CHAMPION IRON

PRESS RELEASE

CHAMPION IRON REPORTS RECORD PRODUCTION FOR ITS FY2023 SECOND QUARTER

Record quarterly production of 2.9M wmt, adjusted EPS[1] of $0.06 and EBITDA[1] of $84.3 million; Bloom Lake Phase II expansion ramping-up as scheduled, contributing towards reducing operating costs metrics; Declares a dividend of $0.10 per ordinary share

Montréal, October 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 financial second quarter ended September 30, 2022.

Conference Call Details

Champion will host a conference call and webcast on October 27, 2022 at 8:30 AM (Montréal time) / 11:30 PM (Sydney time) to discuss the results for the second quarter ended September 30, 2022. Call details are outlined at the end of this press release.

Champion's CEO, Mr. David Cataford, said: "Our record production is attributable to the hard work and dedication of our team as Phase II continues to ramp-up as scheduled, despite the challenging environment. As a result, our iron ore volumes sold in the quarter increased by nearly 43% year on year. With Phase II on track to reach commercial production by the end of the calendar year, the higher production volumes are also contributing towards normalizing our operating costs per tonne sold. In addition, our team is finalizing the feasibility study evaluating the production of a Direct Reduction ("DR") pellet feed product, which will be the foundation towards our potential transition to higher value products in the green steel supply chain."

1. Highlights

Sustainability

- No major environmental issues reported during the period;
- Partnership with Innu Takuaikan Uashat Mak Mani-Utenam and Comité sectoriel de main d'oeuvre de l'industrie des mines, to implement training programs aimed at increasing collaboration between Innu partners and Champion;
- Workshops and commemoration activities aimed at familiarizing Champion's employees with the Innu culture were organized on the National Day for Truth and Reconciliation on September 30, 2022, as part of an annual commitment, in line with our Company's values; and
- Fundraising organized by the Company at Fermont and Montréal attracted record participation, with more than 240 individuals running or walking in an event benefiting Cancer Fermont, a charitable organization improving the quality of life of local residents fighting cancer, as well as a significant donation to l'Envol-Maison de la Famille Sept-Îles, a help center which provides support for struggling local families.

Operations and Financial

- Record production of 2,857,300 wmt of high-grade 66.1% Fe concentrate for the three-month period ended September 30, 2022, driven by the commissioning of Phase II, compared to 2,089,100 wmt of high-grade 66.3% Fe concentrate for the same period in 2021;
- C1 cash cost[1] of $65.9/dmt (US$50.5/dmt)[2] for the three-month period ended September 30, 2022, comparing favourably with the cash cost[1] of $74.0/dmt for the previous quarter ended June 30, 2022, as the Company begins to benefit from higher production volumes generated from the Phase II project;
- Record iron ore concentrate sold for the three-month period ended September 30, 2022, contributing to revenues of $300.6 million ($331.0 million for the same period in 2021), net cash flow from operating activities of $87.1 million ($374.1 million for the same period in 2021), EBITDA[1] of $84.3 million ($200.0 million for the same period in 2021) and net income of $19.5 million (EPS of $0.04) ($114.6 million and EPS of $0.23 for the same period in 2021);
- Financial results during the quarter were positively impacted by the higher iron ore volumes sold, and were more than offset by decreasing iron ore index prices, expected transitional start-up costs to support Phase II commercial production, anticipated lower recovery circuit rates in relation to the Phase II ramp-up, scheduled seasonal tailings related work programs and increased operating costs attributable to global inflationary pressures. The economic benefits of the Phase II expansion project should be progressive as throughput gradually increases towards Bloom Lake's revised nameplate capacity of 15 Mtpa;
- Available liquidity[1] of $586.4 million as at September 30, 2022, including $277.4 million of cash and cash equivalents and short-term investments, compared to $571.0 million as at June 30, 2022; and
- Dividend of $0.10 per ordinary share declared on October 26, 2022 (Montréal time) / October 27, 2022 (Sydney time), in connection with the semi-annual results for the period ended September 30, 2022.

Phase II Milestones

- Commissioning activities continue as scheduled, including ongoing system optimization work related to commercial production, scheduled to commence by the end of calendar 2022[3], with nameplate capacity anticipated to be achieved in calendar 2023[3]; and
- Last major on-site work program in relation to the Phase II equipment has been completed, enabling the Company's two crushers to feed both facilities and reduce bottlenecks during maintenance periods.

Growth and Development

- The feasibility study evaluating the reprocessing and infrastructure required to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa towards commercially producing a 69% Fe DR pellet feed product is nearing completion;
- In collaboration with a major international steelmaking partner, a feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility (the "Pellet Plant") to produce DR grade pellets is advancing, with an anticipated completion date in the second half of calendar 2023;
- The Kamistiatusset iron ore project's (the "Kami Project") feasibility study, whereby the project is being evaluated for its capability to produce DR grade pellet feed product, is expected to be completed in the first half of calendar 2023; and
- Freight agreements signed, contracting two vessels per month, from January 2023 to December 2023, expected to reduce the Company's freight premium volatility by using an agreed-upon price premium above the average C3 Baltic Capesize Index per tonne, plus an additional seasonal premium for winter conditions.

2. Bloom Lake Mine Operating Activities

	Three Months Ended September 30,			Six Months Ended September 30,		
	2022	2021	Variance	**2022**	2021	Variance
Operating Data						
Waste mined and hauled (wmt)	**4,572,900**	5,299,600	(14%)	**10,178,900**	9,999,100	2%
Ore mined and hauled (wmt)	**8,214,700**	5,713,900	44%	**14,407,800**	11,357,800	27%
Material mined and hauled (wmt)	**12,787,600**	11,013,500	16%	**24,586,700**	21,356,900	15%
Strip ratio	**0.56**	0.93	(40%)	**0.71**	0.88	(19%)
Ore milled (wmt)	**8,102,700**	5,679,800	43%	**14,124,900**	10,907,000	30%
Head grade Fe (%)	**29.5**	29.1	1%	**30.2**	29.4	3%
Fe recovery (%)	**78.6**	83.3	(6%)	**79.3**	83.1	(5%)
Product Fe (%)	**66.1**	66.3	—%	**66.1**	66.3	—%
Iron ore concentrate produced (wmt)	**2,857,300**	2,089,100	37%	**5,139,900**	4,025,100	28%
Iron ore concentrate sold (dmt)	**2,793,400**	1,953,900	43%	**4,807,300**	3,928,600	22%

Phase II Commissioning

During the first quarter of the 2023 financial year, the Company initiated and advanced the commissioning of Phase II and at the end of April 2022, the first of two Phase II plant production lines was commissioned. The first shipments were railed on May 3, 2022. In June 2022, the Company successfully started the second line as scheduled in the ramp-up sequencing of the project. Accordingly, both operating lines were in service at the end of the first quarter. During the three-month period ended September 30, 2022, commissioning activities progressed as scheduled. The Company made adjustments and improvements in some areas to stabilize operations (including work to increase throughput and the recovery ratio) and reach expected performance, positioning the Company to achieve, as scheduled, commercial production by the end of calendar 2022[3] and nameplate capacity in calendar 2023[3]. The last major on-site work program relating to the Phase II equipment was completed during the three-month period ended September 30, 2022, enabling the Company's two crushers to feed both facilities and reduce bottlenecks during maintenance periods. Final minor on-site work programs are expected to be completed as planned during the third and fourth quarters of the 2023 financial year. While on-site work programs are being delivered ahead of schedule, off-site work programs, including third-party infrastructure, continue to advance as scheduled.

Operational Performance

Second Quarter of the 2023 Financial Year vs Second Quarter of the 2022 Financial Year

In the three-month period ended September 30, 2022, 12.8 million tonnes of material were mined and hauled, compared to 11.0 million tonnes during the same period in 2021, an increase of 16%. The increase in material movement was enabled through the utilization of additional equipment compared to the same prior-year period, offset by a longer haul cycle as material was sourced from different pits, including those that deepened with mining activities over time. The lower strip ratio for the three-month period ended September 30, 2022, is in line with the revised mine plan in connection with transitional incremental feed requirements during the Phase II ramp-up period.

The iron ore head grade for the three-month period ended September 30, 2022, was 29.5%, compared to 29.1% for the same period in 2021. The variation in head grade is attributable to the presence of some higher-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mine plan and the LoM head grade average.

The Company's average Fe recovery rate for the three-month period ended September 30, 2022, was negatively impacted by the anticipated lower recoveries during the commissioning of the Phase II concentrator, but is in line with Management's expectations at this stage of the Phase II commissioning. The slight decrease in the Fe recovery rate during the three-month period ended September 30, 2022, compared to the first quarter, was due to a higher proportion of tonnes processed by the second concentrator together with stability impacts on Phase I attributable to the finalization of the Phase II tie-in program, as the utilization of the second plant is increasing over time. The Company expects to reach a stable Fe recovery circuit when Phase II achieves commercial production, anticipated to occur by the end of calendar 2022[3].

During the three-month period ended September 30, 2022, operational activities were impacted by a scheduled semi-annual maintenance on the second concentrator, while no shutdown occurred in the same prior-year period. A shutdown is now planned every quarter, alternating between the two concentrators and related facilities. A non-recurring 20-day scheduled shutdown of specific equipment was required for the tie-in of the first crusher to the A-Frame dome as part of the Phase II project ramp-up, which also impacted operational activities in the quarter. Despite these factors, Bloom Lake produced 2.9 million wmt of high-grade iron ore concentrate during the three-month period ended September 30, 2022, an increase of 37%, compared to 2.1 million wmt during the same period in 2021. The Company achieved record production in connection with the commissioning of the second plant at the mine site. Higher throughput and head grade also contributed to higher production volumes, despite a lower global recovery. The commissioned Phase II project's production compares favourably to the scheduled production volumes. The plants processed 8.1 million tonnes of ore during the three-month period ended September 30, 2022, compared to 5.7 million tonnes for the same prior-year period. The throughput for the period was positively affected by higher availability of mined ore and the commissioning of Phase II operations in the previous quarters.

First Six Months of the 2023 Financial Year vs First Six Months of the 2022 Financial Year

The Company mined and hauled 24.6 million tonnes of material during the six-month period ended September 30, 2022, compared to 21.4 million tonnes for the same period in 2021. This increase in material mined and hauled is attributable to the commissioning of additional operational equipment compared to the same prior-year period. The strip ratio was 0.71 for the six-month period ended September 30, 2022, compared to 0.88 for the same period in 2021, and is consistent with the revised mine plan.

The iron ore head grade of 30.2% for the six-month period ended September 30, 2022, was attributable to different sourcing pits, compared to 29.4% for the same period in 2021, and is consistent with the LoM head grade average. The lower average Fe recovery rate for the six-month period ended September 30, 2022, was attributable to the commissioning of the Phase II concentrator as detailed above.

The plant processed 14.1 million tonnes of ore during the six-month period ended September 30, 2022, an increase of 30% over the same period in 2021, and produced 5.1 million wmt of high-grade iron ore concentrate, compared to 4.0 million wmt for the same period in 2021, mainly attributable to the commissioning of the Phase II project.

3. Financial Performance

	Three Months Ended September 30,			Six Months Ended September 30,		
	2022	2021	Variance	**2022**	2021	Variance
Financial Data (in thousands of dollars)						
Revenues	**300,621**	331,006	(9%)	**579,942**	876,414	(34%)
Cost of sales	**199,841**	110,884	80%	**369,248**	231,730	59%
Other expenses	**16,839**	20,313	(17%)	**32,444**	34,873	(7%)
Net finance costs	**10,765**	1,012	964%	**14,955**	5,399	177%
Net income	**19,530**	114,596	(83%)	**61,084**	338,935	(82%)
EBITDA[1]	**84,331**	200,013	(58%)	**179,261**	605,752	(70%)
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**157.0**	218.8	(28%)	**171.0**	249.4	(31%)
Net average realized selling price[1]	**107.6**	169.4	(36%)	**120.6**	223.1	(46%)
C1 cash cost[1]	**65.9**	56.2	17%	**69.3**	58.2	19%
All-in sustaining cost ("AISC")[1]	**81.9**	73.6	11%	**86.8**	73.1	19%
Cash operating margin[1]	**25.7**	95.8	(73%)	**33.8**	150.0	(77%)

A. Revenues

Second Quarter of the 2023 Financial Year vs Second Quarter of the 2022 Financial Year

During the three-month period ended September 30, 2022, 2.8 million tonnes of high-grade iron ore concentrate were sold at a gross average realized price[1] of US$120.6/dmt, before freight and other costs and provisional pricing adjustments, compared to US$174.6/dmt for the same prior-year period. The decrease in gross average realized selling price[1] reflects lower index prices during the three-month period ended September 30, 2022, compared to the same prior-year period. Despite lower index prices, the gross average realized selling price[1] of US$120.6/dmt represents a premium of 16.7% over the benchmark IODEX 62% Fe CFR China Index ("P62") price for the period, compared to a premium of 7.2% for the same period in 2021.

During the three-month period ended September 30, 2022, the IODEX 65% Fe CFR China Index ("P65") for high-grade iron ore fluctuated from a high of US$131.5/dmt to a low of US$107.2/dmt. The P65 index average price for the period was US$115.5/dmt, a decrease of 39% from the same prior-year quarter, resulting in an average premium of 11.8% over the P62 reference price of US$103.3/dmt. The gross average realized selling price[1] of US$120.6/dmt was higher than the P65 index average price for the period of US$115.5/dmt due to sales based on fixed backward-looking iron ore prices, when prices were higher compared to the P65 index average for the current period. This factor was partially offset by the negative impact of 1.3 million tonnes which were in transit as at September 30, 2022, provisionally priced using an average forward price of US$112.3/dmt, which was lower than the P65 index average price for the period. After accounting for sea freight and other costs and provisional pricing adjustments, the Company's net realized FOB selling price[1] was US$83.2/dmt, compared to US$134.7/dmt for the same period in 2021.

The average C3 Baltic Capesize Index for the three-month period ended September 30, 2022, was US$24.0/t compared to US$31.7/t for the same period in 2021, representing a decrease of 24%, which contributed to lower freight costs in the three-month period ended September 30, 2022, compared to the same prior-year period. The lower freight rates for the three-month period ended September 30, 2022, can be partially attributed to decreased fuel prices and lower iron ore shipments from Brazil. Simultaneously, the partial removal of COVID-19 lockdowns in China reduced port congestion, further influencing the decreasing freight rates, with lower seaborn iron ore volumes as marginal suppliers facing profitability challenges curtailed operations. Champion typically contracts vessels three to four weeks prior to the desired laycan period. This creates a natural delay between the freight paid and the C3 route index price. The effects of these delays are eventually reconciled since the Company ships its high-grade iron ore concentrate uniformly throughout the year.

Provisional pricing adjustments on previous sales, which were directly correlated to the decrease in the P65 index during the quarter, contributed to decreasing the net average realized selling price[1]. During the three-month period ended September 30, 2022, a final price of US$116.2/dmt was established for the 0.7 million tonnes of iron ore that were in transit as at June 30, 2022, and which were previously evaluated using an average expected price of US$138.4/dmt. Accordingly, during the three-month period ended September 30, 2022, net negative provisional pricing adjustments of $20.9 million were recorded as a decrease in revenues for the 0.7 million tonnes, representing a negative impact of US$5.3/dmt over the total volume of 2.8 million dmt sold during the current period, comparable to the negative impact for the same period in 2021.

After taking into account sea freight and other costs of US$32.1/dmt and the negative provisional pricing adjustment of US$5.3/dmt, the Company obtained a net average realized selling price[1] of US$83.2/dmt (CA$107.6/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $300.6 million for the three-month period ended September 30, 2022, compared to $331.0 million for the same period in 2021, reflecting the lower net average realized selling price[1] partially offset by a significantly higher sales volume and the weakening Canadian dollar.

First Six Months of the 2023 Financial Year vs First Six Months of the 2022 Financial Year

For the six-month period ended September 30, 2022, the Company sold 4.8 million 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$107.2/dmt and a high of US$185/dmt during the six-month period ended September 30, 2022, the Company sold its product at a gross average realized selling price[1] of US$132.7/dmt before sea freight and other costs and provisional pricing adjustments. The P65 index average price for the six-month period ended September 30, 2022, was US$137.3/dmt, a decrease of 35% from the same period in 2021, resulting in an average premium of 14.2% over the P62 index reference price of US$120.2/dmt. The gross average realized selling price[1] is lower than the average P65 high-grade index of US$137.3/dmt for the period due to sales provisionally priced using an average forward price of US$112.3/dmt at the end of the period, which was significantly lower than the average P65 index for the period. The Company expects its iron ore concentrate pricing to track the P65 index in the long term.

Combining the gross average realized selling price[1] with the negative provisional pricing adjustment of US$5.8/dmt, the Company sold its high-grade iron ore at a price of US$126.9/dmt during the six-month period ended September 30, 2022, compared to the P65 high-grade index average of US$137.3/dmt. Deducting sea freight and other costs of US$33.1/dmt, the Company obtained a net average realized selling price[1] of US$93.8/dmt (CA$120.6/dmt) for its high-grade iron ore. As such, revenues totalled $579.9 million for the six-month period ended September 30, 2022, compared to $876.4 million for the same period in 2021, mainly as a result of a lower gross average realized selling price[1], partially offset by a significantly higher sales volume and the weakening Canadian dollar. A negative provisional pricing adjustment during the six-month period ended September 30, 2022, compared to a positive provisional pricing adjustment during the same period in 2021, also contributed to the decrease in revenues.

B. Cost of Sales and C1 Cash Cost[1]

The cost of sales represents mining, processing, and mine site-related general and G&A expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19 and, starting in April 2022, it includes Bloom Lake Phase II start-up costs incurred after commissioning. These start-up costs mainly include abnormal operational costs attributable to the facility not having reached the normalized expected level of output.

For the three-month period ended September 30, 2022, the cost of sales totalled $199.8 million, compared to $110.9 million for the same period in 2021. During the three-month period ended September 30, 2022, the C1 cash cost[1] per tonne, excluding specific and incremental costs related to COVID-19 and Phase II start-up costs, totalled $65.9/dmt, compared to $56.2/dmt for the same period in 2021.

The C1 cash cost[1] per dmt sold for the three-month period ended September 30, 2022, benefited from higher volumes of iron ore concentrate sold associated with increased production volumes from the Phase II project, but were more than fully offset by global inflationary pressures, impacting cost of fuel used in the Company's mining activities and land transportation, explosives costs as well as rail and port operations. The life of mine stripping ratio used for cost capitalization for the three-month period ended September 30, 2021, was also significantly lower, positively impacting the prior-year period cash cost[1]. The lower recoveries associated with the commissioning of the Phase II concentrator also negatively impacted cash cost[1] for the period as the concentrate volume produced was lower than standard level. Finally, longer haul cycle times associated with the current mine plan also contributes quarter-over-quarter to higher mining costs.

For the six-month period ended September 30, 2022, the Company produced high-grade iron ore at a C1 cash cost[1] amounting to $69.3/dmt, compared to $58.2/dmt for the six-month period ended September 30, 2021. The variation is attributable to the same factors that affected the C1 cash cost[1] for the three-month period ended September 30, 2022.

In addition, unplanned third-party shutdowns, planned maintenance of additional facilities, as well as increased headcount and subcontractor usage in relation to the commissioning of the Phase II project during the first quarter, also contributed to the higher cash cost[1] for the six-month period ended September 30, 2022.

C. Net Income & EBITDA[1]

Second Quarter of the 2023 Financial Year vs Second Quarter of the 2022 Financial Year

For the three-month period ended September 30, 2022, the Company generated net income of $19.5 million (EPS of $0.04), compared to $114.6 million (EPS of $0.23) for the same period in 2021. The net income was mainly affected by a lower P65 index average price during the period, as well as a higher cash cost[1], compared to the same prior-year period. The decrease in net income is partially offset by a higher sales volume driven by the solid ramp-up of Phase II and lower current income and mining taxes.

For the three-month period ended September 30, 2022, the Company generated EBITDA[1] of $84.3 million, representing an EBITDA margin[1] of 28%, compared to $200.0 million, representing an EBITDA margin[1] of 60%, for the same period in 2021. The decrease in EBITDA[1] period-over-period is primarily due to lower net average realized selling prices[1] and higher cash costs[1]. This decrease is partially offset by a higher sales volume driven by the solid ramp-up of Phase II.

First Six Months of the 2023 Financial Year vs First Six Months of the 2022 Financial Year

For the six-month period ended September 30, 2022, the Company generated net income of $61.1 million (EPS of $0.12), compared to $338.9 million (EPS of $0.67) for the same period in 2021. The decrease in net income is mainly due to lower iron ore index prices and higher cash costs, partially offset by a higher sales volume driven by the solid commissioning of Phase II and lower current income and mining taxes.

For the six-month period ended September 30, 2022, the Company generated an EBITDA[1] of $179.3 million, representing an EBITDA margin[1] of 31%, compared to $605.8 million, representing an EBITDA margin[1] of 69% for the same period in 2021. This decrease in EBITDA[1] is mainly attributable to the decrease in the net average realized selling price[1] and higher production costs, partially offset by a higher sales volume following the Phase II commissioning.

D. All In Sustaining Cost ("AISC")[1] and Cash Operating Margin[1]

During the three-month period ended September 30, 2022, the Company realized an AISC[1] of $81.9/dmt, compared to $73.6/dmt for the same period in 2021. The increase relates to higher C1 cash costs[1], partially offset by the positive impact of higher volumes of iron ore concentrate sold.

The Company generated a cash operating margin[1] of $25.7/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2022, compared to $95.8/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price[1] and higher AISC[1] for the period.

During the six-month period ended September 30, 2022, the Company recorded an AISC[1] of $86.8/dmt, compared to $73.1/dmt for the same period in 2021. The variation is mainly due to higher C1 cash costs[1] and higher sustaining capital expenditures mainly related to higher investments made in tailings lifts. The Company is actively working to ensure everything is in place to support Phase II operations, including hiring additional personnel and incurring the necessary sustaining capital expenditures. Refer to section 5 - Cash flow for details on sustaining capital expenditures.

The cash operating margin[1] totalled $33.8/dmt for the six-month period ended September 30, 2022, compared to $150.0/dmt for the same period in 2021. The variation is mainly due to a lower net average realized selling price[1] and higher AISC[1].

4. Exploration Activities

During the three and six-month periods ended September 30, 2022, 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 six-month periods ended September 30, 2022, $0.9 million and $3.1 million in exploration and evaluation expenditures were incurred, respectively, compared to $2.0 million and $2.7 million for the same periods in 2021. During the three and six-month periods ended September 30, 2022, exploration and evaluation expenditures mainly consisted of costs associated with resource development and drilling, work related to updating the Kami Project feasibility study and claim renewal fees. During the six-month period ended September 30, 2022, 4,430 metres of diamond drilling was completed on the Bloom Lake property. Drilling at Bloom Lake was undertaken mainly for the conversion of resources. Geological mapping and assessment were started on exploration claims localized south of Bloom Lake. In addition, late in September, the Company started a diamond drilling campaign at Lamêlée South.

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 September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
(in thousands of dollars)				
Tailings lifts	**28,440**	14,174	**37,425**	20,512
Stripping and mining activities	**3,730**	8,684	**14,793**	17,218
Mining equipment rebuild	**4,011**	3,603	**10,908**	5,498
Sustaining capital expenditures	**36,181**	26,461	**63,126**	43,228
Other capital development expenditures at Bloom Lake	**42,403**	127,192	**138,072**	220,364
Purchase of property, plant and equipment as per cash flows	**78,584**	153,653	**201,198**	263,592

Sustaining Capital Expenditures

The increase in tailings-related investments for the three and six-month periods ended September 30, 2022, is due to the reclassification of preparation work performed on Phase II dikes from other capital development expenditures in the comparative periods to tailings lifts. In addition, during the three and six-month periods ended September 30, 2022, weather conditions were more favourable than in the same prior-year periods, enabling the Company to advance work 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 and is developing a long-term tailings investment plan.

The decrease in stripping and mining activities during the three and six-month periods ended September 30, 2022, compared to the same periods in 2021, is in line with the mine plan, inclusive of Phase II operations. The variation in stripping activities is attributable to the revised stripping ratio used to capitalize some of the mining cost since the fourth quarter of the 2022 financial year. The new ratio considers the Company's mineral reserves as per the execution of the Phase II mine plan. Higher stripping and mining activities in the comparative periods were associated with the preparation for the Phase II project operations.

The increase in the Company's mining equipment maintenance program for the three and six-month periods ended September 30, 2022, is attributable to the addition of mining operating equipment and the high utilization rate for this equipment. Mining equipment rebuild expenditures were also negatively affected by global inflation during the three and six-month periods ended September 30, 2022.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended September 30, 2022, other capital development expenditures at Bloom Lake totalled $42.4 million, compared to $127.2 million in the same period in 2021. During the three-month period ended September 30, 2022, the expenditures mainly consisted of $26.2 million in Phase II capital expenditures, $5.1 million in borrowing costs which were capitalized during the development of the Phase II project, and $4.5 million in deposits for production equipment to be commissioned and financed in the future through the finance agreement with Caterpillar Financial Services Limited. During the three-month period ended September 30, 2022, other capital development expenditures were offset by the receipt of a government grant totalling $5.2 million related to the Company's greenhouse gas emissions and energy consumption reduction initiatives, compared to $6.2 million in the same prior-year period. The Company qualified for total grants of up to $21.8 million.

During the six-month period ended September 30, 2022, other capital development expenditures at Bloom Lake totalled $138.1 million, compared to $220.4 million in the same prior-year period. During the six-month period ended September 30, 2022, the expenditures mainly consisted of $94.0 million in Phase II capital expenditures, $19.2 million in deposits for production equipment, and $9.6 million in borrowing costs. Other capital development expenditures were offset by the receipt of a government grant totalling $5.2 million as detailed above, compared to $6.2 million in the same period in 2021.

During the three and six-month periods ended September 30, 2021, the expenditures mainly comprised of Phase II capital expenditures, lodging infrastructure investments at the mine site required to accommodate an increasing workforce, prepayments for production equipment and increases in mill capacity and other infrastructure improvements.

6. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on October 27, 2022 at 8:30 AM (Montréal time) / 11:30 PM (Sydney time). Listeners may access a live webcast of the conference call from the Investors section of the Company's website at www.championiron.com/investors/events-presentations or by dialing toll free 1-888-390-0546 within North America or +1-800-076-068 from Australia.

An online archive of the webcast will be available by accessing the Company's website at www.championiron.com/investors/events-presentations. A telephone replay will be available for one week after the call by dialing +1-888-390-0541 within North America or +1-416-764-8677 overseas, and entering passcode 477793 #.

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 two concentrators that primarily source energy from renewable hydroelectric power. The Bloom Lake Phase I and Phase II plants have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality concentrate. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to the Bloom Lake Mining Complex, 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 press release includes certain information and statements that may constitute “forward-looking information” under applicable Canadian securities legislation. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control.

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 are forward-looking statements. Forward-looking statements include Management’s expectations regarding: (i) the partnership with Innu Takuaikan Uashat Mak Mani-Utenam and Comité sectoriel de main d'oeuvre de l'industrie des mines, to implement training programs aimed at increasing collaboration between Innu partners and Champion; (ii) the Company's Phase II expansion project, its expected transitional start-up costs to support commercial production, lower recovery circuit rates, economic benefits, impact on nameplate capacity and milestones; (iii) the potential to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and the feasibility study evaluating the reprocessing and infrastructure required to convert approximately half of Bloom Lake’s increased nameplate capacity of 15 Mtpa towards commercially producing a 69% Fe DR pellet feed product and its completion timeline; (iv) the feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets and its anticipated completion date; (v) the Kami Project's feasibility, its purpose and anticipated completion date; (vi) the reduction of the Company's freight premium volatility under freight agreements; (vii) the shift in steel industry production methods and expected rising demand for higher-grade iron ore products and the transition of the Company’s product offering; and (viii) the impact of iron ore prices fluctuations on the Company and the occurrence of certain events and their impact on iron ore prices and demand for high-grade iron ore products.

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; timing and uncertainty of industry shift to Green Steel and EAF; 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; and the effects of catastrophes and public health crises, including the impact of COVID-19 on the global economy, the iron ore market and Champion's operations, as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2022 Annual Report and Annual Information Form for the financial year ended March 31, 2022, 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. 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 press release: US$ (United States dollar), CA$ (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), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex) and Phase II (Phase II expansion project). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. IFRS refers to International Financial Reporting Standards.

For further information, please contact:

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

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

Copies of the Company's unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis ("MD&A") for the three and six-month periods ended September 30, 2022 are available under the Company's profile on SEDAR (www.sedar.com), on the ASX (www.asx.com.au) and the Company's website (www.championiron.com).

[1] This 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 measures 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 and six-month periods ended September 30, 2022, available on SEDAR at www.sedar.com, 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 and six-month periods ended September 30, 2022, included in note 6 - Key Drivers, available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

[3] See the "Cautionary Note Regarding Forward-Looking Statements" section of this press release.

Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this press release, 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 a substitute 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 September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
(in thousands of dollars)				
Income before income and mining taxes	**45,511**	189,564	**116,459**	580,957
Net finance costs	**10,765**	1,012	**14,955**	5,399
Depreciation	**28,055**	9,437	**47,847**	19,396
EBITDA	**84,331**	200,013	**179,261**	605,752
Revenues	**300,621**	331,006	**579,942**	876,414
EBITDA margin	**28%**	60%	**31%**	69%

Adjusted Net Income and Adjusted EPS

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
(in thousands of dollars except per share)				
Net Income	**19,530**	114,596	**61,084**	338,935
Cash items				
Loss (gain) on disposal of non-current investments	**—**	232	**—**	(176)
Incremental costs related to COVID-19	**305**	1,099	**1,145**	3,167
Bloom Lake Phase II start-up costs	**15,391**	4,613	**34,867**	4,613
	15,696	5,944	**36,012**	7,604
Tax effect of adjustments listed above[1]	**(5,964)**	(2,228)	**(13,684)**	(3,118)
Adjusted net income	**29,262**	118,312	**83,412**	343,421
Weighted average number of ordinary shares outstanding - Basic	**517,104,000**	506,429,000	**516,899,000**	506,351,000
Adjusted EPS	**0.06**	0.23	**0.16**	0.68

[1] The tax effect of adjustments is calculated using the applicable tax rate.

Available Liquidity

	As at September 30, 2022	As at June 30, 2022
Cash and cash equivalents	**276,858**	155,924
Short-term investments	**562**	31,161
Undrawn amounts under credit facilities	**309,002**	383,941
Available liquidity	**586,422**	571,026

C1 cash Cost

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,793,400**	1,953,900	**4,807,300**	3,928,600
(in thousands of dollars except per tonne)				
Cost of sales	**199,841**	110,884	**369,248**	231,730
Less: Incremental costs related to COVID-19	**(305)**	(1,099)	**(1,145)**	(3,167)
Less: Bloom Lake Phase II start-up costs	**(15,391)**	—	**(34,867)**	—
	184,145	109,785	**368,103**	228,563
C1 cash cost (per dmt sold)	**65.9**	56.2	**69.3**	58.2

All-In Sustaining Cost

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,793,400**	1,953,900	**4,807,300**	3,928,600
(in thousands of dollars except per tonne)				
Cost of sales	**199,841**	110,884	**369,248**	231,730
Less: Incremental costs related to COVID-19	**(305)**	(1,099)	**(1,145)**	(3,167)
Less: Bloom Lake Phase II start-up costs	**(15,391)**	—	**(34,867)**	—
Sustaining capital expenditures	**36,181**	26,461	**63,126**	43,228
G&A expenses	**8,564**	7,548	**20,836**	15,352
	228,890	143,794	**417,198**	287,143
AISC (per dmt sold)	**81.9**	73.6	**86.8**	73.1

Cash Operating Margin and Cash Profit Margin

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,793,400**	1,953,900	**4,807,300**	3,928,600
(in thousands of dollars except per tonne)				
Revenues	**300,621**	331,006	**579,942**	876,414
Net average realized selling price (per dmt sold)	**107.6**	169.4	**120.6**	223.1
AISC (per dmt sold)	**81.9**	73.6	**86.8**	73.1
Cash operating margin (per dmt sold)	**25.7**	95.8	**33.8**	150.0
Cash profit margin	**24%**	57%	**28%**	67%

Gross Average Realized Selling Price per dmt Sold

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	**2022**	2021
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,793,400**	1,953,900	**4,807,300**	3,928,600
(in thousands of dollars except per tonne)				
Revenues	**300,621**	331,006	**579,942**	876,414
Provisional pricing adjustments	**20,931**	11,229	**36,599**	(49,666)
Freight and other costs	**117,131**	85,219	**205,492**	153,026
Gross revenues	**438,683**	427,454	**822,033**	979,774
Gross average realized selling price (per dmt sold)	**157.0**	218.8	**171.0**	249.4