

PRESS RELEASE

**CHAMPION IRON COMPLETES REFINANCING AND
ACQUISITION OF 100% OF BLOOM LAKE**

Montreal, August 16, 2019 - Champion Iron Limited (TSX: CIA) (ASX: CIA) (“Champion” or the “Company”) is pleased to announce that its subsidiary Québec Iron Ore Inc. (“QIO”), operator of the Bloom Lake Mining Complex, has successfully completed the previously announced agreement with Caisse de dépôt et placement du Québec (“CDPQ”) for a preferred share offering of C\$185 million in addition to a fully underwritten US\$200 million credit facility (the “Loan Facility”) with The Bank of Nova Scotia (“Scotiabank”) and Societe Generale. Concurrently, QIO is pleased to announce the completion of the previously announced transaction (the “Transaction”) with the government of Québec, through its agent Ressources Québec Inc. (“RQ”), to acquire RQ’s 36.8% equity interest in QIO for a total cash consideration of C\$211 million. Further to the closing of the Transaction, there no longer exists a non-controlling interest in QIO.

“This is an important milestone for our Company as we take full control of our flagship iron ore producing asset. Reducing our financing costs as part of today’s refinancing arrangement allows us to maximize Bloom Lake’s cash flow generation. Today’s announcement strategically positions Champion’s future, following the recent filing of a Feasibility Study on August 2, 2019, that proposes an expansion at Bloom Lake that would double its capacity to 15M tonnes per year.” said David Cataford, CEO of Champion, commenting on the Transaction and capital restructuring. “With the repayment of the previous long-term debt instruments held by our Company, we would like to take this opportunity to thank the Sprott Private Resource Lending group, the Glencore International AG, CDPQ and the Ressources Québec teams for being early supporters of Champion. In a difficult financing environment, these partners shared our vision and were instrumental in providing the capital required to restart Bloom Lake and help get us to where we are today.”

Transaction Highlights

The Transaction is expected to be immediately accretive on key operating and financial metrics, including earnings, EBITDA and operating cash flow per share. The Transaction utilizes Champion’s balance sheet strength while maintaining low financial leverage. The Transaction is expected to increase Champion’s share of the Bloom Lake allocated production by approximately 2.75 Mtpa of high-grade iron ore. The Transaction was funded from proceeds of the new credit facilities in addition to cash on hand.

Capital Restructuring Highlights

- **Significantly reduces cost of debt** – At current effective rates, the new facility weighted average cost of debt ranges between 6.88% and 7.67% depending on the Company’s Net Leverage, compared to a weighted average cost of debt between 12.37% and 14.75% for the prior credit facilities which were put in place to finance the Bloom Lake re-start in October 2017.
- **Fully underwritten by sophisticated global financiers** – Scotiabank and Societe Generale as Joint Lead Arrangers, Joint Bookrunners and Co-Underwriters.
- **Maintains CDPQ as strategic partner** – CDPQ’s total commitment to Champion increases by approximately C\$57 million, from US\$100 million of long-term debt to C\$185 million in preferred shares of QIO.
- **Improves balance sheet flexibility** – Compared to QIO’s current long-term debt facilities, this Loan Facility bears less covenants, further enabling the Company to contemplate organic growth opportunities and greater flexibility.

QIO concluded the previously announced issuance of perpetual preferred shares to CDPQ for total proceeds to QIO of C\$185 million (the “Investment”). Proceeds from the Investment will be used to fund current and future strategic initiatives and repay CDPQ’s previously issued subordinated credit facility held by QIO of C\$128 million (US\$100 million). The dividend rate associated with the preferred shares will be based on the gross realized iron price and

will fluctuate from 9.25% when the gross realized iron price for Bloom Lake 66.2% iron ore is greater than US\$85/t to 13.25% should the gross realized iron ore price decrease below US\$65/t. The Investment and accrued interest can be repaid at parity after its second anniversary with no penalty.

In addition, QIO has concluded the previously announced Loan Facility with Scotiabank and Societe Generale as Joint-Lead Arrangers and the following lenders: Bank of China, The Toronto-Dominion Bank, Ressources Québec Inc., Royal Bank of Canada, and Fédération des caisses Desjardins du Québec. The Loan Facility is available by way of a US\$180 million senior secured fully amortizing non-revolving credit facility (the "Term Facility") in addition to a US\$20 million senior secured revolving credit facility (the "Revolving Facility"). The Loan Facility will bear interest between LIBOR plus 2.85% to LIBOR plus 3.75% based on Net Leverage. The Term Facility will mature five years from the closing date while the Revolving Facility will mature three years from the closing date. The Loan Facility funds are used to repay outstanding long-term debt instruments in the aggregate amount of US\$103 million previously made available by Glencore International AG and Sprott Private Resource Lending (Collector) LP and to fund current and future strategic initiatives. The Term Facility shall be repaid in equal quarterly installments of principal and accrued interest starting on the second full year following the closing date and is not subject to prepayment penalties.

About Champion Iron Limited

Champion is a producing iron development and exploration company, focused on developing its significant iron resources in the south end of the Labrador Trough in the province of Québec. Following the acquisition of its flagship asset, the Bloom Lake iron ore property, the Company implemented upgrades to the mine and processing infrastructure and has partnered in projects associated with improving access to global iron markets, including rail and port infrastructure initiatives with government and other key industry and community stakeholders. Champion's management team includes professionals with mine development and operations expertise, who also have vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

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For additional information on Champion Iron Limited, please visit our website at: www.championiron.com

Forward-Looking information

This news release 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 news release that address future events, developments or performance that Champion expects to occur including management's expectations regarding (i) the estimated future operation capacity and cash flow generation of the Bloom Lake mine; (ii) cost savings and growth plans; (iii) the potential expansion of the Bloom Lake mine; (iv) deemed accretion on key operating and financial metrics; and (v) the estimated increase in Champion's share of the Bloom Lake allocated production. 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 including, without limitation the potential expansion of the Bloom Lake mine. 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 in forward-looking statements include, without limitation: 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; 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 2019 Annual Information Form and the risks and uncertainties discussed in the Company's MD&A for the year ended March 31, 2019, both available on SEDAR at www.sedar.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 press release 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.