

CHAMPION IRON REPORTS ITS FY2022 THIRD QUARTER RESULTS, DECLARES AN INAUGURAL DIVIDEND AND ADVANCES THE BLOOM LAKE PHASE II EXPANSION PROJECT

Announces an inaugural dividend payment of \$0.10 per ordinary shares;
Quarterly Production of 2.01M wmt, Net Income of \$68.0M, EPS of \$0.13 and EBITDA of \$122.1M

Montréal, January 26, 2022 - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) ("Champion" or the "Company") is pleased to announce operational and financial results for the fiscal third quarter ended December 31, 2021.

Conference Call Details

Champion will host a conference call and webcast on January 27, 2022 at 8:30 AM (Montréal time) / January 28, 2022 at 12:30 AM (Sydney time) to discuss the results for the fiscal third quarter ended December 31, 2021. Call details are outlined at the end of this release.

1. Highlights

Health & Safety and Sustainability

- No serious injuries reported and no major environmental issues during the period;
- Health and safety awareness campaigns are in place and continuous improvement efforts are deployed throughout the organization;
- Fully operational COVID-19 testing laboratory and prevention measures maintained in line with the Government of Québec's (the "Government") directives to mitigate risks related to COVID-19 and limit the spread of the Omicron variant;
- In commemoration of its First Nation communities' tragic and painful history, Champion declared that September 30, the National Day for Truth and Reconciliation, will be treated as a statutory holiday for all its employees;
- In collaboration with our partners, contributed a significant donation to Cancer Fermont, a charitable organization improving the quality of life for local residents fighting cancer; and
- In support of the International Day for the Elimination of Violence against Women, the Company sponsored "Autour d'elles", a shelter for local women who are victims of domestic violence, and "Hommes Sept-Îles", a help center which provides support for local men facing personal challenges.

Dividend on Ordinary Shares

- The Board of Directors (the "Board") declares an inaugural dividend of \$0.10 per ordinary share in respect to the semi-annual results for the period ended September 30, 2021, payable on March 1, 2022, to registered shareholders at the close of business in Australia and Canada on February 8, 2022 (local time). The ordinary shares will begin trading on an ex-dividend basis at the open of trading in Australia and Canada on February 7, 2022.

Financial

- Revenues of \$253.0M and \$1,129.4M for the three and nine-month periods ended December 31, 2021, respectively, compared to \$329.5M and \$885.1M for the same periods in 2020;

- EBITDA¹ of \$122.1M for the three-month period ended December 31, 2021, compared to \$214.6M for the same period in 2020. EBITDA¹ of \$727.9M for the nine-month period ended December 31, 2021, compared to \$543.7M for the same period in 2020;
- Net income of \$68.0M for the three-month period ended December 31, 2021 (EPS of \$0.13), compared to \$120.8M for the same period in 2020 (EPS of \$0.25). Net income of \$406.9M for the nine-month period ended December 31, 2021 (EPS of \$0.80), compared to \$308.5M for the same period in 2020 (EPS of \$0.65);
- Net cash flow from operating activities of \$105.6M for the three-month period ended December 31, 2021, representing an operating cash flow per share¹ of \$0.21, compared to \$188.2M or \$0.40 for the same period in 2020. Net cash flow from operating activities of \$467.1M for the nine-month period ended December 31, 2021, representing an operating cash flow per share¹ of \$0.92, compared to \$394.9M or \$0.83 for the same period in 2020; and
- Cash on hand¹ and restricted cash of \$543.4M as at December 31, 2021, compared to \$567.5M as at September 30, 2021 and \$680.5M as at March 31, 2021.

Operations

- Record production for a quarter with scheduled maintenance of 2,013,200 wmt of high-grade 66.2% iron ore (“Fe”) concentrate for the three-month period ended December 31, 2021, compared to 1,922,100 wmt of high-grade 66.4% Fe concentrate for the same period in 2020. Production of 6,038,300 wmt of high-grade 66.2% Fe concentrate for the nine-month period ended December 31, 2021, compared to 5,989,700 wmt of high-grade 66.3% Fe for the same period in 2020;
- Fe recovery rate of 83.9% and 83.3% for the three and nine-month periods ended December 31, 2021, respectively, compared to a Fe recovery rate of 83.6% and 83.8%, respectively, for the same periods in 2020; and
- Free on Board (“FOB”) total cash cost¹ of \$59.5/dmt [US\$47.2²/dmt] (C1) and \$58.6/dmt [US\$46.9²/dmt] for the three and nine-month periods ended December 31, 2021, respectively, compared to \$56.2/dmt [US\$43.1²/dmt] and \$54.1/dmt [US\$40.4²/dmt], respectively, for the same periods in 2020.

Growth and Development

- Ongoing feasibility study evaluating the reprocessing and infrastructure required to commercially produce a 69% Fe direct reduction pellet feed product. The study of this proposed project, scaled to convert approximately half of Bloom Lake’s expected nameplate capacity following the completion of the Phase II Expansion Project (“Phase II”), is expected to be completed by mid-2022; and
- In connection with the Company’s strategy to evaluate its growth alternatives within its property portfolio, the Kamistatusset iron ore project’s (the “Kami Project”) updated feasibility study is advancing and expected to be completed in the second half of calendar 2022.

Phase II Milestones

- Several critical construction items were completed, including the major tie-in between Phase I and Phase II, enabling the advancement of the expected commissioning of the project to April 2022, with commercial production anticipated by the end of calendar 2022;
- Receipt of the majority of the 450 railcars required for the Phase II production volume, enabling the Company to gradually ship more iron ore concentrate to Sept-Îles;
- Advancing remaining work programs, with more than 400 individuals actively working on the project despite challenges related to the COVID-19 pandemic; and
- Capital expenditures and start-up costs of \$93.7M and advance payments and deposits related to existing port, rail and transboarding infrastructure totalling \$27.4M incurred in the three-month period ended December 31, 2021, with \$534.3M invested to date.

Champion’s CEO, Mr. David Cataford, said: “I am honored to recognize our First Nation communities’ difficult history by declaring that the National Day for Truth and Reconciliation will be treated as a statutory holiday for all our employees. Our people’s perseverance and agility have always been our Company’s strength, and it has enabled us to report record production for a quarter with scheduled maintenance, resulting in strong profitability, despite the challenges imposed by the pandemic. As our Company continues to focus on growth opportunities to meet the rising demand for high-grade iron ore products, the near completion of the Phase II expansion project and our cumulative efforts to operate sustainably creates the stability required to continue deploying our capital returns strategy by declaring an inaugural dividend.”

2. Dividend on Ordinary Shares

The Board declared an inaugural dividend of \$0.10 per ordinary share on January 26, 2022 (Montréal time) / January 27, 2022 (Sydney time) in respect to the semi-annual results for the period ended September 30, 2021, payable on March 1, 2022, to registered shareholders at the close of business in Australia and Canada on February 8, 2022 (local time). The ordinary shares will begin trading on an ex-dividend basis at the open of trading in Australia and Canada on February 7, 2022.

The Board will evaluate any potential future dividends concurrently with the release of the Company's semi-annual and annual results.

For shareholders holding ordinary shares on the Australian share register, the dividend will be paid in Australian dollars. The dividend amounts received will be calculated by converting the dividend determined to be paid using the exchange rates applicable to Australian dollars five business days prior to the dividend payment date as published by the Bank of Canada.

For additional details on ordinary dividends, visit our website at www.championiron.com.

3. Bloom Lake Phase II Update

The Phase II project aims to double Bloom Lake's nameplate capacity to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of the second plant, which was partially built by the mine's former owner. Based on the new optimized mine plan, the Bloom Lake mining rate would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a life of mine ("LoM") of 20 years. On June 20, 2019, the Company announced the findings of the updated Bloom Lake Feasibility Study (the "Feasibility Study"), including proven and probable mineral reserve estimates of 807.0 Mt (346.0 Mt of proven reserves and 461.0 Mt of probable reserves) at an average grade of 29.0% Fe.

Bloom Lake Phase II reserves are based on the technical report titled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Joint Ore Reserves Committee Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019. Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. The Company is not aware of any new information or data that materially affects the information included in the Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Feasibility Study continue to apply and have not materially changed. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.

During the three-month period ended December 31, 2021, \$93,696,000 in capital expenditures and start-up costs and \$27,358,000 in advance payments were incurred for the Phase II project, with \$534,270,000 invested to date, including \$97,011,000 in advance payments and deposits related to existing port, rail and transboarding infrastructure.

As at December 31, 2021, the Company had total cash on hand¹ and restricted cash of \$543,404,000. The Company also had a total undrawn credit facility of US\$220,000,000, a financing agreement with Caterpillar Financial Services Limited for an undrawn amount of US\$56,639,000, to fund Phase II mining equipment, and a seven-year loan agreement with Fonds de Solidarité des Travailleurs du Québec for an undrawn amount of \$45,000,000, as at December 31, 2021, maturing on May 21, 2028. Additionally, the Company had an undrawn term loan of \$30,000,000 with Investissement Québec to partially finance a total investment of \$85,000,000 related to upgrades at Société Ferroviaire et Portuaire de Pointe-Noire and budgeted in the overall Phase II capital expenditures. Accordingly, as at December 31, 2021, the Company had a total \$425,723,000 of undrawn available financing.

Based on the foregoing and the utilization of ongoing operational cash flows, the Company is fully funded for the remaining work programs required to complete the Phase II project estimated at \$105,530,000, including deposits. Despite a challenging health context, the Company continues to advance the project with final work programs required for ongoing commissioning. With critical construction work programs completed and with more than 400 individuals actively working on the project, the Phase II project commissioning schedule is moving forward to April 2022, with commercial production anticipated by the end of calendar 2022. As the Company approaches the end of the project, it is currently carrying out other important steps, such as commissioning the mill and finalizing its hiring campaign.

Milestones

The construction is progressing well with several critical construction work programs completed in the three-month period ended December 31, 2021, including the successful tie-in between the Phase I and Phase II projects. The Company continues to advance the remaining work programs despite operational challenges related to the global pandemic. Project milestones that were achieved and related works undertaken during the three-month period ended December 31, 2021 include:

- Finalization of the detailed engineering;
- Completion of the major tie-in between the Phase I and Phase II projects;
- Completion of the Jean River crossing, required to accommodate a second rail track siding;
- Receipt of the majority of the 450 railcars, which will allow to gradually ship more iron ore concentrate to Sept-Îles; and
- Commencement of pre-operational verifications.

4. Bloom Lake Mine Operating Activities

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Operating Data						
Waste mined and hauled (wmt)	5,441,700	4,957,600	10%	15,440,800	11,684,800	32%
Ore mined and hauled (wmt)	5,517,200	5,183,000	6%	16,875,000	15,935,600	6%
Material mined and hauled (wmt)	10,958,900	10,140,600	8%	32,315,800	27,620,400	17%
Strip ratio	0.99	0.96	3%	0.92	0.73	26%
Ore milled (wmt)	5,161,000	5,193,700	(1%)	16,068,000	15,360,900	5%
Head grade Fe (%)	30.6	29.7	3%	29.8	30.6	(3%)
Fe recovery (%)	83.9	83.6	—%	83.3	83.8	(1%)
Product Fe (%)	66.2	66.4	—%	66.2	66.3	—%
Iron ore concentrate produced (wmt)	2,013,200	1,922,100	5%	6,038,300	5,989,700	1%
Iron ore concentrate sold (dmt)	1,832,100	1,891,300	(3%)	5,760,700	5,713,500	1%
Financial Data (in thousands of dollars)						
Revenues	253,016	329,545	(23%)	1,129,430	885,113	28%
Cost of sales	110,290	108,506	2%	342,020	318,583	7%
Other expenses	23,350	9,135	156%	58,223	29,102	100%
Net finance costs	3,377	11,323	(70%)	8,776	16,998	(48%)
Net income	67,997	120,771	(44%)	406,932	308,491	32%
EBITDA ¹	122,127	214,579	(43%)	727,879	543,713	34%
Statistics (in dollars per dmt sold)						
Gross average realized selling price	195.0	194.8	—%	232.1	169.2	37%
Net average realized selling price ¹	138.1	174.2	(21%)	196.1	154.9	27%
Total cash cost (C1 cash cost) ¹	59.5	56.2	6%	58.6	54.1	8%
All-in sustaining cost ¹	76.0	64.8	17%	74.0	62.0	19%
Cash operating margin ¹	62.1	109.4	(43%)	122.1	92.9	31%

Operational Performance

Third Quarter of the 2022 Fiscal Year vs Third Quarter of the 2021 Fiscal Year

In the three-month period ended December 31, 2021, 10,958,900 tonnes of material were mined and hauled, compared to 10,140,600 tonnes for the same period in 2020, an increase of 8%. The current strip ratio is in line with the mine plan in connection with the preparation for the Phase II operations. The strip ratio of 0.96 achieved in the comparative period ended December 31, 2020 reflected the Company's efforts to recover the waste backlog accumulated during the first quarter of the 2021 fiscal year when Champion's operations were negatively impacted by the Government's imposed COVID-19 directives. The overall increase in material movement was enabled by additional equipment in operation compared to the same period last year, offset by a longer haul cycle as the material was sourced from different pits.

The iron ore head grade for the three-month period ended December 31, 2021 was 30.6%, compared to 29.7% for the same period in 2020. The increase in head grade is attributable to the presence of higher-grade ore being sourced and blended from different pits, when compared to the prior year, which was anticipated and is in line with the mining plan and the LoM head grade average.

Bloom Lake produced 2,013,200 wmt of 66.2% Fe high-grade iron ore concentrate during the three-month period ended December 31, 2021, an increase of 5%, compared to 1,922,100 wmt of 66.4% Fe for the same period in 2020. The record production for a quarter with scheduled maintenance is essentially a result of higher head grade and stable mill productivity.

First Nine Months of the 2022 Fiscal Year vs First Nine Months of the 2021 Fiscal Year

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

The Company mined and hauled 32,315,800 tonnes of material during the nine-month period ended December 31, 2021, compared to 27,620,400 tonnes for the same period in 2020. This increase in material mined and hauled is mainly attributable to the negative impact of the COVID-19 pandemic on several of the Company's other activities early in the comparative period. The strip ratio increased to 0.92 for the nine-month period ended December 31, 2021, compared to 0.73 for the same period in 2020. The strip ratio is consistent with the mine plan for this period of the year and the preparation for Phase II project operations.

The plant processed 16,068,000 tonnes of ore during the nine-month period ended December 31, 2021, an increase of 5% over the same period in 2020. The variation reflects the impact of the COVID-19 imposed ramp-down in the comparative period and the higher mill throughput rate achieved for the current period. The continuous improvements and operational innovations allowed the Company to increase throughput stability and reach a higher level of mill productivity. The iron ore head grade of 29.8% for the nine-month period ended December 31, 2021 was attributable to different sourcing pits, compared to 30.6% for the same period in 2020 and is consistent with the LoM. Based on the foregoing, the iron ore concentrate produced remained stable during the nine-month period ended December 31, 2021, compared to the same period in 2020.

5. Financial Performance

A. Revenues

Third Quarter of the 2022 Fiscal Year vs Third Quarter of the 2021 Fiscal Year

During the three-month period ended December 31, 2021, 1,832,100 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price of US\$154.8/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US\$154.8/dmt represents a premium of 41.2% over the benchmark IODEX 62% Fe CFR China Index ("P62") price for the period, compared to a premium of 12.4% for the same period in 2020. The gross average realized selling price of US\$154.8/dmt was higher than the IODEX 65% Fe CFR China Index ("P65") average price of US\$128.9 for the period due to the positive impact of sales based on backward-looking iron ore prices, when prices were substantially higher than the P65 index average for the period. The gross average realized selling price also reflects sales at a determined price based on the average forward price of US\$142.3 at the expected settlement date for 856,200 tonnes which were in transit at the end of the period.

During the three-month period ended December 31, 2021, the global economic recovery, rising fuel prices and decreased vessel availability, due to high levels of port congestion in Asian ports, contributed to the rising sea freight index, when compared to the previous comparative period. The average C3 Baltic Capesize Index ("C3") for the period was US\$31.0/t compared to US\$15.6/t for the same period in 2020, representing an increase of 99%. As a result, the Company incurred higher freight costs in the three-month period ended December 31, 2021, compared to the same period in 2020. The freight costs variation relative to the C3 index during the period is mainly due to the timing of the vessels' booking. The Company expects to benefit from the recent decline in the freight index in the upcoming period as it contracts vessels three to four weeks prior to the desired laycan period.

The net average realized selling price¹ of US\$109.5 for the three-month period ended December 31, 2021, was negatively impacted by the increase in the C3 index. Freight and other costs represented 27% of the gross average realized selling price for the period, compared to 15% for the same period in 2020, which represents a variation of US\$19.9/dmt. Provisional pricing adjustments on previous sales, which were directly correlated to the decrease in the P65 index early in the quarter, also contributed to reducing the net average realized selling price¹. During the three-month period ended December 31, 2021, the final price was established for the 781,900 tonnes of iron ore that were in transit as at

September 30, 2021. Accordingly, during the three-month period ended December 31, 2021, net negative provisional pricing adjustments were recorded as a reduction in revenues for the 781,900 tonnes, representing a negative impact of US\$3.3/dmt for the period, compared to a positive impact of US\$6.3/dmt for the same period in 2020.

After taking into account sea freight and other costs of US\$42.0/dmt and the negative provisional sales adjustment of US\$3.3/dmt, the Company obtained a net average realized selling price¹ of US\$109.5/dmt (CA\$138.1/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled \$253,016,000 for the three-month period ended December 31, 2021 compared to \$329,545,000 for the same period in 2020 reflecting the lower net average realized selling price¹.

First Nine Months of the 2022 Fiscal Year vs First Nine Months of the 2021 Fiscal Year

For the nine-month period ended December 31, 2021, the Company sold 5,760,700 tonnes of iron ore concentrate mainly to customers in China, Japan, South Korea and Europe. While the high-grade iron ore P65 index price fluctuated between a low of US\$101.8/dmt and a high of US\$264.2/dmt during the nine-month period ended December 31, 2021, the Company sold its product at a gross average realized selling price of US\$186.7/dmt. The gross average realized selling price is comparable to the average P65 high-grade index of US\$183.2/dmt for the period. The Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term.

Combining the gross average realized selling price with the positive provisional sales adjustment of US\$5.9/dmt, the Company sold its high-grade iron ore material at a price of US\$192.6/dmt during the nine-month period ended December 31, 2021, compared to the P65 high-grade index average of US\$183.2/dmt. Deducting sea freight costs of US\$34.7/dmt, the Company obtained a net average realized selling price¹ of US\$157.9/dmt (CA\$196.1/dmt) for its high-grade iron ore. The increase in freight and other costs in the nine-month period ended December 31, 2021, compared to the same period in 2020, negatively impacted the net average realized selling price¹ for the period by US\$15.1/dmt. As a result, revenues totalled \$1,129,430,000 for the nine-month period ended December 31, 2021, compared to \$885,113,000 for the same period in 2020.

B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative (“G&A”) expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19.

For the three-month period ended December 31, 2021, the cost of sales totalled \$110,290,000, compared to \$108,506,000 for the same period in 2020. During the three-month period ended December 31, 2021, the total cash cost¹ or C1 cash cost¹ per tonne, excluding specific and incremental costs related to COVID-19, totalled \$59.5/dmt, compared to \$56.2/dmt for the same period in 2020. Fuel price increases, longer haul cycle time associated with the current mine plan, combined with additional mining equipment in operation negatively impacted the total cash cost¹ for the three-month period ended December 31, 2021. Maintenance work initially planned for the forthcoming periods in preparation for Phase II also contributed to the variation.

For the nine-month period ended December 31, 2021, total cash cost¹ amounted to \$58.6/dmt, compared to \$54.1/dmt for the same period in 2020. The variation is due to the same factors that affected the total cash cost¹ for the three-month period ended December 31, 2021.

C. Net Income & EBITDA¹

Third Quarter of the 2022 Fiscal Year vs Third Quarter of the 2021 Fiscal Year

For the three-month period ended December 31, 2021, the Company generated net income of \$67,997,000 (EPS of \$0.13), compared to \$120,771,000 (EPS of \$0.25) for the same period in 2020. The net income was mainly affected by higher sea freight costs during the period and negative provisional adjustments, compared to the same previous-year period.

For the three-month period ended December 31, 2021, the Company generated EBITDA¹ of \$122,127,000, including non-cash share-based compensation and pre-commercial start-up costs for Phase II totalling \$9,461,000, representing an EBITDA margin¹ of 48%, compared to \$214,579,000, representing an EBITDA margin¹ of 65% for the same period in 2020. The decrease in EBITDA¹ period over period is primarily due to lower revenue from lower net average realized selling prices¹.

First Nine Months of the 2022 Fiscal Year vs First Nine Months of the 2021 Fiscal Year

For the nine-month period ended December 31, 2021, the Company generated net income of \$406,932,000 (EPS of \$0.80), compared to \$308,491,000 (EPS of \$0.65) for the same period in 2020. The increase in net income is mainly due to higher gross profits partially offset by Bloom Lake Phase II start-up costs, higher G&A expenses and higher current income and mining taxes, as a result of higher operating earnings.

For the nine-month period ended December 31, 2021, the Company generated an EBITDA¹ of \$727,879,000, representing an EBITDA margin¹ of 64%, compared to \$543,713,000, representing an EBITDA margin¹ of 61% for the same period in 2020. This increase in EBITDA¹ is mainly

attributable to the increase in the net average realized selling price¹ and slightly higher volumes of iron ore concentrate sold, partially offset by higher production costs.

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

During the three-month period ended December 31, 2021, the Company realized an AISC¹ of \$76.0/dmt, compared to \$64.8/dmt for the same period in 2020. The variation relates to higher total cash costs¹ and higher sustaining capital expenditures associated with preventive and corrective interventions on two specific dikes associated with the Company's safe strategy and higher stripping and mining activities.

Deducting the AISC¹ of \$76.0/dmt from the net average realized selling price¹ of \$138.1/dmt, the Company generated a cash operating margin¹ of \$62.1/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended December 31, 2021, compared to \$109.4/dmt for the same period in 2020.

During the nine-month period ended December 31, 2021, the Company recorded an AISC¹ of \$74.0/dmt, compared to \$62.0/dmt for the same period in 2020. The variation is due to the factor previously described which affected the AISC¹ for the three-month period ended December 31, 2021. The cash operating margin¹ totalled \$122.1/dmt for the nine-month period ended December 31, 2021, compared to \$92.9/dmt for the same period in 2020. The variation is mainly due to a higher net average realized selling price¹.

6. Exploration Activities

During the three and nine-month periods ended December 31, 2021, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three and nine-month periods ended December 31, 2021, \$585,000 and \$3,311,000 in exploration and evaluation expenditures were incurred, respectively, compared to \$91,000 and \$355,000 for the same periods in 2020.

During the three and nine-month periods ended December 31, 2021, exploration expenditures included costs associated with minor exploration work, claim renewal fees and preliminary work related to updating the Kami Project feasibility study. During the nine-month period ended December 31, 2021, exploration expenditures also consisted of \$1,300,000 in acquisition costs for the Lac Lamêlée South property.

In the comparative periods, exploration expenditures mainly consisted of fees required to maintain the Company's exploration properties, exploration expenses related to drilling and geophysical work at the Company's Gullbridge-Powderhorn property, located in Northern Central Newfoundland, and the staking costs for additional exploration claims.

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

During the three and nine-month periods ended December 31, 2021, the Company invested \$137,951,000 and \$401,543,000, respectively, in addition to property, plant and equipment, compared to \$49,744,000 and \$100,150,000, respectively, for the same periods in 2020. The following table details these investments:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
(in thousands of dollars)				
Tailings lifts	7,000	423	27,512	7,326
Stripping and mining activities	10,948	8,440	28,166	15,485
Mining equipment rebuild	4,037	2,579	9,535	6,754
Sustaining capital expenditures	21,985	11,442	65,213	29,565
Phase II	86,522	31,949	270,366	51,116
Other capital development expenditures at Bloom Lake	29,444	6,353	65,964	19,469
Purchase of property, plant and equipment as per cash flows	137,951	49,744	401,543	100,150

Sustaining Capital Expenditures

Early in the 2021 fiscal year, the Company ramped-down its operations following Government directives in response to the COVID-19 pandemic and implemented several measures in its efforts to mitigate the risks related to the spread of the virus. As a result, the overall sustaining

capital expenditures were lower and delayed in the 2021 fiscal year, compared to the 2022 fiscal year.

The increase in tailings-related investments for the three and nine-month periods ended December 31, 2021, compared to the same periods in 2020, is due to preventive works performed on the dikes. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy. Preventive and corrective interventions on two specific dikes were scheduled for the 2022 fiscal year, with \$27,512,000 spent to correct identified discrepancies on specific dikes from their original designs, compared to works completed by the asset's previous owner. The extent of investments in tailings were anticipated to be lower in the 2021 fiscal year since an accelerated \$30M work program for the raising of the tailings containment dam, to ensure safe tailings deposition, was completed during the 2020 fiscal year.

Stripping activities for the three-month period ended December 31, 2021 were higher, as anticipated with the preparation for Phase II project operations, compared to the same period in 2020 (refer to section 4 - Bloom Lake Mine Operating Activities). The increase in stripping and mining activities during the nine-month period ended December 31, 2021, compared to the same period in 2020, is also attributable to the ramp-down of operations in the first quarter of the 2021 fiscal year, mandated by the Government's COVID-19 containment directives, whereby operations were negatively affected in the comparable period.

The Company's mining equipment rebuild program reflects the work planned and undertaken during the three and nine-month periods ended December 31, 2021.

Phase II

For the nine-month period ended December 31, 2021, \$270,366,000 was spent in capital expenditures. As at December 31, 2021, the Phase II project advanced considerably with \$534,270,000 invested by that date, including start-up costs and \$97,011,000 in advance payments and deposits related to existing port, rail and transboarding infrastructure.

Other Capital Development Expenditures at Bloom Lake

During the three and nine-month periods ended December 31, 2021, other capital development expenditures at Bloom Lake totalled \$29,444,000 and \$65,964,000, respectively.

During the three-month period ended December 31, 2021, other capital development expenditures at Bloom Lake mainly consisted of \$11,313,000 in deposits for production equipment to be commissioned and financed in the future through the finance agreement with Caterpillar Financial Services Limited, an investment of \$10,064,000 to improve mill and other infrastructure capacity and \$4,146,000 in borrowing costs capitalized during the development period of the Phase II project.

During the nine-month period ended December 31, 2021, cash outflows include an additional investment of \$3,851,000 in lodging infrastructure at the mine site, in order to accommodate a larger workforce, \$23,751,000 in deposits for production equipment to be commissioned, an investment of \$24,611,000 to increase mill capacity and other infrastructure improvements, and capitalized borrowing costs of \$10,675,000, related to the Phase II project. During the nine-month period ended December 31, 2021, other capital development expenditures were offset by the receipt of a government grant totalling \$6,234,000, related to the Company's greenhouse gas emissions and energy consumption reduction initiatives. The Company qualified for a grant of up to \$21,817,000.

During the three and nine-month periods ended December 31, 2020, other capital development expenditures at Bloom Lake totalled \$6,353,000 and \$19,469,000, respectively. The investment for the nine-month period ended December 31, 2020 mainly consisted of infrastructure upgrades at the mine, the commissioning of new service equipment and the acquisition of 100 additional used railcars which cost \$5,500,000.

8. Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at Quebec Iron Ore Inc., the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this Release. Mr. Blanchet's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

9. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on January 27, 2022 at 8:30 AM (Montréal time) / January 28, 2022 at 12:30 AM (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 732333#.

10. Cautionary Note Regarding Forward-Looking Statements

This press release includes certain information and statements that may constitute "forward-looking statements" and "forward-looking information" under applicable securities laws. All statements other than statements of historical facts included in this press release that address future events, developments or performance that Champion expects to occur, including Management's expectations regarding (i) the Company's Phase II expansion project and its milestones, construction, completion, commissioning and commercial production timeline, funding, impact on nameplate capacity, mining rate and shipping of iron ore concentrate, expected capital expenditures and production volume; (ii) the mitigation of risks related to COVID-19 and the limitation of the spread of the Omicron variant, including the impact and effect of COVID-19; (iii) the Company's capital returns strategy and the future declaration and payment of dividends and the timing thereof; (iv) the feasibility study to evaluate the reprocessing and infrastructure required for commercial production of a 69% Fe or higher direct reduction pellet feed product and its completion timeline; (v) the Company's strategy to evaluate its growth alternatives within its property portfolio; (vi) the revision of the Kami Project scope and related feasibility study including the timing thereof; (vii) the Company focus on growth opportunities and building sustainable earnings and cash flows; (viii) the Company's vision to provide market leading high-quality iron ore products that offers a global solution to reduce emissions in the steel making supply chain; (ix) the LoM of the Bloom Lake Mine; (x) the rising demand for higher grade iron ore products; (xi) the initiatives and funding from Caterpillar Financial Services Limited to develop, test and implement advanced drilling technologies aimed at optimizing Bloom Lake's operational productivity and reducing energy consumption; (xii) the impact of iron ore prices fluctuations on net cash flow from operating activities and the Company's development and the occurrence of certain events and their impact on iron ore prices and high-grade iron ore products demand; and (xiii) fluctuations of the ocean freight costs are forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed in forward-looking statements include, without limitation: the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; future transportation costs, failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; the effects of catastrophes and public health crises, including impact of COVID-19 on the global economy, the iron ore market and Champion's operations, as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this press release is given as of the date hereof or such other date or dates specified in such 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. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risks they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

About Champion Iron Limited

Champion Iron Limited, through its subsidiary Quebec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with a concentrator that primarily sources energy from renewable hydroelectric power. The Bloom Lake Phase I plant has a nameplate capacity of 7.4 Mtpa and produces a low contaminant high-grade 66.2% Fe iron ore concentrate and proved its ability to produce a 67.5% Fe direct reduction quality concentrate, which has 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 sells its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to the ongoing construction to complete the Bloom Lake Phase II project, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistatusset Project located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

Abbreviations

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

For further information, please contact:

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

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

Copies of the Company's unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis for the three and nine-month periods ended December 31, 2021, are available under the Company's filing on SEDAR (www.sedar.com), on the ASX (www.asx.com.au) or the Company's website (www.championiron.com). All amounts are in Canadian dollars unless otherwise indicated.

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- 1 This is a non-IFRS financial performance measure with no standard definition under IFRS. For a detailed description of each of the non-IFRS measures used in this press release and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the "Non-IFRS Financial Performance Measures" section included in note 21 of the Company's Management Discussion and Analysis for the three and nine-month periods ended December 31, 2021 (the "MD&A") available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com. The Company has included certain non-IFRS measures in this press release. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.
 - 2 See the "Currency" section in note 8 - Key Drivers of the MD&A, available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.