

CHAMPION IRON REPORTS ITS FY2024 SECOND QUARTER RESULTS, DECLARES DIVIDEND AND ADVANCES THE DRPF PROJECT

- Record quarterly production of 3.45M wmt, revenue of \$388M, EBITDA of \$155M¹, EPS of \$0.13
 - Declared a dividend of \$0.10 per ordinary share
 - DRPF Project remains on schedule with completion of work programs

Montréal, October 25, 2023 [Sydney, October 26, 2023] - Champion Iron Limited [TSX: CIA] [ASX: CIA] [OTCQX: CIAFF] ["Champion" or the "Company"] is pleased to announce its operational and financial results for the 2024 financial year second quarter ended September 30, 2023.

Conference Call Details

Champion will host a conference call and webcast on October 26, 2023, at 9:00 AM [Montréal time] / October 27, 2023, at 12:00 AM [Sydney time] to discuss the results for the financial second quarter ended September 30, 2023. Call details are outlined at the end of this press release.

Champion's CEO, Mr. David Cataford, said: "Thanks to its agility, our team achieved a new quarterly production record of 3.45 million wmt. Following the quarter end, our team realized the full potential of Bloom Lake with production levels now reaching its expanded nameplate capacity of 15 Mtpa in the most recent 30 days. Our operating costs per tonne are also on track to continue improving as we benefit from continuous optimization work programs. Additionally, we remain confident in our ability to advance the Direct Reduction Pellet Feed Project ("DRPF Project") to potential completion by the second half of calendar 2025. This project will not only continue to benefit the Québec Côte-Nord region, but it is also essential for supplying a critical raw material required for the accelerating shift towards green steelmaking."

1. Highlights

Sustainability and Health & Safety

- No serious injuries and no major environmental incidents reported in the quarter;
- Appointed Ms. Jessica McDonald to the Board at the Company's Annual General Shareholders' Meeting held in August 2023. Ms. McDonald brings extensive leadership and directorship experience to the Company and this appointment enabled Champion to exceed the 30% female Board representation threshold that the Company committed to in its 2022 Sustainability Report;
- Recognized National Day for Truth and Reconciliation on September 30 for the second year in a row, by organizing full day workshops and commemoration activities aimed at familiarizing Champion's employees with the Innu culture;
- Concluded a 10-year financial partnership with the Innu Nikamu Festival, one of the most important events celebrating First Nations music and art in North America, to help promote and increase awareness of the Innu culture and language; and
- Participated in several community engagements, including fundraising events to support local residents fighting cancer and struggling local families, sponsorship of the annual First Nations and Québec Regional Economic Circle, contributions to local facilities to promote First Nations employment and several 2023 scholarships offered in sports, arts and recreation to encourage young people from the Innu community to pursue their studies.

Operations and Finance

- Achieved a record quarterly production of 3.45 million wmt of high-grade 66.1% Fe concentrate for the three-month period ended September 30, 2023, an increase of 21%, compared to the same period last year due to the continued solid performance of Phase II since achieving commercial production in December 2022. Record production was realized despite several days of unscheduled outage related to a major crusher ore belt failure in one of the Company's conveyor systems, affecting the availability of the Phase II concentrator;
- Realized a record quarterly material mined and hauled of nearly 17 million wmt for the three-month period ended September 30, 2023, up 14% from the previous quarter, enabled by the contribution of additional mining equipment commissioned during the financial year. Ore milled by both plants reached a new high at 10 million wmt for the three-month period ended September 30, 2023, up 4% from the previous quarter, enabled by ongoing infrastructure optimization. With the solid performance of the mine and the processing plants, the Company continues its progress towards reaching its expanded 15 Mtpa production nameplate capacity;
- Quarterly iron ore concentrate sales of 2.9 million dmt for the three-month period ended September 30, 2023, comparable to the same period in 2022, and up 12% from the previous quarter, as railway capacity gradually resumed after the June 2023 forest fires. Shipments during the period were also impacted by the railway service provider's annual planned maintenance lasting several days, together with a few days' outage caused by a train derailment in the northern switching yard, which fortunately caused no injuries or negative environmental impact. As a result, the Company had 1.6 million wmt of iron ore concentrate stockpiled at Bloom Lake as at September 30, 2023. With additional locomotives in service and rail operations resuming at full capacity after the scheduled maintenance in September 2023, the Company expects its tonnage sold to meet and possibly exceed tonnage produced as it clears iron ore concentrate inventories at the mine site in upcoming periods;
- Cost of sales was \$73.7/dmt¹ [US\$55.0/dmt]², a decrease of 9% for the three-month period ended September 30, 2023, compared to \$81.3/dmt¹ [US\$60.5/dmt]² in the previous quarter, positively impacted by semi-annual railway services trailing fuel price adjustments and by higher shipment volumes amortizing fixed handling costs at the port. The cost of sales per dmt sold slightly increased, compared to \$71.5/dmt¹ [US\$54.8/dmt]² for the same period in 2022, and continued to be negatively impacted by the utilization of contractors to fill vacant positions, higher maintenance costs driven by planned and unplanned maintenance activities and below normal run rate shipment levels to amortize mostly fixed costs at the port facilities in Sept-Îles;
- Revenues of \$387.6 million for the three-month period ended September 30, 2023 (\$300.6 million for the same period in 2022), net cash flow from operating activities of \$162.2 million (\$87.1 million for the same period in 2022), EBITDA of \$155.0 million¹ (\$84.3 million¹ for the same period in 2022) and net income of \$65.3 million with EPS of \$0.13 (\$19.5 million with EPS of \$0.04 for the same period in 2022);
- Strong cash position and liquidity at quarter-end with \$316.5 million in cash and cash equivalents and short-term investments as at September 30, 2023 (\$277.4 million as at September 30, 2022), an increase of \$66.2M since June 30, 2023, and available liquidity, including amounts available from the Company's credit facilities, totalling \$645.9 million¹ at quarter-end, compared to \$579.2 million¹ as at June 30, 2023; and
- Fifth consecutive semi-annual dividend of \$0.10 per ordinary share declared on October 25, 2023 (Montréal time) / October 26, 2023 (Sydney time), in connection with the semi-annual results for the period ended September 30, 2023.

Direct Reduction Pellet Feed Project Update

- Cumulative investments totalled \$28.9 million, as at September 30, 2023, from previously approved initial budgets, including ongoing detailed engineering work and on-site activities, in preparation for upcoming civil work programs; and
- Work programs completed to date secured the project completion timeline, scheduled for the second half of calendar year 2025 pending a final investment decision, which is expected in the near term.

Other Growth and Development

- The Company continues to pursue organic growth opportunities, with the Kamistiatusset iron ore project (the "Kami Project")'s feasibility study, evaluating the viability to produce a Direct Reduction ("DR") grade pellet feed product, and an additional study, in collaboration with a major international steelmaking partner, to re-commission the Pointe-Noire Iron Ore Pelletizing Facility (the "Pellet Plant") to produce DR grade pellets. Both studies are expected to be completed in the near term; and
- Issued a technical report in respect of Bloom Lake prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and Chapter 5 of the ASX Listing Rules entitled "Mineral Resources and Mineral Reserves for the Bloom Lake Mine, Fermont, Québec, Canada", prepared by BBA Inc., SRK Consulting (U.S.), Inc., Soutex and Quebec Iron Ore Inc. and dated September 28, 2023 (the "2023 Technical Report"), confirming the 18-year LoM, based on the mineral reserves, with an opportunity to extend operations beyond the LoM plan, with a 40% increase to the measured and indicated resources and a 360% increase to

inferred resources.

2. Bloom Lake Mine Operating Activities

	Three Months Ended September 30,			Six Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Operating Data						
Waste mined and hauled (wmt)	6,264,600	4,572,900	37%	11,463,100	10,178,900	13%
Ore mined and hauled (wmt)	10,593,600	8,214,700	29%	20,187,100	14,407,800	40%
Material mined and hauled (wmt)	16,858,200	12,787,600	32%	31,650,200	24,586,700	29%
Stripping ratio	0.59	0.56	5%	0.57	0.71	(20%)
Ore milled (wmt)	10,339,700	8,102,700	28%	20,235,300	14,124,900	43%
Head grade Fe (%)	28.2	29.5	(4%)	28.5	30.2	(6%)
Fe recovery (%)	77.8	78.6	(1%)	78.0	79.3	(2%)
Product Fe (%)	66.1	66.1	—%	66.1	66.1	—%
Iron ore concentrate produced (wmt)	3,447,200	2,857,300	21%	6,844,400	5,139,900	33%
Iron ore concentrate sold (dmt)	2,883,800	2,793,400	3%	5,447,300	4,807,300	13%

Impact of Forest Fires

Forest fires emerged on May 28, 2023, north of Sept-Îles, Québec, resulting in railway service interruptions between Bloom Lake and the port of Sept-Îles between May 30 and June 10, 2023. There was no damage to Champion's facilities and no significant damage was identified to the railway following inspections by its operator besides the destruction of the power and communication line on the affected rail sections. As forest fires subsided in the region, railway services resumed at partial capacity on June 10, 2023, until they returned to normal levels during the quarter ended September 30, 2023, after repairs to the damaged electrical poles and wires over several kilometers were completed. As a result, shipments and sales were impacted in the first half of the 2024 financial year.

Despite supply chain challenges caused by multiple highway closures impacting operations, Bloom Lake operated continuously throughout the railway interruptions and stockpiled iron ore concentrate at the mining complex. The Company responded to the situation by triggering its emergency response plan and managed supply chain risks by focusing mine operations on critical activities required to feed the two plants. This impacted the Company's ability to move waste and generate blasted ore inventory in the first quarter of the 2024 financial year. The Company also used its crusher's stockpiles to supply the two plants during that period and suffered from a short power outage which impacted operations for a full day.

As at September 30, 2023, the Company had 1.6 million wmt of iron ore concentrate in inventory at the Bloom Lake site. Although the recent commissioning of three additional locomotives received in June 2023 had a positive impact on the volume of concentrate transported to Sept-Îles, it was offset by an annual planned maintenance shutdown of the railway facilities lasting several days and its reduced capacity in the first half of the quarter, as well as a few days' outage caused by a train derailment. The Company and its rail service provider are working diligently to maximize the transportation of tonnes from Bloom Lake to Sept-Îles. The Company expects its stockpiled iron ore concentrate at Bloom Lake to be shipped and sold over several upcoming quarters. The Company also expects to incur additional rehandling costs in future periods to reclaim the iron ore concentrate from the stockpile.

Phase II Update

Phase II reached commercial production in December 2022 and the Company continued to make improvements to stabilize and optimize operations. As expected when delivering a project of this scale, the Company faced challenges, including delays in deliveries and commissioning of mining equipment, creating inefficiencies across the site, which negatively impacted the Company's ability to reach its full expanded nameplate capacity. Phase II produced at nameplate capacity for thirty consecutive days for the first time during the first quarter of the 2024 financial year. Considering its success in increasing its production at the mine and ore material milled quarter after quarter, and ongoing work programs, the Company continues its progress towards reaching its expanded 15 Mtpa production nameplate capacity on a consistent basis. Those programs aim to increase throughput and ore recoveries, optimize and synchronize operations, and adapt maintenance practices.

The main Phase II work on third-party infrastructure was completed in the three-month period ended September 30, 2023, further positioning the Company to benefit from additional flexibility and capacity to handle the Company's expanded nameplate capacity at the port facilities in

Sept-Îles. The recent commissioning of the stacker reclaimer and associated conveyors, and three additional locomotives required to support the expanded production capacity should positively impact the Company's shipment capacity and vessel loading time.

Operational Performance

Second Quarter of the 2024 Financial Year vs Second Quarter of the 2023 Financial Year

In the three-month period ended September 30, 2023, 16.9 million tonnes of material were mined and hauled, compared to 12.8 million tonnes during the same period in 2022, an increase of 32%, attributable to the contribution of additional equipment commissioned during the financial year. This also represents a 14% improvement over the volume mined and hauled in the previous quarter due to a higher utilization of mining equipment associated with an increase in the number of operators and better equipment availability. The stripping ratio of 0.59 for the three-month period ended September 30, 2023, is comparable to the same period in 2022, and increased as planned, compared to 0.54 in the previous quarter.

During the three-month period ended September 30, 2023, an unscheduled outage related to a major crusher ore belt failure in one of the Company's conveyor systems negatively impacted the availability of the Phase II concentrator for several days. Despite this situation, the two plants processed 10.3 million tonnes of ore during the three-month period ended September 30, 2023, compared to 8.1 million tonnes for the same prior-year period, an increase of 28%, driven by the progress of the Phase II ramp-up to reach Bloom Lake's expanded production nameplate capacity of 15 Mtpa. Material processed by the two plants also increased by 4%, compared to 9.9 million tonnes in the previous quarter, and reached the two mills feed nameplate capacity during the three-month period ended September 30, 2023.

The iron ore head grade for the three-month period ended September 30, 2023, was 28.2%, compared to 29.5% for the same period in 2022, and 28.8% during the previous quarter. The variation in head grade was within expected normal variations in the mine plan.

The Company's average Fe recovery rate was 77.8% for the three-month period ended September 30, 2023, compared to 78.6% for the same period in 2022, and 78.2% during the previous quarter. In the context of constrained rail capacity, the Company adjusted the mine plan to process more challenging ore from some areas, which negatively impacted recovery rates during the period. The Company remains confident in its ability to reach the average LoM expected Fe recovery rate target of 82.0% in upcoming quarters at Bloom Lake, as detailed in the 2023 Technical Report.

Despite the impact of an unscheduled outage lasting several days to repair a conveyor system, and lower head grade and recovery, the two processing plants delivered a record production of 3.45 million wmt of high-grade iron ore concentrate during the three-month period ended September 30, 2023, an increase of 21% compared to 2.9 million wmt during the same period in 2022 and an increase of 1.5% compared to the previous quarter.

First Six Months of the 2024 Financial Year vs First Six Months of the 2023 Financial Year

The Company mined and hauled 31.7 million tonnes of material during the six-month period ended September 30, 2023, compared to 24.6 million tonnes for the same period in 2022, an increase of 29% driven by additional mining equipment in operation.

The stripping ratio was 0.57 for the six-month period ended September 30, 2023, compared to 0.71 for the same period in 2022, slightly lower than the Company's plan for the 2024 financial year. The Company strategically focused on mining ore in the first months of the 2024 financial year with a reduced mining equipment capacity and limited fuel reserves caused by supply challenges related to the June 2023 forest fires, as fuel inventories were prioritized for critical activities.

The two plants processed 20.2 million tonnes of ore during the six-month period ended September 30, 2023, an increase of 43% over the same period in 2022, and produced a record of 6.8 million wmt of high-grade iron ore concentrate, compared to 5.1 million wmt for the same period in 2022, benefiting from the Phase II ramp-up.

The iron ore head grade of 28.5% for the six-month period ended September 30, 2023, is consistent with the LoM head grade average. The lower average Fe recovery rate for the six-month period ended September 30, 2023, was mainly attributable to the processing of more challenging ore from some areas in the pits and to a slight backlog in the recovery circuit maintenance due to significant efforts deployed on solving conveying challenges in the past months. Significant improvements were made to increase the reliability and productivity of the Company's crushed ore conveying systems which should allow the Company to resume its proven ability to stabilize and optimize its recovery circuits.

3. Financial Performance

	Three Months Ended September 30,			Six Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Financial Data (in thousands of dollars)						
Revenues	387,568	300,621	29%	684,730	579,942	18%
Cost of sales	212,584	199,841	6%	421,069	369,248	14%
Other expenses	20,192	16,839	20%	39,837	32,444	23%
Net finance costs	11,634	10,765	8%	18,560	14,955	24%
Net income	65,281	19,530	234%	81,938	61,084	34%
EBITDA ¹	155,036	84,331	84%	220,841	179,261	23%
Statistics (in dollars per dmt sold)						
Gross average realized selling price ¹	169.4	157.0	8%	169.1	171.0	(1%)
Net average realized selling price ¹	134.4	107.6	25%	125.7	120.6	4%
C1 cash cost ¹	73.7	65.9	12%	77.3	69.3	12%
AISC ¹	99.1	81.9	21%	96.7	86.8	11%
Cash operating margin ¹	35.3	25.7	37%	29.0	33.8	(14%)

A. Revenues

Second Quarter of the 2024 Financial Year vs Second Quarter of the 2023 Financial Year

Revenues totalled \$387.6 million for the three-month period ended September 30, 2023, compared to \$300.6 million for the same period in 2022, due to a higher IODEX 65% Fe CFR China Index ("P65"), lower freight and other costs, a weaker Canadian dollar over the same prior-year period and a slight increase in sales volume to 2.9 million tonnes of high-grade iron ore concentrate, compared to 2.8 million tonnes for the same period in 2022.

As expected, sales volume for the period was affected by the reduced railway capacity at the beginning of the quarter due to the forest fires in June 2023 and a scheduled maintenance of the railway facilities lasting several days. A few days' unplanned interruption caused by a train derailment, which fortunately caused no injuries or environmental impact, also restricted the transport of iron ore concentrate to the port of Sept-Îles. With additional locomotives in service and rail operations resuming at full capacity, the Company expects its tonnage sold to exceed tonnage produced as it clears iron ore concentrate inventories at the mine site in upcoming periods.

The gross average realized price was US\$126.2/dmt¹ during the second quarter of the 2024 financial year, up from US\$120.6/dmt¹ for the same period last year, due to higher P65 index prices. During the three-month period ended September 30, 2023, the P65 index averaged US\$125.0/dmt, an increase of 8% from the same quarter last year, representing a premium of 9.6% over the IODEX 62% Fe CFR China Index ("P62") average price of US\$114.0/dmt. Last year, the high-grade premium over the P62 index averaged 11.8%. The decline in premiums for high-grade iron ore for the quarter was mainly due to lower European steel output, a key consuming region for high-grade iron ore, struggling profitability at global steel mills together with the robust seasonal seaborne supply of high-grade iron ore.

The gross average realized selling price of US\$126.2/dmt¹ was higher than the P65 index average price of US\$125.0/dmt for the period, due to the 1.3 million tonnes in transit as at September 30, 2023, that were provisionally priced using an average forward price of US\$125.9/dmt, which is higher than the P65 index average price for the period. Gross selling price on sale contracts using backward-looking iron ore index prices for the three-month period ended September 30, 2023, were also slightly higher than to the P65 index average price for the period.

The average C3 Baltic Capesize Index ("C3") for the three-month period ended September 30, 2023, was US\$20.3/t compared to US\$24.0/t for the same period in 2022, representing a decrease of 15%, comparable to the decrease in the Company's freight and other costs in the three-month period ended September 30, 2023. While the C3 index declined from the previous quarter average of US\$21.1/t, the Company's freight cost increased quarter on quarter to US\$26.4/dmt due to sales contracts using backward-looking C3 index prices.

Provisional pricing adjustments on previous quarterly sales of \$1.6 million were recorded during the three-month period ended September 30, 2023, representing a positive impact of US\$0.5/dmt over the total volume of 2.9 million dmt sold during the period. This was due to a slight increase in the P65 index in the first half of the quarter. During the three-month period ended September 30, 2023, a final average price of US\$122.4/dmt was established for the 1.4 million tonnes of iron ore that were in transit as at June 30, 2023, and which were previously evaluated using an average expected price of US\$121.2/dmt.

After taking into account sea freight and other costs of US\$26.4/dmt and the positive provisional pricing adjustment of US\$0.5/dmt, the

Company obtained a net average realized selling price of US\$100.3/dmt [C\$134.4/dmt]¹ for its high-grade iron ore shipped during the period.

First Six Months of the 2024 Financial Year vs First Six Months of the 2023 Financial Year

Revenues totalled \$684.7 million for the six-month period ended September 30, 2023, compared to \$579.9 million for the same period in 2022, due to higher sales and higher net average realized selling prices in Canadian dollars, attributable to the weaker Canadian dollar over the same prior-year period.

For the six-month period ended September 30, 2023, the Company sold 5.4 million tonnes of iron ore concentrate, compared to 4.8 million tonnes for the same prior-year period. This represents an increase of 13% year-over-year due to Phase II achieving commercial production in December 2022. Sales volumes during the six-month period ended September 30, 2023, were negatively impacted by twelve days of railway interruptions from May 30 to June 10, 2023, due to forest fires in Québec and reduced service capacity extending into the early part of the second quarter ended September 30, 2023. As discussed above, shipments during the first half of the financial year were also impacted by planned and unplanned rail service interruptions.

The high-grade iron ore P65 index price averaged US\$124.5/dmt for the six-month period ended September 30, 2023, representing a decrease of 9% from the period last year. The Company sold its product at a gross average realized selling price of US\$126.0/dmt¹. Benefiting from a premium product, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. Deducting sea freight and other costs of US\$26.1/dmt and the negative provisional pricing adjustments of US\$6.1/dmt, the Company obtained a net average realized selling price of US\$93.8/dmt [C\$125.7/dmt]¹ for its high-grade iron ore concentrate.

B. Cost of Sales and C1 Cash Cost

Second Quarter of the 2024 Financial Year vs Second Quarter of the 2023 Financial Year

For the three-month period ended September 30, 2023, the cost of sales totalled \$212.6 million with a cost of sales per tonne sold of \$73.7/dmt¹, compared to \$199.8 million and \$71.5/dmt¹ for the same period in 2022. The cost of sales per dmt sold dropped significantly during the three-month period ended September 30, 2023, as expected, compared to \$81.3/dmt¹ for the first quarter, with increased shipments and semi-annual fuel price adjustments based on trailing prices, positively impacting rail service costs.

The cost of sales for the three-month period ended September 30, 2023, continued to be negatively impacted by the utilization of contractors to fill vacant positions, high maintenance costs relating to planned and unplanned maintenance activities, including costs associated with a breakdown in one of the Company's conveyor systems and below normal run rate shipment levels during the quarter to amortize mostly fixed costs at the port facilities in Sept-Îles. The Company also incurred rehandling costs at the mine site during the period. This was partially mitigated by lower fuel and explosives prices, and higher production levels.

Mining and processing costs for the 3.4 million dmt produced in the three-month period ended September 30, 2023, totalled \$47.3/dmt produced, a decrease of 6% compared to \$50.3/dmt produced in the first quarter of the 2024 financial year, reflecting a stronger mining performance.

First Six Months of the 2024 Financial Year vs First Six Months of the 2023 Financial Year

For the six-month period ended September 30, 2023, the cost of sales totalled \$421.1 million, compared to \$369.2 million for the same period in 2022, with cost of sales per tonne sold of \$77.3/dmt¹, compared to \$76.8/dmt¹ for the six-month period ended September 30, 2022.

The cost of sales for the six-month period ended September 30, 2023, was impacted by the same factors that affected the cost of sales for the second quarter ended September 30, 2023.

Mining and processing costs for the 6.6 million dmt produced in the six-month period ended September 30, 2023, totalled \$48.8/dmt produced, compared to \$45.6/dmt produced in the same prior-year period.

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

C. Net Income & EBITDA

Second Quarter of the 2024 Financial Year vs Second Quarter of the 2023 Financial Year

For the three-month period ended September 30, 2023, the Company generated EBITDA of \$155.0 million¹, representing an EBITDA margin of 40%¹, compared to \$84.3 million¹, representing an EBITDA margin of 28%¹, for the same period in 2022. Higher EBITDA was mainly due to higher revenues, as described above.

For the three-month period ended September 30, 2023, the Company generated net income of \$65.3 million (EPS of \$0.13), compared to \$19.5 million (EPS of \$0.04) for the same period last year. The year-over-year increase in net income is attributable to higher gross profits partially offset by higher current income and mining taxes.

First Six Months of the 2024 Financial Year vs First Six Months of the 2023 Financial Year

For the six-month period ended September 30, 2023, the Company generated EBITDA of \$220.8 million¹, representing an EBITDA margin of 32%¹, compared to \$179.3 million¹, representing an EBITDA margin of 31%¹, for the same prior-year period. This year-over-year increase in EBITDA is mainly attributable to higher sales volumes following the commissioning of Phase II and the increase in the net average realized selling price in Canadian dollars due to the weaker Canadian dollar over the same prior-year period, partially offset by higher production costs.

For the six-month period ended September 30, 2023, the Company generated net income of \$81.9 million (EPS of \$0.16), compared to \$61.1 million (EPS of \$0.12) for the same prior-year period. The year-over-year increase in net income is mainly due to higher gross profit.

D. All In Sustaining Cost and Cash Operating Margin

During the three-month period ended September 30, 2023, the Company realized an AISC of \$99.1/dmt¹, compared to \$81.9/dmt¹ for the same period in 2022. The increase was due to higher C1 cash costs, higher sustaining capital expenditures and G&A expenses. Refer to section 5 – Cash Flows – Purchase of Property, Plant and Equipment for details on sustaining capital expenditures.

The Company generated a cash operating margin of \$35.3/dmt¹ for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2023, compared to \$25.7/dmt¹ for the same prior-year period. The variation is mainly due to a higher net average realized selling price for the period, partially offset by higher AISC.

During the six-month period ended September 30, 2023, the Company recorded an AISC of \$96.7/dmt¹, compared to \$86.8/dmt¹ for the same period in 2022. The increase was due to higher C1 cash costs as well as higher sustaining capital expenditures and G&A expenses per dmt sold.

The cash operating margin totalled \$29.0/dmt¹ for the six-month period ended September 30, 2023, compared to \$33.8/dmt¹ for the same prior-year period. The variation is mainly due to higher AISC, partially offset by a higher net average realized selling price in Canadian dollars.

4. Exploration Activities

Bloom Lake Mineral Resources and Reserves Update

The 2023 Technical Report, which was filed on October 3, 2023, confirmed the 18 years' LoM based on the mineral reserves with an average LoM yearly production of 15.2 million wmt of high purity iron ore concentrate at 66.2% Fe, an average iron metallurgical recovery of 82.0% and plant feed grade of 28.6% Fe. The 2023 Technical Report also confirmed an expansion opportunity considering a 40% increase to the measured and indicated resources and a 360% increase to the inferred resources.

The Company is not aware of any new information or data that materially affects the information included in the 2023 Technical Report and confirms that all material assumptions and technical parameters underpinning the estimates in the 2023 Technical Report continue to apply and have not materially changed.

The 2023 Technical Report can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

Exploration and Evaluation Activities

During the three and six-month periods ended September 30, 2023, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three and six-month periods ended September 30, 2023, \$4.6 million and \$7.3 million in exploration and evaluation expenditures were incurred, respectively, compared to \$0.9 million and \$3.1 million, respectively, for the same prior-year periods. During the three and six-month periods ended September 30, 2023, exploration and evaluation expenditures mainly consisted of costs associated with work related to updating the Kami Project feasibility study, claim renewal fees and claim staking around the Kami property. In addition, the Company started a 2000 metres diamond drill campaign for hydro geological characterization in September 2023, expected to be completed by the end of 2023. 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,	
	2023	2022	2023	2022
(in thousands of dollars)				
Tailings lifts	43,041	28,440	54,987	37,425
Stripping and mining activities	6,542	3,730	9,805	14,793
Mining equipment rebuild and replacement	10,683	4,011	15,235	10,908
Other sustaining capital expenditures	180	—	222	—
Sustaining capital expenditures	60,446	36,181	80,249	63,126
DRPF Project	16,938	—	28,021	—
Other capital development expenditures at Bloom Lake	13,002	42,403	37,786	138,072
Purchase of property, plant and equipment as per cash flows	90,386	78,584	146,056	201,198

Sustaining Capital Expenditures

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

The increase in stripping and mining activities during the three-month period ended September 30, 2023, compared to the same period in the previous financial year, is mainly attributable to investments made for the ongoing construction of additional access ramps for \$1.8 million. No stripping cost was capitalized during the three-month period ended September 30, 2023. The decrease in stripping and mining activities during the six-month period ended September 30, 2023, is due to the low level of waste moved at the mine due to limited mining equipment availability early in the period, until all equipment was fully commissioned. The stripping and mining activities for the six-month period ended September 30, 2023, were slightly lower than the Company's plan for the 2024 financial year, due to the prioritization of critical activities to mitigate the impacts of the forest fires in the first quarter.

The increase in the Company's mining equipment rebuild program for the three and six-month periods ended September 30, 2023, is attributable to the major overhaul of its growing mining fleet over the last two years to prepare for additional mining activities driven by the Company's expansion. The mining equipment rebuild program is in line with the Company's fleet management program for the 2024 financial year.

DRPF Project

During the three and six-month periods ended September 30, 2023, \$16.9 million and \$28.0 million, respectively, were spent in capital expenditures related to the DRPF Project. Investments mainly consisted of on-site preparation activities, engineering work and long lead-time equipment purchasing. Cumulative investments of \$28.9 million were deployed on the DRPF Project as at September 30, 2023.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended September 30, 2023, other capital development expenditures at Bloom Lake totalled \$13.0 million, compared to \$42.4 million in the same 2022 period. During the three-month period ended September 30, 2023, the expenditures mainly consisted of \$5.6 million in infrastructure improvements and conformity (\$7.1 million for the same period last year), \$6.8 million for the garage expansion to support the expanded fleet, and \$5.1 million in deposits for mining equipment (\$4.5 million for the same period last year). The expenditures for the same period last year also included \$26.2 million related to Phase II and \$5.1 million in capitalized borrowing costs. During the three-month periods ended September 30, 2023 and 2022, other capital development expenditures were partially offset by the receipt of a government grant of \$5.2M related to the Company's greenhouse gas emissions and energy consumption reduction initiatives.

During the six-month period ended September 30, 2023, other capital development expenditures at Bloom Lake totalled \$37.8 million, compared to \$138.1 million in the same prior-year period. During the six-month period ended September 30, 2023, the expenditures mainly consisted of \$14.6 million in infrastructure improvements and conformity (\$9.9 million for the same period last year), including the construction of two pads to expand the mine's capacity to stockpile concentrate near the loadout, \$15.2 million for the expansion of the garage, and \$11.7 million in deposits for mining equipment (\$19.2 million for the same period last year). The expenditures for the first six-month period of last year also included \$94.0 million related to Phase II and \$9.6 million in capitalized borrowing costs.

6. 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 press release and has confirmed that the relevant information is an accurate representation of the available data and studies for the relevant projects. 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 2023 Technical Report. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

7. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on October 26, 2023, at 9:00 AM (Montréal time) / October 27, 2023, at 12:00 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 509012 #.

About Champion Iron Limited

Champion, through its wholly-owned subsidiary Quebec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The two concentrators have a combined nameplate capacity of 15 Mtpa and produce low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. In January 2023, the Company announced the positive findings of a study evaluating the upgrade of half of the Bloom Lake mine's capacity to a direct reduction quality pellet feed iron ore and approved an initial budget to advance the project. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the 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.

Cautionary Note Regarding Forward-Looking Statements

This press release includes certain information and statements that may constitute "forward-looking information" under applicable Canadian securities laws. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

Specific Forward-Looking Statements

All statements, other than statements of historical facts included in this press release that address future events, developments or performance that Champion expects to occur are forward-looking statements. Forward-looking statements include, among other things, Management's expectations regarding: (i) the Company's Phase II expansion project, its expected achievement of nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity, milestones and associated costs; (ii) Bloom Lake's life of mine, recovery rates, production metrics, economic and other benefits; (iii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa to commercially produce a DR quality pellet feed iron ore, expected project timeline, upcoming works, approvals and benefits; (iv) the study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets, including its anticipated completion timeline; (v) the Kami Project's feasibility study, its purpose, including evaluating the potential to produce a DR grade product, and anticipated completion timeline; (vi) the shift in steel industry production methods towards reducing emissions and green steel production methods, including expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, and the Company's participation therein, contribution thereto and positioning in connection therewith, including the transition of the Company's product offering (including producing high quality DRPF products) and expected benefits thereof; (vii) collaboration between First Nations and

Champion; (viii) optimization work programs, their objectives and expected results and impact on production and financial results; (ix) benefits and expected impact of recently commissioned equipment on production and the Company's shipping capacity; (x) shipping and sales of accumulated concentrate inventories and related rehandling costs and their impact on cost of sales; (xi) the Company's mining equipment rebuild program, fleet management program, tailings investment plan and related investments and benefits; (xii) production and recovery rate targets and the Company's performance; (xiii) pricing of the Company's products; (xiv) the Company's expected iron ore concentrate production and sales; (xv) the Company's iron ore concentrate pricing trends compared to the P65 index; (xvi) exploration programs and their anticipated completion timeline; and (xvii) the Company's growth and opportunities generally.

Deemed 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.

Risks

Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed in forward-looking statements include, without limitation: (i) the results of feasibility studies; (ii) changes in the assumptions used to prepare feasibility studies; (iii) project delays; (iv) timing and uncertainty of industry shift to green steel and Electric Arc Furnaces; (v) continued availability of capital and financing and general economic, market or business conditions; (vi) general economic, competitive, political and social uncertainties; (vii) future prices of iron ore; (viii) future transportation costs; (ix) failure of plant, equipment or processes to operate as anticipated; (x) delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; and (xi) the effects of catastrophes and public health crises, including the impact of COVID-19 on the global economy, the iron ore market and Champion's operations, as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2023 Annual Report, Annual Information Form and MD&A for the financial year ended March 31, 2023, which are available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and the Company's website at www.championiron.com. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

Additional Updates

All of Champion's forward-looking information contained in this press release is given as of the date hereof or such other date or dates specified in the forward-looking statements and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of the forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

Abbreviations

Unless otherwise specified, all dollar figures stated herein are expressed in millions of Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations and definitions are used throughout this press release: US\$ (United States dollar), C\$ (Canadian dollar), Fe (iron ore), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), LoM (life of mine), G&A (general and administrative), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining cost), EPS (earnings per share), Board (Board of Directors), Management (Champion's management team), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex) and Phase II (Phase II expansion project). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. "IFRS" refers to International Financial Reporting Standards.

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.

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

¹This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the section below — Non-IFRS and Other Financial Measures for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable. Additional details for these non-IFRS and other financial measures, have been incorporated by reference and can be found in section 21 of the Company's MD&A for the three and six-month periods ended September 30, 2023, available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

²See the "Currency" section of the MD&A for the three and six-month periods ended September 30, 2023, included in note 7 — Key Drivers, available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this 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 substitutes for measures of performance prepared in accordance with IFRS. The exclusion of certain items from non-IFRS financial measures does not imply that these items are necessarily non-recurring.

EBITDA and EBITDA Margin

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
(in thousands of dollars)				
Income before income and mining taxes	112,187	45,511	141,153	116,459
Net finance costs	11,634	10,765	18,560	14,955
Depreciation	31,215	28,055	61,128	47,847
EBITDA	155,036	84,331	220,841	179,261
Revenues	387,568	300,621	684,730	579,942
EBITDA margin	40%	28%	32%	31%

Available Liquidity

	As at September 30, 2023	As at June 30, 2023
Cash and cash equivalents	316,530	250,340
Undrawn amounts under credit facilities	329,386	328,835
Available liquidity	645,916	579,175

C1 Cash Cost

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Per tonne sold				
Iron ore concentrate sold (dmt)	2,883,800	2,793,400	5,447,300	4,807,300
(in thousands of dollars except per tonne)				
Cost of sales	212,584	199,841	421,069	369,248
Less: Incremental costs related to COVID-19	—	(305)	—	(1,145)
Less: Bloom Lake Phase II start-up costs	—	(15,391)	—	(34,867)
	212,584	184,145	421,069	333,236
C1 cash cost (per dmt sold)	73.7	65.9	77.3	69.3

All-In Sustaining Cost

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Per tonne sold				
Iron ore concentrate sold (dmt)	2,883,800	2,793,400	5,447,300	4,807,300
(in thousands of dollars except per tonne)				
Cost of sales	212,584	199,841	421,069	369,248
Less: Incremental costs related to COVID-19	—	(305)	—	(1,145)
Less: Bloom Lake Phase II start-up costs	—	(15,391)	—	(34,867)
Sustaining capital expenditures	60,446	36,181	80,249	63,126
G&A expenses	12,729	8,564	25,678	20,836
	285,759	228,890	526,996	417,198
AISC (per dmt sold)	99.1	81.9	96.7	86.8

Cash Operating Margin and Cash Profit Margin

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Per tonne sold				
Iron ore concentrate sold (dmt)	2,883,800	2,793,400	5,447,300	4,807,300
(in thousands of dollars except per tonne)				
Revenues	387,568	300,621	684,730	579,942
Net average realized selling price (per dmt sold)	134.4	107.6	125.7	120.6
AISC (per dmt sold)	99.1	81.9	96.7	86.8
Cash operating margin (per dmt sold)	35.3	25.7	29.0	33.8
Cash profit margin	26%	24%	23%	28%

Gross Average Realized Selling Price per dmt Sold

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Per tonne sold				
Iron ore concentrate sold (dmt)	2,883,800	2,793,400	5,447,300	4,807,300
(in thousands of dollars except per tonne)				
Revenues	387,568	300,621	684,730	579,942
Provisional pricing adjustments	(1,559)	20,931	45,247	36,599
Freight and other costs	102,411	117,131	191,108	205,492
Gross revenues	488,420	438,683	921,085	822,033
Gross average realized selling price (per dmt sold)	169.4	157.0	169.1	171.0