

# FOURTH QUARTER RESULTS OF FISCAL YEAR END 2019 PHASE II FEASIBILITY STUDY RESULTS

JUNE 20, 2019



PREMIUM PRODUCT, TIER 1 JURISDICTION,  
HIGH QUALITY INFRASTRUCTURE

**CHAMPION IRON** 

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This presentation contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "forecast" and similar expressions are intended to identify forward-looking information or statements. 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In this presentation, reference is made to the Company's Bloom Lake Iron Mine growth scenario and economic analysis. All information derived therefrom are not estimates or forecasts of metrics that may actually be achieved. Such information reflects internal projections used by management for the purposes of making capital investment decisions and for internal long range planning and budget preparation. Accordingly, undue reliance should not be placed on same. The recovery, reserve and resources estimates of Champion Iron's reserves and resources provided herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of Champion Iron which have been used to develop such statements and information but which may prove to be incorrect. 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The historical mineral resources mentioned are strictly historical in nature and are non-compliant to National Instrument 43-101 mineral resources and mineral reserves standards, and should therefore not be relied upon. A qualified person has not done sufficient work to upgrade or classify the historical mineral resources as current National Instrument NI-43-101 compliant.

All amounts are in Canadian dollars unless otherwise stated.

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## CONFERENCE CALL PARTICIPANTS

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CHAMPION IRON 



**DAVID CATAFORD**  
CEO



**MICHAEL O'KEEFE**  
Executive Chairman



**NATACHA GAROUTE**  
CFO



**MICHAEL MARCOTTE**  
VP Investor Relations

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# 2019 FOURTH QUARTER HIGHLIGHTS

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4,975,500 WMT ORE  
MINED



1,802,000 WMT  
CONCENTRATE PRODUCED



\$48.4/DMT  
TOTAL CASH COST



REVENUE \$182.2M  
NET INCOME \$28.2M

4,754,200 WMT  
ORE MILLED

80.4%  
RECOVERY

\$55.4/DMT  
ALL-IN SUSTAINING COST



\$0.02 EPS  
(63.2% BASIS)

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# DELIVERING ON EXPECTATIONS

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→ Tracking near Feasibility Study expectations despite impact of Q1 as commissioning period.

	2019 RESULTS	FEASIBILITY STUDY
		
<b>CONCENTRATE PRODUCED</b>	6,994,500 WMT	7,400,000 WMT NAMEPLATE
<b>RECOVERY</b>	79.5%	82.9%
<b>TOTAL CASH COST</b>	\$49.4/DMT	\$45.2/DMT*

\*Year 1 estimate; \$42.93/dmt LoM

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## HEALTH & SAFETY

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- > Continuous improvement on safety since declared commercial production
- > Bloom Lake statistics are meeting annual targets including “Lost Time Injury Frequency Rate” and “Disability Injury Severity Rate”
- > Lost time injury remains below benchmark for open pit mine\*

QUEBEC IRON ORE + CONTRACTORS / FINANCIAL YEAR 2018-2019						BENCHMARK FOR MINE OPEN PIT -YEAR 2017-
	Q1	Q2	Q3	Q4	YTD	(SOURCE: APSM)
Lost Time Injury Frequency Rate (LTIFR)	2,4	8,02	6,56	3,2	4,78	4,9
Disability Injury Severity Rate (DISR)	3,2	21,2	22,69	8,02	11,2	86,5

\*ASPM: Association paritaire pour la santé et la sécurité au travail du secteur minier <http://aspmine.qc.ca/>

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## ENVIRONMENT FOCUS

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- > No harmful event impacting the environment and no occurrence of major regulatory issues
- > Over 12 million litres of fuel reduction with new initiatives in first year, representing 33,000 t/yr of GHG reduction
- > Re-vegetation plan covering over 10 hectares to further control dust from tailing storage area
- > Area to be covered with many species including Carex, Rye, Clover and Willow



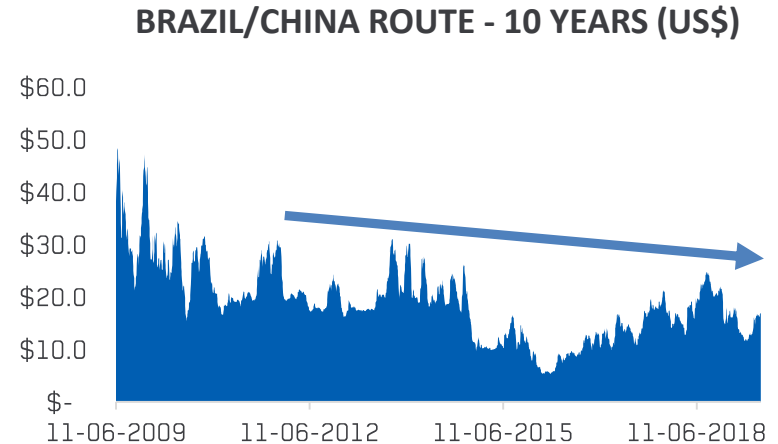
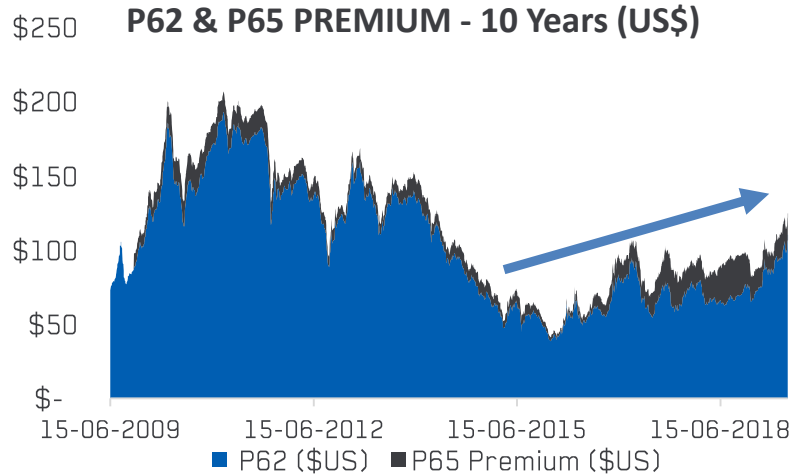


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# INDUSTRY OVERVIEW

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- > Highest realized price since commissioning
- > 100% unhedged
- > Low freight environment





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# BLOOM LAKE OPERATIONAL RESULTS

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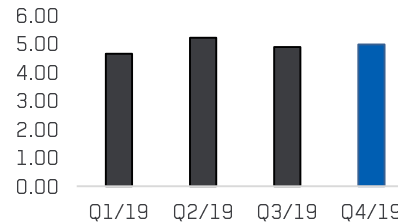
# OPERATIONS OVERVIEW

- > Achieved 7 million tonnes sold
- > Successful first winter of operations
- > Continuous improved mill throughput
- > Completed 90 days blitz to improve plant reliability

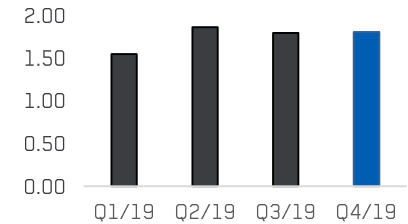
	Q1/19	Q2/19	Q3/19	Q4/19	2019
Iron ore concentrate produced (Million wmt)	1,54	1,86	1,79	1,80	6,99
Iron ore concentrate sold (Million dmt)	1,74	1,93	1,71	1,74	7,13
Waste mined (Million wmt)	3,37	2,98	3,85	3,48	13,68
Ore mined (Million wmt)	4,65	5,20	4,88	4,98	19,71
Strip ratio	0,7	0,6	0,8	0,7	0,7
Ore milled (Million wmt)	4,24	4,96	4,53	4,75	18,49
Head grade (g/t)	31,1	32,0	32,1	30,6	31,5
Recovery (%)	77,1	79,6	80,7	80,4	79,5
Fe (%)	66,5	66,6	66,4	66,3	66,4

# CHAMPION IRON

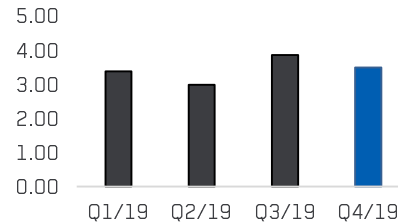
**ORE MINED  
(MILLION WMT)**



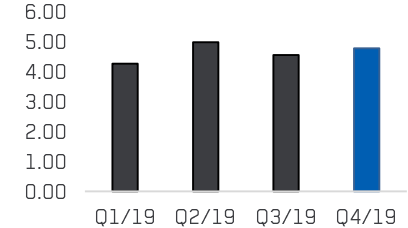
**IRON ORE CONCENTRATE  
PRODUCED (MILLION WMT)**



**WASTE MINED  
(MILLION WMT)**

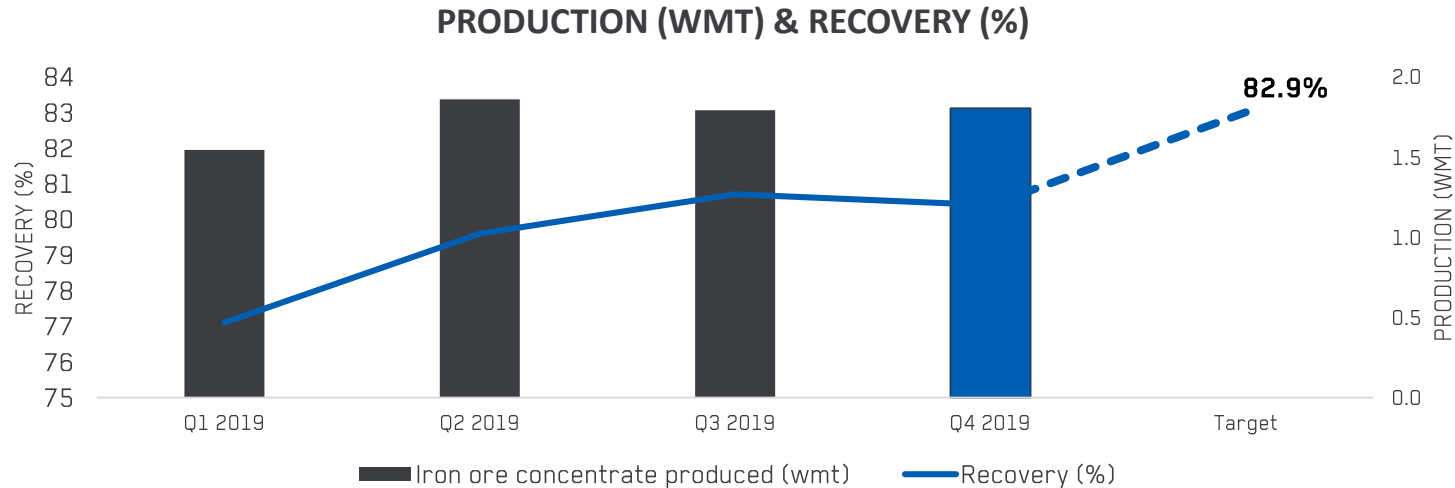


**ORE MILLED  
(MILLION WMT)**



# FOCUS ON QUALITY CONTINUOUS IMPROVEMENT IN ORE RECOVERY

- Sustained recovery despite lower head grade of 1.5% in Q4
- Work programs continues to achieve target recovery of 82.9%



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# FOURTH QUARTER FINANCIAL RESULTS

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# FOURTH QUARTER FINANCIAL RESULTS

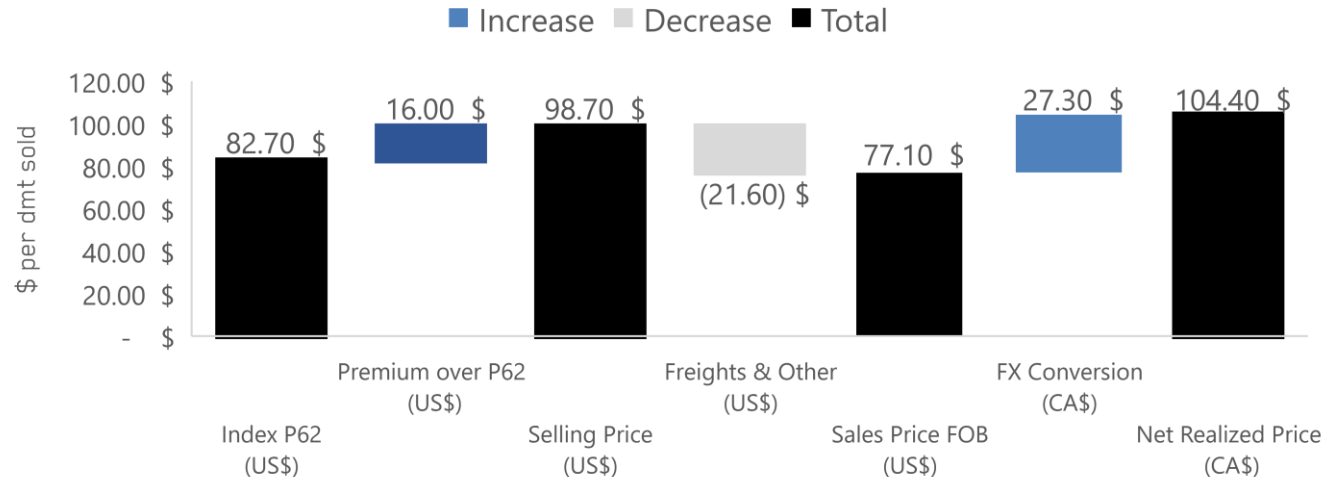
CHAMPION IRON 

PRODUCTION RESULTS	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Iron ore concentrate produced (wmt)	1 542 900	1 858 300	1 791 300	1 802 000	6 994 500
Iron ore concentrate sold (dmt)	1 740 400	1 931 700	1 711 500	1 744 000	7 127 600
FINANCIAL RESULTS (\$ MILLIONS)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Revenue	150,7	174,7	147,5	182,2	655,1
EBITDA	45,0	81,3	65,4	86,5	278,2
Operating profit	40,5	77,2	62,8	83,1	263,6
Net profit	20,7	67,5	31,2	28,2	147,6
Cash flow from operation	46,7	2,9	89,1	38,0	176,7
Earnings (loss) per share - basic (63.2% basis)	0,03	0,10	0,05	0,02	0,20
Net realized selling price (per tonne)	86,6	90,4	86,2	104,4	91,9
Total cash cost (per tonne)	55,0	45,2	49,4	48,4	49,4
All-in sustaining cost (per tonne)	59,9	52,9	55,5	55,4	55,8
Cash operating margin (per tonne)	26,7	37,5	30,7	49,0	36,1
Cash operating margin (%)	30,8%	41,5%	35,6%	46,9%	39,3%

# HIGH-GRADE IRON ORE ATTRACTING HIGHER SELLING PRICE

- Highest realized price to date
- Strong premium of 16.2% for our material over P62 benchmark
- Lower premium offset by rising P62 benchmark price

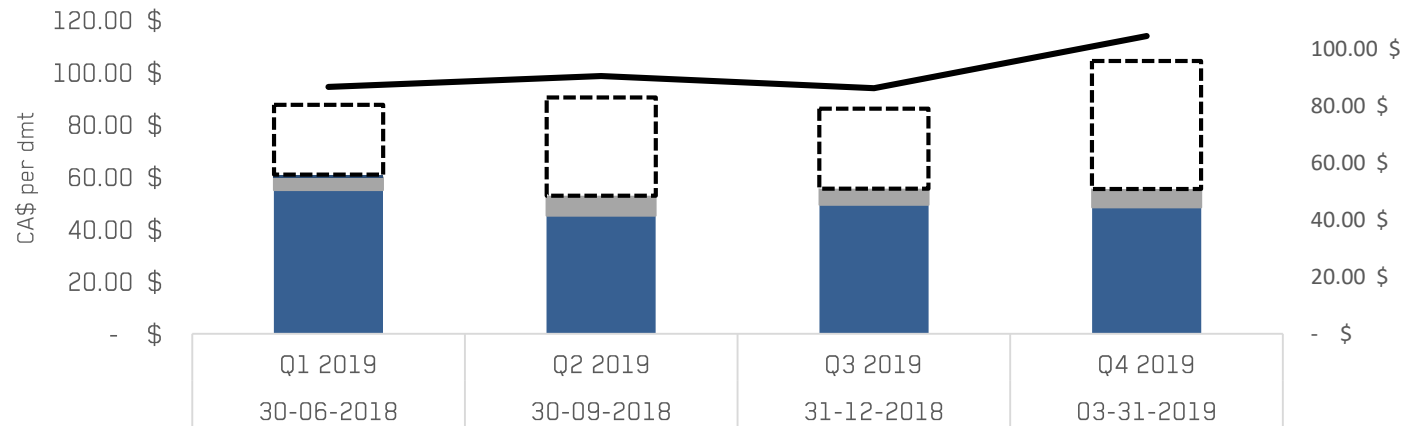
## Q4 NET AVERAGE REALIZED SELLING PRICE



# CONSISTENT STRONG CASH OPERATING MARGIN

→ Strong cash operating margin contributing to an EBITDA of \$86.5M, or EBITDA margin of 47.49% in Q4 and an EBITDA of \$278.2M in the first year of operation

### Cash Operating Margin per Tonne



■ Total Cash Cost 
 ■ Total All-in Sustaining Cost 
   Cash Operating Margin 
 — Average net Selling Price (FOB)



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# IMPROVING BALANCE SHEET

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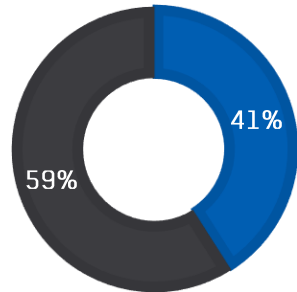
\$153.3 Million Cash & S-T Investments



\$281.3 Long-Term Debt (Face Value)\*

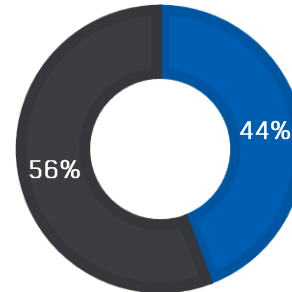
## Q3 2019

■ Cash & Working Capital   ■ LTD Face value\*



## Q4 2019

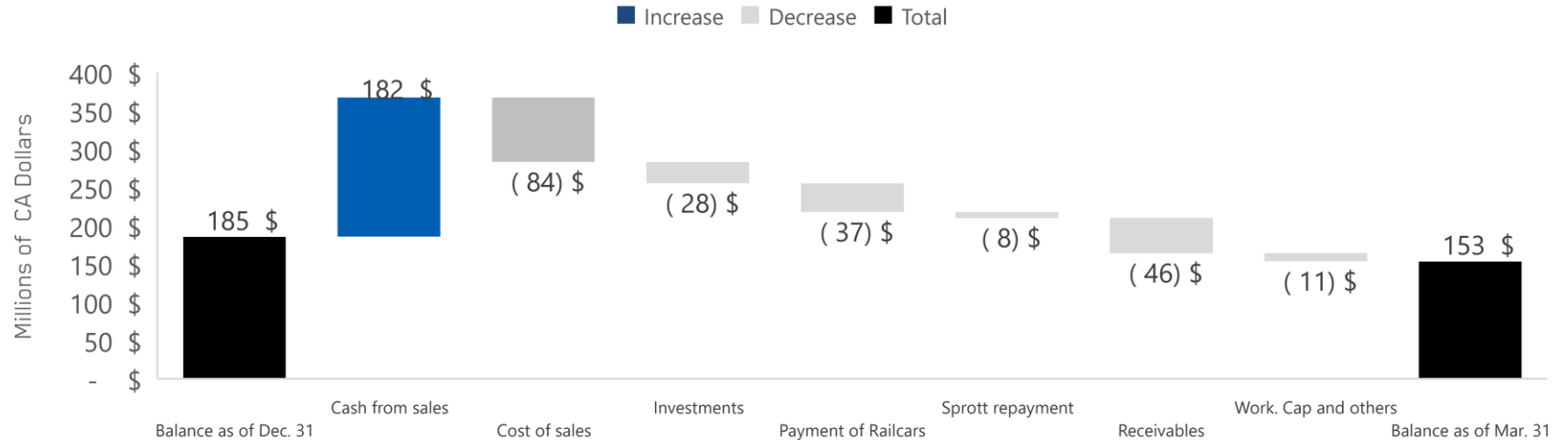
■ Cash & Working Capital   ■ LTD Face value\*



\*Consistent FX of CA\$0.77

# FOURTH QUARTER CASH FLOW

- Reduced debt by \$45M in Q4 via repayment of railcar note and Sprott repayment
- Increase in receivables of \$46 in Q4



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## ACQUISITION OF QIO OPTIMIZE CAPITAL STRUCTURE

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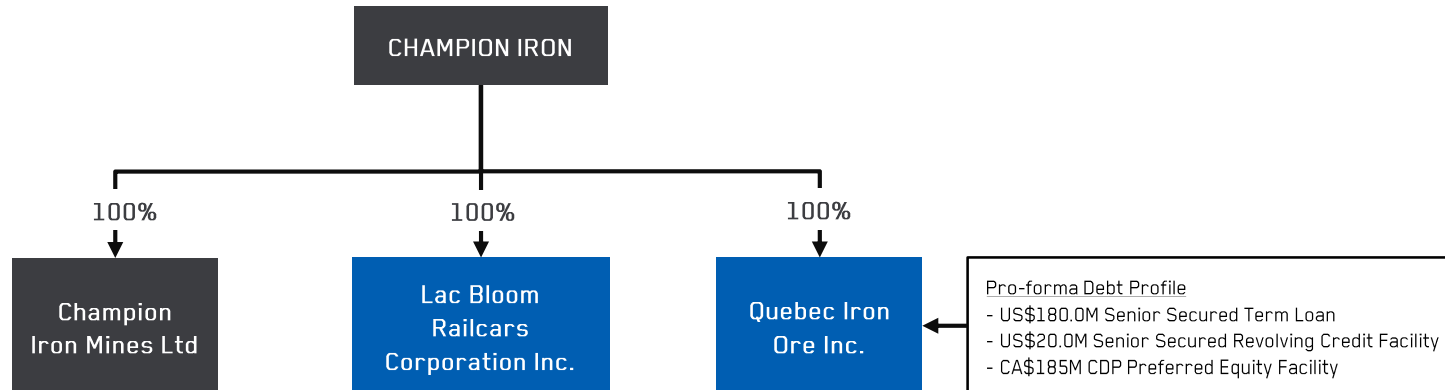


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# FULL UPSIDE TO GROWTH INITIATIVES SIMPLIFIED CORPORATE STRUCTURE

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- Transaction to acquire 36.8% of QIO from Ressources Quebec, resulting in 100% ownership
- Commitment for fully underwritten credit facility with Scotiabank and SocGen for US\$200M
- Caisse de Depot du Quebec (CDP) provides support via preferred equity for C\$185M
- Plan to repay all existing debt facilities of US\$203M



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## PHASE II – FEASIBILITY STUDY

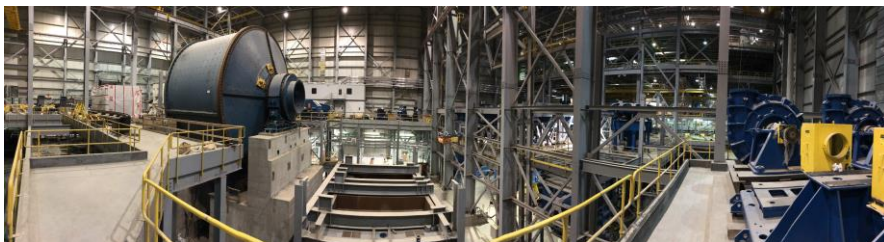
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## PHASE II ROBUST ECONOMICS

- Proposed plan to double capacity from 7.4Mtpy to 15Mtpy
- Takes advantage of infrastructure already in place
- Phase II NPV<sub>8%</sub> of \$956M and 33.4% IRR after-tax
- 2.4 year payback on initial capital
- Life of mine total cash cost of \$46.6/t (US\$35.4/t)
- Initial CAPEX of \$589.8M (US\$446.8.1M)
- 20 years mine life
- Combined Phase I & II NPV<sub>8%</sub> of \$3.76B pre-tax and \$2.38B after-tax
- Economics based on P65 life of mine iron ore price of US\$83.9/t, 32.7% below spot price of US\$124.7/t as of June 13, 2019



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CAPEX PRE-PRODUCTION	(C\$M)	(US\$M)
General	28.2	21.4
Mine - Phase II	37.6	28.5
Crusher and stockpile	24.3	18.4
Concentrator	165	125
Tailings and water management	50.2	38
Services	30.5	23.1
Rail and port	73.4	55.6
Owner's costs	105.1	79.6
Contingency (15%)	75.5	57.2
<b>TOTAL</b>	<b>589.8</b>	<b>446.8</b>

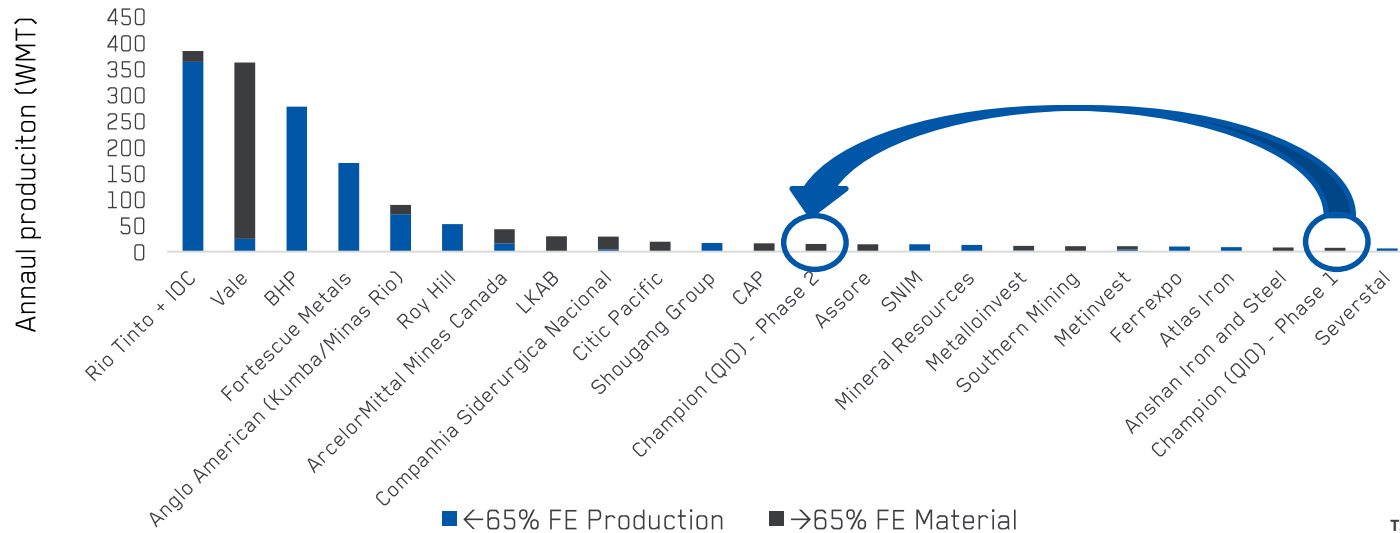
OPERATING COSTS	LoM (CA\$/t)	LoM (US\$/t)
Mining	13.4	10.2
Crushing and conveying	1.7	1.3
Processing plant	7.9	6
Concentrate shipping	16.8	12.7
Water and tailings management	2.1	1.6
General and administrative	4.7	3.6
<b>TOTAL CASH COST<sup>1</sup></b>	<b>46.6</b>	<b>35.4</b>
Sustainability & other community expense	1.3	1
Sustaining CAPEX	4.4	3.3
<b>ALL-IN SUSTAINING COSTS<sup>1</sup></b>	<b>52.3</b>	<b>39.7</b>

# POSITIONING AS GLOBAL LEADER

→ Focus on creating value per share

→ Further position Champion as one of the largest high-grade iron ore producers in the world




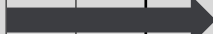

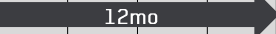

## GLOBAL SEABORN PRODUCERS (WMT/YEAR)





# PHASE II FEASIBILITY STUDY RAPID TIMELINE TO PRODUCTION

- 21 month build
- No infrastructure bottleneck
- -US\$1.2 billion already invested by prior owner
- Utilizes synergies with existing Bloom Lake personnel and equipment
- Initial budget secures timetable and grants time for funding consideration

PHASES / EVENTS (CALENDAR PERIODS)	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
 Initial \$68M work program approved												
Final funding consideration & approval												
Remaining construction work												
Mine fleet ordering and production												
Mine ramp-up												

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**THANK YOU TO OUR STAFF**

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**CHAMPION IRON** 



# THANK YOU!

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Contact us for more information.

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**DAVID CATAFORD,**  
CEO

[dcatford@championironmines.com](mailto:dcatford@championironmines.com)

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**MICHAEL MARCOTTE,**  
VP INVESTOR RELATIONS

[mmarcotte@championironmines.com](mailto:mmarcotte@championironmines.com)

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1100 René-Lévesque Blvd. West, Suite 610  
Montreal QC H3B 4N4

Tel.: +1 514 316 4858  
Fax.: +1 514 819 8100

[CHAMPIONIRON.COM](http://CHAMPIONIRON.COM)



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