

QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS RECORD PRODUCTION FOR ITS FY2024 FIRST QUARTER

- Record quarterly production of 3.4M wmt, revenue of \$297M, EBITDA of \$66M¹ and EPS of \$0.03
- Approximately 1.3M wmt of stockpiled iron ore concentrate inventories accumulated during the recent forest fires, expected to be gradually sold as rollingstock capacity increases in the upcoming quarters

Montréal, July 27, 2023 (Sydney, July 28, 2023) - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) ("Champion" or the "Company") is pleased to announce its operational and financial results for the 2024 financial year first quarter ended June 30, 2023.

Conference Call Details

Champion will host a conference call and webcast on July 28, 2023, at 9:00 AM (Montréal time) / 11:00 PM (Sydney time) to discuss the results for the financial first quarter ended June 30, 2023. Call details are outlined at the end of this quarterly activities report.

Champion's CEO, Mr. David Cataford, said: "Our people and partners once again demonstrated their agility by mitigating the impact of one of Québec's largest forest fires in recent history on our operations and sales. Despite such unexpected challenges, with the delivery of the final mining equipment required to complete the Phase II ramp-up, we reported record quarterly production of 3.4M wmt, representing over 90% of Bloom Lake's expanded nameplate capacity. While quarterly financial results were significantly affected by the severe forest fires, we expect to benefit from the sales of stockpiled iron ore concentrate in the coming quarters as we gradually increase our shipping capacity with the recent delivery of additional rolling stock."

1. Highlights

Sustainability and Health & Safety

- No serious injuries during the quarter and no major environmental issues reported in the period, or since the recommissioning of Bloom Lake in 2018; and
- Received the "Sollio Groupe Coopératif – Community Involvement" award at the prestigious Les Mercuriades 2023 competition organized by the Federation of Québec Chambers of Commerce, and the 2023 "Community Relations" award from the Québec Mining Association, recognizing the Company's approach towards developing relationships with First Nations communities.

Operations and Finance

- Record quarterly production of 3.4 million wmt of high-grade 66.1% Fe concentrate for the three-month period ended June 30, 2023, an increase of 49% and 10%, compared to the same period last year and the previous quarter, respectively. The increase in production was attributable to the strong performance of Phase II since achieving commercial production in December 2022. Ongoing optimizations are expected to enable Bloom Lake to reach its expanded production nameplate capacity of 15 Mtpa in the near term;
- Quarterly iron ore concentrate sales of 2.6 million dmt for the three-month period ended June 30, 2023, up 27% from the same period in 2022, but down 17% from the previous quarter due to the impact of forest fires north of Sept-Îles, Québec, which caused railway interruptions from May 30 to June 10, 2023, and reduced capacity for the remainder of the period;

- Financial results for the three-month period ended June 30, 2023, were negatively impacted by a lower IODEX 65% Fe CFR China Index (“P65”), compared to the previous quarter, and the negative provisional pricing adjustments on volume in transit as at March 31, 2023. Lower than expected shipments in June 2023 as a result of forest fires, combined with record production during the quarter, increased iron ore concentrate inventories at Bloom Lake to 1.3 million wmt as at June 30, 2023. The iron ore concentrate inventories are expected to be gradually shipped and sold in the upcoming quarters as the railway returns to normal capacity and the recently delivered locomotives are commissioned;
- For the three-month period ended June 30, 2023, the cost of sales was \$81.3/dmt¹ (US\$60.5/dmt)², compared to \$84.1/dmt¹ (US\$65.9/dmt)² for the same period in 2022, positively impacted by increased production and lower fuel prices and offset by the increase in rail and port costs. Rail costs were impacted by semi-annual price indexations based on trailing fuel prices when prices were higher, while port handling costs were impacted by fixed costs at the port terminal in Sept-Îles amortized over fewer shipped tonnes. Cost of sales per dmt sold for the quarter was slightly higher than the cost of sales per dmt sold of \$79.0/dmt¹ (US\$58.4/dmt)² for the previous quarter, mainly due to the impact of lower shipments on higher fixed costs for port handling. The Company expects the remaining Phase II ramp-up inefficiencies, which negatively impacted operating costs per tonne, to normalize in the near term as the focus increases on optimizing operations with the ongoing commissioning of new mining equipment and increases in throughput. Additionally, the Company expects to benefit from lower fuel prices in the upcoming rail cost indexation adjustments and a return to normal shipments as the railway and rolling stock capacity improves;
- Revenues of \$297.2 million for the three-month period ended June 30, 2023 (\$279.3 million for the same period in 2022), net cash flow from operating activities of \$49.3 million (net cash flow used in operating activities of \$32.2 million for the same period in 2022), EBITDA of \$65.8 million¹ (\$94.9 million¹ for the same period in 2022) and net income of \$16.7 million with EPS of \$0.03 (\$41.6 million with EPS of \$0.08 for the same period in 2022); and
- \$250.3 million in cash and cash equivalents and short-term investments as at June 30, 2023, compared to \$187.1 million at the same time in the 2022 calendar year and \$327.1 million as at March 31, 2023. Available liquidity, including amounts available from the Company’s credit facilities, totalled \$579.2 million¹ at quarter-end, compared to \$673.7 million¹ as at March 31, 2023.

Direct Reduction Pellet Feed Project (“DRPF Project”) Update

- The DRPF Project remains on schedule for potential completion by the second half of calendar year 2025, pending a final investment decision; and
- Initial budgets approved by the Board of Directors enabled the Company to advance detailed engineering work, order long-lead equipment and initiate on-site activities during the period, in preparation for upcoming civil work programs.

Other Growth and Development

- The Company continues to evaluate organic growth opportunities, including the feasibility study for the Kamistiatusset iron ore project (the “Kami Project”) to produce a Direct Reduction (“DR”) grade pellet feed product, and a study, in collaboration with a major international steelmaking partner, evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility in order to produce DR grade pellets. Both studies are expected to be completed by the end of 2023.

2. Bloom Lake Mine Operating Activities

	Three Months Ended		
	2023	2022	Variance
Operating Data			
Waste mined and hauled (wmt)	5,198,500	5,606,000	(7%)
Ore mined and hauled (wmt)	9,593,500	6,193,100	55%
Material mined and hauled (wmt)	14,792,000	11,799,100	25%
Stripping ratio	0.54	0.91	(41%)
Ore milled (wmt)	9,895,600	6,022,200	64%
Head grade Fe (%)	28.8	31.0	(7%)
Fe recovery (%)	78.2	80.2	(2%)
Product Fe (%)	66.1	66.1	—%
Iron ore concentrate produced (wmt)	3,397,200	2,282,600	49%
Iron ore concentrate sold (dmt)	2,563,500	2,013,900	27%

Impact of Forest Fires

Forest fires emerged on May 28, 2023, north of Sept-Îles, Québec, resulting in railway service interruptions between Bloom Lake and the port of Sept-Îles between May 30 and June 10, 2023. There was no damage to Champion's facilities and no significant damage was identified to the railway following inspections by its operator. As forest fires subsided in the region, railway services resumed on June 10, 2023, although at partial railway capacity for the remainder of the financial period in the 2023 calendar year. Railway services are expected to return to normal capacity in the near term, after the completion of repairs to the damaged electrical poles and wires over several kilometers.

Despite supply chain challenges caused by multiple highway closures impacting operations, Bloom Lake operated continuously throughout the railway interruptions and stockpiled iron ore concentrate at the mining complex. The Company responded to the situation by triggering its emergency response plan and managing supply chain risks by focusing mine operations on critical activities required to feed the two plants. This impacted the Company's ability to move waste and generate blasted ore inventory. The Company also used its crusher's stockpiles to supply the two plants during that period and suffered from a short power outage which impacted operations for a day. As at June 30, 2023, the Company had 1.3 million wmt of iron ore concentrate in inventory at the Bloom Lake site. The Company expects its stockpiled iron ore concentrate at Bloom Lake to be shipped and sold over several upcoming quarters with the railway resuming full capacity and the three additional locomotives received in June 2023 being currently in commissioning. The Company expects to incur additional rehandling costs in future periods to reclaim the iron ore concentrate from the stockpile.

Phase II Update

Phase II reached commercial production in December 2022 and the Company continued to make improvements to stabilize and optimize operations. Phase II produced at nameplate capacity for thirty consecutive days during the three-month period ended June 30, 2023. Short-term challenges, including delivery delays and the commissioning of mining equipment, created inefficiencies across the site, negatively impacting the plant's ability to reach its full expanded nameplate capacity in the 2023 financial year. Ongoing work programs continue to optimize and synchronize operations, and adapt maintenance practices to obtain the expected reliability required to achieve Bloom Lake's expanded nameplate capacity on a consistent basis. With the delivery and assembly of the remaining required mining equipment during the three-month period ended June 30, 2023, and current work programs aimed at increasing throughput and ore recoveries, the path towards Bloom Lake reaching its expanded nameplate capacity of 15 Mtpa in the near term has significantly improved.

Work on third-party infrastructure continued to advance in the three-month period ended June 30, 2023, further positioning the Company to benefit from additional flexibility and capacity to handle the Company's expanded nameplate capacity at the port facilities in Sept-Îles. The construction and commissioning of the new stacker reclaimer and associated conveyors should be completed shortly, which is expected to positively impact the Company's vessel loading time in the upcoming weeks. Moreover, the three additional locomotives required to support the expanded production capacity were delivered in late June 2023 and their commissioning is currently ongoing. This should enable the Company to increase its shipping capacity in the near term.

Operational Performance

In the three-month period ended June 30, 2023, 14.8 million tonnes of material were mined and hauled, compared to 11.8 million tonnes during the same period in 2022, an increase of 25%. This is also a 4% improvement over the volume mined and hauled in the previous quarter. The increase in material movement can be attributed to the contribution of recently commissioned new equipment. The Company intends to see additional benefits from this new mining equipment in the upcoming months. The stripping ratio for the period was impacted by forest fires as fuel inventories were prioritized for critical activities as well as fleet performance, and was slightly lower than the Company's plan for the 2024 financial year. With reduced mining equipment capacity in the earlier part of the quarter, the Company, as planned, reduced mined waste to optimize plant operations in connection with transitional incremental feed requirements during the Phase II ramp-up period. The Company intends to gradually increase its stripping ratio in future periods to recover the waste backlog accumulated during the 2023 financial year.

The plants processed 9.9 million tonnes of ore during the three-month period ended June 30, 2023, compared to 6.0 million tonnes for the same period in the 2022 calendar year, and 9.1 million tonnes in the previous quarter, representing an increase of 64% and 9%, respectively. The increase in ore milled was driven by the progress of the Phase II ramp-up to reach Bloom Lake's expanded nameplate capacity of 15 Mtpa.

The iron ore head grade for the three-month period ended June 30, 2023, was 28.8%, compared to 31.0% for the same period in 2022. The variation in head grade was expected and attributable to lower-grade ore being sourced and blended from different pits. This was anticipated and is in line with the mine plan and the LoM head grade average.

The Company's average Fe recovery rate of 78.2% for the three-month period ended June 30, 2023, compared to 80.2% for the same period in 2022, was negatively impacted by the lower head grade. 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.

With higher processed ore partially offsetting lower head grade and lower recovery, Bloom Lake delivered a record production of 3.4 million wmt of high-grade iron ore concentrate during the three-month period ended June 30, 2023, an increase of 49%, compared to 2.3 million wmt during the same period in 2022, and a 10% increase in production compared to the previous quarter. Management expects to benefit from optimization work programs and recent equipment additions, which should result in improved combined production of Bloom Lake's plants in the near term.

3. Financial Performance

	Three Months Ended		
	2023	2022	Variance
Financial Data (in thousands of dollars)			
Revenues	297,162	279,321	6%
Cost of sales	208,485	169,407	23%
Other expenses	19,645	15,605	26%
Net finance costs	6,926	4,190	65%
Net income	16,657	41,554	(60%)
EBITDA ¹	65,805	94,930	(31%)
Statistics (in dollars per dmt sold)			
Gross average realized selling price ¹	168.8	190.4	(11%)
Net average realized selling price ¹	115.9	138.7	(16%)
C1 cash cost ¹	81.3	74.0	10%
AISC ¹	94.1	93.5	1%
Cash operating margin ¹	21.8	45.2	(52%)

A. Revenues

Revenues totalled \$297.2 million for the three-month period ended June 30, 2023, compared to \$279.3 million for the same period in 2022, as higher sales volume over the same prior-year period was more than offset by a lower P65 index price and negative provisional pricing adjustments.

Lower freight and other costs as well as a weaker Canadian dollar, compared to the same period last year, and certain sales using backward-looking iron ore index prices partially mitigated the impact of lower prices.

During the three-month period ended June 30, 2023, 2.6 million tonnes of high-grade iron ore concentrate were sold, compared to 2.0 million tonnes for the same period in 2022. Sales volume was up 27% over the prior-year period due to incremental production driven by Phase II achieving commercial production in December 2022, but was negatively impacted by twelve days of railway interruptions from May 30 to June 10, 2023, due to forest fires in Québec and reduced services capacity for the remainder of the first quarter of the 2024 financial period.

The gross average realized price was US\$125.7/dmt¹ during the first quarter of the 2024 financial year, down from US\$149.6/dmt¹ for the same period last year due to lower P65 index prices. During the three-month period ended June 30, 2023, the P65 index averaged US\$124.0/dmt, a decrease of 23% from the same quarter last year, representing a premium of 11.7% over the IODEX 62% Fe CFR China Index average price of US\$111.0/dmt. Last year, the high-grade premium over the P62 index averaged 16.2%. Weakening steel mills' profitability in China led to a decline in high-grade iron ore premiums for the quarter, compared to the same period in 2022.

The gross average realized selling price of US\$125.7/dmt¹ was slightly higher than the P65 index average price of US\$124.0/dmt for the period, due to certain sales contracts using backward-looking iron ore index prices, when prices were higher than the P65 index average for the three-month period ended June 30, 2023. This was partially offset by the 1.4 million tonnes in transit as at June 30, 2023, that were provisionally priced using an average forward price of US\$121.2/dmt, which was lower than the P65 index average price for the period.

The average C3 Baltic Capesize Index ("C3") for the three-month period ended June 30, 2023, was US\$21.1/t compared to US\$30.2/t for the same period in 2022, representing a decrease of 30%, contributing to lower freight costs in the three-month period ended June 30, 2023. When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year. Additionally, the Company has multiple freight agreements based on an agreed-upon premium above the loading month average C3 index to further reduce price volatility.

Provisional pricing adjustments on previous quarterly sales, which were impacted by the significant decrease in the P65 index during the quarter, negatively impacted the net average realized selling price. During the three-month period ended June 30, 2023, an average price of US\$123.5/dmt was established for the 2.0 million tonnes of iron ore that were in transit as at March 31, 2023, and which were previously evaluated using an average expected price of US\$141.1/dmt. Accordingly, during the three-month period ended June 30, 2023, net negative provisional pricing adjustments of \$46.8 million (US\$34.9 million) were recorded, representing a negative impact of US\$13.6/dmt over the total volume of 2.6 million dmt sold during the period.

After taking into account sea freight and other costs of US\$25.8/dmt and the negative provisional pricing adjustment of US\$13.6/dmt, the Company obtained a net average realized selling price of US\$86.3/dmt [C\$115.9/dmt]¹ for its high-grade iron ore shipped during the period.

B. Cost of Sales

For the three-month period ended June 30, 2023, the cost of sales totalled \$208.5 million, compared to \$169.4 million for the same period in 2022 for a cost of sales per tonne sold of \$81.3/dmt¹ during the period, compared to \$84.1/dmt¹ for the same period in 2022.

The cost of sales per dmt sold for the three-month period ended June 30, 2023, was negatively impacted by higher rail and port costs due to semi-annual price indexations driven by fuel costs for rail services, the impact of lower shipments during the quarter to amortize mostly fixed costs at the port facilities in Sept-Îles, higher maintenance costs driven by the utilization of contractors to fill vacant positions and longer than expected shutdowns. The Company also incurred rehandling costs at the mine site during the period. This was partially mitigated by lower fuel costs used in mining activities and higher production levels.

Mining and processing costs over the 3.3 million dmt produced in the three-month period ended June 30, 2023, totalled \$50.3/dmt produced, a decrease of 10% compared to \$55.8/dmt produced in the fourth quarter of the 2023 financial year, reflecting the positive impact of increased production volume on the Company's controllable fixed costs.

Due to the high stockpile levels at the site, attributable to railway interruptions, the Company expects to incur additional rehandling costs to reclaim the iron ore concentrate from the stockpile to the shipment process, which should negatively impact the cost of sales in future periods.

C. Net Income & EBITDA

For the three-month period ended June 30, 2023, the Company generated an EBITDA of \$65.8 million¹, representing an EBITDA margin of 22%¹, compared to \$94.9 million¹, representing an EBITDA margin of 34%¹, for the same period in 2022. Lower EBITDA was mainly due to lower net average realized selling prices, partially offset by higher sales volume and lower cost of sales per dmt sold.

For the three-month period ended June 30, 2023, the Company generated net income of \$16.7 million (EPS of \$0.03), compared to \$41.6 million (EPS of \$0.08) for the same period last year. The year-over-year decrease in net income was mainly affected by lower gross profit, as described above.

D. All In Sustaining Cost and Cash Operating Margin

During the three-month period ended June 30, 2023, the Company realized an AISC of \$94.1/dmt¹, compared to \$93.5/dmt¹ for the same period in 2022. The increase was due to higher C1 cash cost, partially offset by the positive impact of higher sales volume on G&A expenses and sustaining capital expenditures. The AISC in the comparative period was impacted by the capitalization of certain mining costs on the Company's stripping assets, as well as higher sustaining capital expenditures related to mining equipment. Refer to section 5 – Cash Flows for details on sustaining capital expenditures.

The Company generated a cash operating margin of \$21.8/dmt¹ for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2023, compared to \$45.2/dmt¹ for the same prior-year period. The variation is mainly due to a lower net average realized selling price for the period.

4. Exploration Activities

During the three-month period ended June 30, 2023, 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, 2023, \$2.7 million in exploration and evaluation expenditures were incurred, compared to \$2.1 million for the same prior-year period. During the three-month period ended June 30, 2023, exploration and evaluation expenditures mainly consisted of costs associated with work related to updating the Kami Project feasibility study, claim renewal fees and claim staking around the Kami property.

Details on exploration projects and maps are available on the Company's website at www.championiron.com under the section Operations & Projects.

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

	Three Months Ended June 30,	
	2023	2022
(in thousands of dollars)		
Tailings lifts	11,946	8,985
Stripping and mining activities	3,263	11,063
Mining equipment rebuild and replacement	4,552	6,897
Other sustaining capital expenditures	42	—
Sustaining capital expenditures	19,803	26,945
DRPF Project	11,083	—
Other capital development expenditures at Bloom Lake	24,784	95,669
Purchase of property, plant and equipment as per cash flows	55,670	122,614

Sustaining Capital Expenditures

The increases in tailings-related investments for the three-month period ended June 30, 2023, were required to prepare the site for a higher level of operations with Phase II. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy and is implementing its long-term tailings investment plan.

The decrease in stripping and mining activities during the three-month period ended June 30, 2023, compared to the same period in the previous financial year, is attributable to the low level of waste moved at the mine due to limited mining equipment availability early in the quarter, until all equipment was fully commissioned. The stripping and mining activities were slightly lower than the Company's plan for the 2024 financial year, due to the prioritization of critical activities to mitigate impacts of the forest fires.

The decrease in the Company's mining equipment rebuild program, despite an increase in additional equipment for the three-month period ended June 30, 2023, is attributable to Phase II mining equipment delivery delays which forced the Company to postpone rebuild investments in order to maintain full mining activities. During the next quarters, the Company should resume investments in the mining equipment rebuild program, with all mining equipment commissioned, which is in line with the Company's fleet management program for the 2024 financial year.

DRPF Project

During the three-month period ended June 30, 2023, \$11.1 million was spent in capital expenditures related to the DRPF Project. Investments mainly consisted of on-site preparation activities, engineering work and equipment purchasing. Cumulative investments of \$12.0 million were deployed on the DRPF Project as at June 30, 2023.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended June 30, 2023, other capital development expenditures at Bloom Lake totalled \$24.8 million, compared to \$95.7 million in the same period in 2022. During the three-month period ended June 30, 2023, the expenditures mainly consisted of \$8.4 million in improvements and conformity of various infrastructure (\$2.8 million for the same period last year), including the construction of two pads to expand the Company's capacity to stockpile concentrate near the loadout, \$8.4 million for the expansion of the garage at the mine to support an expanded fleet, and \$6.6 million in deposits for mining equipment (\$14.8 million for the same period last year). The expenditures for the first quarter of the 2023 financial year also included \$67.8 million related to Phase II and \$4.4 million in capitalized borrowing costs.

6. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on July 28, 2023, at 9:00 AM (Montréal time) / 11:00 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 757974 #.

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. In January 2023, the Company announced the positive findings of a study evaluating upgrading half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore and approved an initial budget to advance the project. 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 laws. 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 DR quality pellet feed iron ore, expected project timeline, economics, capital expenditure, budget and financing; (iii) the study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets and its anticipated completion timeline; (iv) the Kami Project’s feasibility study, its purpose, including evaluating the potential to produce a DR grade product, and anticipated completion timeline; (v) increasing stripping ratio and recovering accumulated waste backlog; (vi) optimization work programs and their expected results and impact on production, throughput and recovery; (vii) third-party infrastructure and its capacity to handle the Company’s expanded nameplate capacity; (viii) commissioning of recently delivered locomotives and other equipment and its expected impact on production and the Company’s shipping capacity and other benefits; (ix) shipping and sales of accumulated concentrate inventories and related rehandling costs and their impact on cost of sales and revenues; (x) return of the railway to normal capacity following damage caused by forest fires; (xi) expected lower fuel prices; (xii) the Company’s mining equipment rebuild program and related investments; (xiii) the impact of iron ore prices fluctuations on the Company and its financial results and the occurrence of certain events and their impact on iron ore prices and demand for high-grade iron ore products; (xiv) production and recovery rate targets and the Company’s performance; (xv) pricing of the Company’s products; and (xvi) 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 Electric Arc Furnaces; (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 2023 Annual Report, Annual Information Form and MD&A for the financial year ended March 31, 2023, which are available on SEDAR+ at www.sedarplus.ca, 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 these 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 the 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 millions of 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 and definitions are used throughout this quarterly activities report: 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), G&A (general and administrative), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining cost), EPS (earnings per share), Management (Champion's management team), 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.

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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.

The Company's unaudited Condensed Consolidated Financial Statements for the three-month period ended June 30, 2023 (the "Financial Statements") and associated Management's Discussion and Analysis ("MD&A") are available under the Company's profile on SEDAR+ (www.sedarplus.ca), on the ASX (www.asx.com.au) and the Company's website (www.championiron.com).

¹This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the section below — Non-IFRS and Other Financial Measures for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable. Additional details for these non-IFRS and other financial measures, have been incorporated by reference and can be found in section 20 of the Company's MD&A for the three-month period ended June 30, 2023, available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

² See the "Currency" section of the MD&A for the three-month period ended June 30, 2023, included in note 6 — Key Drivers, available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this quarterly activities report, as listed in the table below, to provide investors with additional information in order to help them evaluate the underlying performance of the Company. These measures are mainly derived from the Financial Statements but do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Management believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to understand the results of the Company's operations. Non-IFRS and other financial measures should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. The exclusion of certain items from non-IFRS financial measures does not imply that these items are necessarily non-recurring.

EBITDA and EBITDA Margin

	Three Months Ended June 30,	
	2023	2022
<i>(in thousands of dollars)</i>		
Income before income and mining taxes	28,966	70,948
Net finance costs	6,926	4,190
Depreciation	29,913	19,792
EBITDA	65,805	94,930
Revenues	297,162	279,321
EBITDA margin	22%	34%

Available Liquidity

	As at June 30,	As at March 31,
	2023	2023
Cash and cash equivalents	250,340	326,806
Short-term investments	—	312
Undrawn amounts under credit facilities	328,835	346,596
Available liquidity	579,175	673,714

C1 Cash Cost

	Three Months Ended June 30,	
	2023	2022
Per tonne sold		
Iron ore concentrate sold (dmt)	2,563,500	2,013,900
<i>(in thousands of dollars except per tonne)</i>		
Cost of sales	208,485	169,407
Less: Incremental costs related to COVID-19	—	(840)
Less: Bloom Lake Phase II start-up costs	—	(19,476)
	208,485	149,091
C1 cash cost (per dmt sold)	81.3	74.0

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All-In Sustaining Cost

	Three Months Ended June 30,	
	2023	2022
Per tonne sold		
Iron ore concentrate sold (dmt)	2,563,500	2,013,900
(in thousands of dollars except per tonne)		
Cost of sales	208,485	169,407
Less: Incremental costs related to COVID-19	—	(840)
Less: Bloom Lake Phase II start-up costs	—	(19,476)
Sustaining capital expenditures	19,803	26,945
G&A expenses	12,949	12,272
	241,237	188,308
AISC (per dmt sold)	94.1	93.5

Cash Operating Margin and Cash Profit Margin

	Three Months Ended June 30,	
	2023	2022
Per tonne sold		
Iron ore concentrate sold (dmt)	2,563,500	2,013,900
(in thousands of dollars except per tonne)		
Revenues	297,162	279,321
Net average realized selling price (per dmt sold)	115.9	138.7
AISC (per dmt sold)	94.1	93.5
Cash operating margin (per dmt sold)	21.8	45.2
Cash profit margin	19%	33%

Gross Average Realized Selling Price per dmt Sold

	Three Months Ended June 30,	
	2023	2022
Per tonne sold		
Iron ore concentrate sold (dmt)	2,563,500	2,013,900
(in thousands of dollars except per tonne)		
Revenues	297,162	279,321
Provisional pricing adjustments	46,806	15,668
Freight and other costs	88,697	88,361
Gross revenues	432,665	383,350
Gross average realized selling price (per dmt sold)	168.8	190.4