoveries of the Phase II concentrator and was expected at this stage of the Phase II commissioning. The Company remains confident in its ability to reach the average LoM expected Fe recovery rate target of 82.4% in the near term at Bloom Lake, as detailed in the Phase II feasibility study.

Bloom Lake achieved record production of 3.1 million wmt of high-grade iron ore concentrate during the three-month period ended March 31, 2023, an increase of 65%, compared to 1.9 million wmt during the same period in 2022, positively impacted by the ongoing commissioning of the Phase II plant. Management expects to benefit from optimization work programs and equipment deliveries, which should result in improved combined production of Bloom Lake's plants in the near term.

4. Mining Operating Expenditures

For the three-month period ended March 31, 2023, the C1 cash cost¹ per tonne totalled \$79.0/dmt, compared to \$60.0/dmt for the same period in 2022.

The C1 cash cost¹ per dmt sold for the three-month period ended March 31, 2023, was negatively impacted by the fixed costs incurred to support the infrastructure required to achieve the higher anticipated production prior to achieving nameplate capacity. The Company expects those costs to decrease and to normalize as production gradually ramps up towards Bloom Lake's expanded production nameplate capacity of 15 Mtpa. Cash cost¹ during the quarter was also affected by higher than expected utilization of contractors at the mine due to the previously disclosed delivery delays in required mining equipment. The C1 cash cost¹ in the three-month period ended March 31, 2023, compared to the same period last year, was also impacted by the higher cost of fuel and explosives used in the Company's mining activities, higher workforce transportation costs and global inflationary pressures that also affected contractors, rail and port operations, and food services. In addition, the longer than expected planned maintenance shutdown of one crusher and longer haul cycle times associated with the current mine plan also contributed to a higher cash cost¹ for the three-month period ended March 31, 2023. Despite factors contributing to higher cash cost¹ per dmt sold in the period, the economic benefits of the Phase II expansion project will continue to accrue as throughput gradually increases and reaches the expected expanded nameplate capacity of 15 Mtpa.

The life of mine strip ratio used for cost capitalization was revised upward in December 2021 concurrently with the commencement of Phase II operations. During the three-month period ended March 31, 2023, the actual strip ratio of 0.55 was lower than the life of mine strip ratio used for cost capitalization; therefore, no mining costs were capitalized during the period. The prior-year actual strip ratio of 0.94 was significantly higher, positively impacting the cash cost¹ for the comparative period because it resulted in the capitalization of mining costs.

5. Exploration Activities

There were no substantive changes in exploration activities in the three-month period ended March 31, 2023. Details on exploration projects and maps are available on the Company's website at www.championiron.com under the section Operations & Projects.

6. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on May 31, 2023, at 8:30 AM (Montréal time) / 10:30 PM (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 882582 #.

About Champion Iron Limited

Champion, through its wholly-owned 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. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The two concentrators have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality concentrate. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset Project, located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

Cautionary Note Regarding Forward-Looking Statements

This quarterly activities report includes certain information and statements that may constitute "forward-looking information" under applicable Canadian securities legislation. 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. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

SPECIFIC FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this quarterly activities report that address future events, developments or performance that Champion expects to occur are forward-looking statements. Forward-looking statements include, among other things, Management's expectations regarding: (i) the Company's Phase II expansion project, its expected achievement of nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity, milestones and associated costs; (ii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa to commercially produce a 69% Fe DRPF product, expected project timeline, economics, capital expenditure, budget and financing, production metrics, technical parameters, efficiencies and economic and other benefits; (iii) the shift in steel industry production methods towards reducing emissions and green steel production methods and the Company's participation therein, contribution thereto and positioning in connection therewith, including the transition of the Company's product offering and expected benefits thereof; (iv) collaboration between First Nations and Champion; (v) recovering accumulated waste backlog; (vi) optimization work programs and their expected results; (vii) the Company's operational and financial generally; and (viii) the Company's growth and opportunities generally.

RISKS

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: (i) the results of feasibility studies; (ii) changes in the assumptions used to prepare feasibility studies; (iii) project delays; (iv) timing and uncertainty of industry shift to green steel and EAF; (v) continued availability of capital and financing and general economic, market or business conditions; (vi) general economic, competitive, political and social uncertainties; (vii) future prices of iron ore; (viii) future transportation costs; (ix) failure of plant, equipment or processes to operate as anticipated; (x) delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; and (xi) the effects of catastrophes and public health crises, including the 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 2022 Annual Report and Annual Information Form for the financial year ended March 31, 2022, 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.

ADDITIONAL UPDATES

All of Champion's forward-looking information contained in this quarterly activities report is given as of the date hereof or such other date or dates specified in forward-looking statements 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. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

Abbreviations

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars. The following abbreviations are used throughout this release: US\$ [United States dollar], C\$ [Canadian dollar], Fe [iron ore], wmt [wet metric tonnes], dmt [dry metric tonnes], Mtpa [million tonnes per annum], M [million], km [kilometers], LoM [life of mine], Bloom Lake or Bloom Lake Mine [Bloom Lake Mining Complex] and Phase II [Phase II expansion project]. The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. "IFRS" refers to International Financial Reporting Standards.

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 audited Consolidated Financial Statements and associated Management's Discussion and Analysis for the year ended March 31, 2023 will be available under the Company's profile on SEDAR (www.sedar.com), on the ASX (www.asx.com.au) and the Company's website (www.championiron.com) on May 31, 2023.

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- 1 C1 cash cost is a non-IFRS financial ratio with no standard definition under IFRS and might not be comparable to similar financial measures used by other issuers. C1 cash cost is defined as cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs divided by iron ore concentrate sold in dmt. This metric is an important tool to monitor operating cost performance. C1 cash cost for the three-month period ended March 31, 2023, is unaudited.
 - 2 Available liquidity is a non-IFRS financial performance measure with no standard definition under IFRS and might not be comparable to similar financial measures used by other issuers. Available liquidity includes cash and cash equivalents, short-term investments and undrawn amounts of the credit facilities. The Company uses available liquidity to measure its liquidity to meet the requirements of lenders, fund capital expenditures and support operations. Available liquidity for the three-month period ended March 31, 2023, is unaudited.