

CHAMPION IRON

April 30, 2019

ASX Market Announcements
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge St
Sydney NSW2000

Quarterly Activities Report for the period ended March 31, 2019

Champion Iron Limited (the “Company” or “Champion”) (ASX:CIA ; TSX:CIA) is pleased to report fourth quarter production of 1,802,000 wet metric tonnes (“wmt”) of high grade 66.3% iron ore concentrate from the Company’s flagship Bloom Lake mine (“Bloom Lake”), located in the Labrador Trough near Fermont, Quebec.

All amounts are in Canadian dollars unless otherwise indicated.

HIGHLIGHTS:

- Cash on hand totaling \$153 million following full repayment of a \$38 million note payable related to the railcars financing and a \$7 million first instalment payment pursuant to an outstanding credit facility with Sprott Private Resource Lending (Collector), LP (“Sprott”);
- Trade receivables totaling \$79 million compared to \$32 million as of December 31, 2018;
- Production of 1,802,000 wmt of high grade 66.3% iron ore concentrate for the three-month period ended March 31, 2019, resulting in annual production of 6,994,000 wmt and 7,618,000 wmt since Bloom Lake recommenced operations in February 2018;
- Net revenues totaling \$182 million from the sale of 1,744,000 dry metric tonnes (“dmt”) of iron ore concentrate.
- US\$98.73 gross realized price per dmt (CFR) for the three-month period ended March 31, 2019.

MINING OPERATIONS: BLOOM LAKE

During the fourth quarter of the fiscal year ending March 31, 2019, the Company generated net revenues of \$182.2 million from the production of 1,802,000 wmt of high grade 66.3% iron ore concentrate. During the period, the optimization of the recovery circuit continued, resulting in record monthly recovery of 81.7% in February from a 31.0% head grade. An average recovery rate of 80.4% was achieved during the fourth quarter.

Champion’s realized net revenues of \$182.2 million were derived from a gross realized price of US\$98.73/dmt before ocean freight (CFR China), while the net realized price for the period was US\$77.05/dmt (CA\$104.4/dmt). An average premium of 19.4% above the benchmark 62% Fe Index (IODEX 62% Fe CFR North China) was realized.

BLOOM LAKE PHASE 2 EXPANSION FEASIBILITY STUDY

During the three months ended March 31, 2019, the Company continued with its feasibility study (“Feasibility Study”) in connection with its proposed Bloom Lake Phase 2 expansion project which aims at doubling the mine’s annual production. The Company expects to report the findings of the Feasibility Study and file the technical report by the summer of 2019. A total of \$3.8 million was expended in connection with Feasibility Study-related activities during the fourth quarter.

EXPLORATION PROJECTS

The exploration program at the Powderhorn property located in Newfoundland continued with 3,900 meters of drilling during the quarter. The exploration program at Powderhorn targets the same volcanic units that host the Buchans Mine, located 60 km away, a rich volcanogenic massive sulphide deposit.

During the fourth quarter, the Company maintained its Consolidated Fire Lake North properties in good standing. The Company did not enter into farm-in/farm-out arrangements during the quarter.

CASH POSITION

As at March 31, 2019, Champion had \$153.3 million cash on hand.

Net cash generated from operating activities were affected by lower receipts from customers due to timing of iron ore shipments resulting in an increase in trade receivables of \$47.0 million compared to the previous quarter. Subsequent to the period end, payments totalling \$70.2 million were received. Operating activities affecting the cash position for the period also include exploration and evaluation expenditures of \$4.1 million associated with the progress on the Phase 2 project mentioned above and \$5.1million in interest payments.

During the fourth quarter, the Company invested approximately \$18.9 million in capital expenditure towards sustaining stripping activities, tailings as well as major rebuild of the mining fleet and plant improvements.

Repayment of borrowings during the period also contributed to the reduction of the cash on hand. A \$37.5 million note payable associated with financing the Bloom Lake railcar fleet matured on March 10, 2019 and was repaid in full during the quarter. As a result, the ownership of the 735 specialized iron ore railcars utilized for the Bloom Lake operations has been transferred to the Company and the security over these assets has been released. In addition, during the recently completed quarter, the Company made its first capital repayment of \$7.6 million towards the Sprott credit facility.

Excluding exploration and evaluation expenditures totalling \$9.4 million, the Company generated \$173.6 million of operating cash flow in its first year of mining operations while investing \$58.3 in sustaining capital. The Company estimates that the current cash and receivables balances combined with forecasted sales of its high-grade 66% concentrate will be sufficient to meet the estimated cash outflow for the next quarter ended June 30, 2019.

About Champion

Champion is an iron ore producer, development and exploration company. Following the acquisition of its flagship asset, the Bloom Lake iron ore property, the Company's near-term strategy is to continue with operational improvements at the Bloom Lake mining operation while applying cost and capital discipline. With the mine now generating positive cash flow from operations, the Company is in a position to focus on strengthening its financial position and pursuing growth opportunities.

Champion's management team includes professionals with mine development and operations expertise who also have vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

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

This Quarterly Activities Report includes certain information that may constitute "forward-looking information" under applicable Australian and Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about planned operations at the Company's projects. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Champion's annual information forms, management discussion and analysis and other securities regulatory filings by Champion on ASX and SEDAR (including under the heading "Risk Factors" therein). 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 Quarterly Activities Report is given as of the date hereof and is based upon the opinions and estimates of Champion's management and information available to management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This Quarterly Activities Report has been prepared by Champion and no regulatory authority has approved or disapproved the information contained herein.

APPENDIX

MINING TENEMENTS AT MARCH 31 2019

The Company's wholly owned subsidiary, Champion Iron Mines Limited, owns a 100% interest or where noted below, a 45% joint venture interest, in the following properties, covering 752 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of north eastern Quebec, which is 300 kilometres north of the St. Lawrence River port town of Sept-îles, and ranging from 6 to 80 kilometres southwest of Fermont.

Property-Québec	SNRC	Claims	Hectares
Consolidated Fire Lake North	23B06; 23B11; 23B12	569	28,774.11
Harvey-Tuttle	23B12; 23B05	191	10,010.36
Moire Lake	23B14	36	1,664.55
O'Keefe-Purdy	23B11; 23B12	203	10,623.15
Jeannine Lake (Note 1)	22N16	21	1,117.40
Round Lake (Notes 1 & 2)	23B04; 23C01; 22N16	178	9,420.31
Peppler	23B05	118	6,207.75
Lamelee	23B05; 23B06; 23B11; 23B12	236	12,374.67
Hobdad	23B05; 23B06	93	4,893.74
Property-Newfoundland	Licences		
Powderhorn	25097M, 25098M, 25609M, 25611M, 25614M	185	4,625.00
Gullbridge	11956M, 11960M	67	1,675.00

Note 1 – Joint venture with Cartier Iron Corporation (55%) and CIA (45%)

Note 2 – Round Lake property includes Aubrey-Ernie, Black Dan, Penguin Lake and Round Lake project claims.

The Company's 63.2% owned subsidiary Québec Iron Ore Inc. owns a 100% interest in the following properties:

Property-Québec	SNRC	Claims	Hectares
Bloom Lake Mining Lease	23B14	1	6,857.63
Bloom Lake claims	23B14	69	3,224.20

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Champion Iron Limited

ABN

34 119 770 142

Quarter ended ("current quarter")

March 31, 2019

Consolidated statement of cash flows	Current quarter \$C'000	Year to date (12 months) \$C'000
1. Cash flows from operating activities		
1.1 Receipts from customers	138,311	591,221
1.2 Payments for		
(a) exploration & evaluation	(4,107)	(9,372)
(b) development	-	-
(c) production	(67,173)	(288,541)
(d) staff costs	(17,258)	(63,405)
(e) administration and corporate costs	(4,405)	(21,611)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5,095)	(16,205)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
Inventories	(7,160)	2,611
Accounts payable	4,193	(22,131)
Non-cash items	(8,019)	(8,293)
1.9 Net cash from / (used in) operating activities	29,288	164,274

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$C'000	Year to date (12 months) \$C'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18,918)	(58,319)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(18,918)	(58,319)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	2,025
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	74,195
3.6 Repayment of borrowings	(45,108)	(45,108)
3.7 Transaction costs related to loans and borrowings	-	(1,618)
3.8 Dividends paid	-	-
3.9 Other (ARO & PPA Cancellation)	-	(10,564)
3.10 Net cash from / (used in) financing activities	(45,108)	18,930

Mining exploration entity and oil and gas exploration entity quarterly report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	185,447	25,185
4.2	Net cash from / (used in) operating activities (item 1.9 above)	29,288	164,274
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18,918)	(58,319)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(45,108)	18,930
4.5	Effect of movement in exchange rates on cash held	2,622	3,261
4.6	Cash and cash equivalents at end of period	153,331	153,331

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$C'000	Previous quarter \$C'000
5.1	Bank balances	135,424	167,821
5.2	Call deposits	17,907	17,626
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	153,331	185,447

6.	Payments to directors of the entity and their associates	Current quarter \$C'000
6.1	Aggregate amount of payments to these parties included in item 1.2	150
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	—
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Includes payments for salaries, director fees and rent.		

7. Payments to related entities of the entity and their associates	Current quarter \$C'000
7.1 Aggregate amount of payments to these parties included in item 1.2	–
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$C'000	Amount drawn at quarter end \$C'000
8.1.1 Loan facilities (Convertible debenture)	-	-
8.1.2 Loan facilities (Note payable)	-	-
8.1.3 Loan facilities (Senior secured financing)	US\$78,500	US\$78,500
8.1.4 Loan facilities (Subordinated secured financing)	US\$100,000	US\$100,000
8.1.5 Loan facilities (Convertible debenture)	\$31,200	\$31,200
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan facilities

1. Senior secured financing of US\$80,000,000 provided by Sprott Resource Lending (Collector), LP ("Sprott") to QIO to finance the restart of Bloom Lake by way of a 5-year senior secured loan bearing interest at 7.5% per annum plus the greater of US dollar 3-month LIBOR and 1% per annum and 3,000,000 common share purchase warrants; secured by all of the assets of QIO.
2. Subordinated secured financing of US\$100,000,000 provided by CDP Investissements Inc. ("CDP") a wholly-owned subsidiary of Caisse de dépôt et placement du Québec to QIO to finance the restart of Bloom Lake by way of a 7-year subordinated loan bearing interest at 12% for the first year, and thereafter, at an interest rate linked to the price of iron ore and 21,000,000 common share purchase warrants; secured subordinate to the senior secured financing by all of the assets of QIO.
3. Unsecured financing of \$31,200,000 by way of an 8-year subordinated mandatory convertible debenture provided by Glencore International AG to the Company; interest at 12% for the first year, and thereafter, at an interest rate linked to the price of iron ore; convertible at the option of Glencore at any time into the Company's ordinary shares at a conversion price of \$1.125 per ordinary share ("Conversion Price"); mandatory conversion at the option of Sprott or CDP into the Company's ordinary shares at a conversion price of \$0.85 per ordinary share, provided that such mandatory conversion may not have the effect of causing Glencore to own 20% or more of the outstanding ordinary shares. The Debenture, together with accrued and unpaid interest, may be prepaid by the Company in whole (but not in part). In the event the Company elects to prepay and cancel the Debenture for cash and the Debenture is not converted into ordinary shares prior to prepayment, the Company would grant to Glencore ordinary share purchase warrants entitling it to acquire, on or before October 13, 2025, a number of ordinary shares equal to the principal amount of Debenture repaid divided by the Conversion Price, at an exercise price equal to the Conversion Price. In connection with the closing of the Debenture, QIO entered into an off-take agreement with Glencore pursuant to which Glencore secures global off-take rights for life-of-mine of Bloom Lake with fixed commercial terms for a 10-year period for all tonnes of future iron ore production at Bloom Lake not sold in Japan under the existing off-take agreement with Sojitz. In the event of a mandatory conversion as described above, the off-take terms will apply for the life-of-mine of Phase 1 of Bloom Lake and Glencore will have the option to convert the marketing fees under the off-take terms into a FOB-based royalty under certain circumstances. In addition, Glencore has been granted a right of first refusal in connection with the financing and off-take rights for iron ore production of Phase II of Bloom Lake not allocated to certain strategic investors.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

9.	Estimated cash outflows for next quarter	\$C'000
9.1	Exploration and evaluation	3,330
9.2	Development & Sustaining Capital	12,095
9.3	Production	75,350
9.4	Staff costs	18,250
9.5	Administration, corporate and finance costs	20,135
9.6	Other (Mining duties and income taxes)	36,930
9.7	Total estimated cash outflows	166,090

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: _____
 Company secretary

Date: April 30, 2019

Print name: Pradip Devalia

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared

Mining exploration entity and oil and gas exploration entity quarterly report

in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.