

# ANNUAL GENERAL MEETING

AUGUST 29, 2019



PREMIUM PRODUCT, TIER 1 JURISDICTION,  
HIGH QUALITY INFRASTRUCTURE

CHAMPION IRON 

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# DISCLAIMER

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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. In particular, but without limiting the foregoing, this presentation contains forward-looking information and statements pertaining to Champion Iron Limited including: future development and growth including the Phase II expansion of Bloom Lake, exploration, development and operating activities, cash flow maximization, employee training, infrastructure and related capital expenditures and the timing thereof, the amount and timing of capital projects, operating costs, recovery rate, preferential freight rates, the re-vegetation plan and tailing management. 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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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## FY2019 HIGHLIGHTS KEY METRICS IMPROVING

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CONCENTRATE PRODUCED

6,994,500 WMT

CONCENTRATE SOLD

7,127,600 DMT

TOTAL CASH COST

\$49.4/DMT

ALL-IN SUSTAINING COST

\$55.8/DMT



REVENUE

\$655.1M

EBITDA

\$278.2M

NET INCOME

\$147.6M

EPS

\$0.20 EPS\*

\* 63.2% basis. On August 16, 2019, Québec Iron Ore Inc. acquired the minority stake of 36.8% held by Ressources Québec Inc., resulting in 100% ownership

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## FY2019 HEALTH & SAFETY

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- No severe lost time injury reported in FY2019
  - Continuous improvement on safety since declaring commercial production
  - Statistics in line or below benchmark for open pit mining as set by ASPM\*
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- Post FY2019 results: Additional measures in place to train new personnel arriving at site

QUEBEC IRON ORE + CONTRACTORS						BENCHMARK FOR MINE OPEN PIT
	Q1	Q2	Q3	Q4	FY2019	-YEAR 2017-
						(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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## FY2019 ENVIRONMENT FOCUS

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- No occurrence of major environmental issue
- Implemented new initiatives that resulted in over 12 million litres (ML/yr) of fuel reduction, representing 33,000 t/yr of green house gas reduction
- Re-vegetation plan to cover over 10 hectares
- Post FY2019: Accelerated coarse tailings containment dam raising



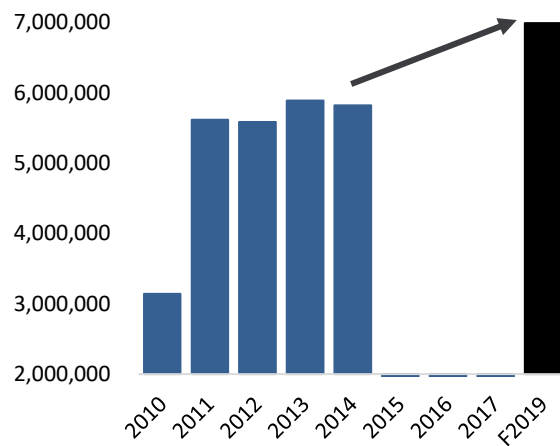
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# FY2019 RESULTS SETTING HISTORICAL RECORDS AT BLOOM LAKE

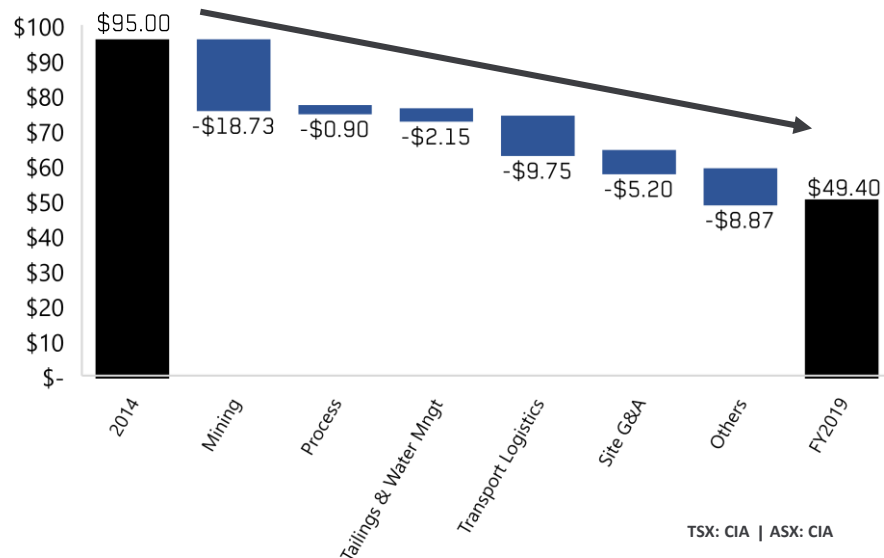
→ Achieved highest annual production on record

BLOOM LAKE PRODUCTION  
HISTORY (WMT/YEAR)



→ Achieved lowest annual cash cost on record

BLOOM LAKE TOTAL CASH COST 2014 VS FY2019  
(C\$/DMT)



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## RECENT ACHIEVEMENTS OPTIMIZING OUR COMPANY

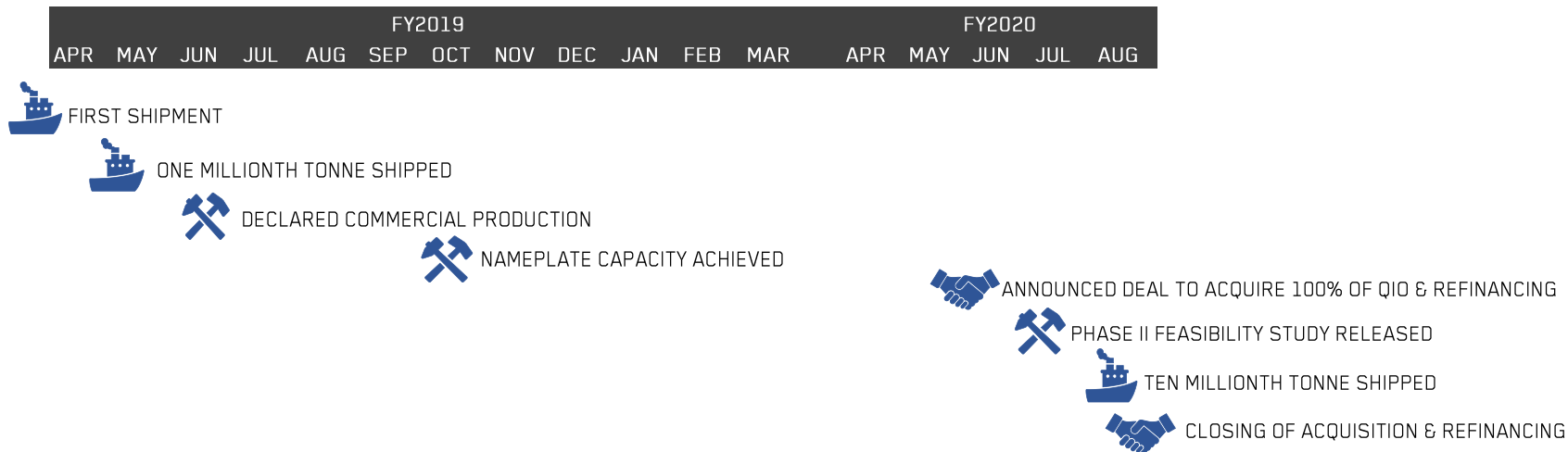
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- ✓ Owns 100% of producing asset
- ✓ Reduced long-term debt cost by 33% through refinancing
- ✓ Created & maintained relationships with strong partners including CDPQ, Societe General and ScotiaBank
- ✓ Announced positive results of the Phase II Feasibility Study & approved preliminary budget
- ✓ Improved balance sheet

# FY2019 MILESTONES POSITIONING THE COMPANY FOR GROWTH

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- Proven operational strenght
- Optimized capacity structure





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## FY2019 OPERATIONAL RESULTS

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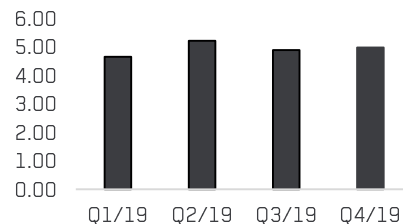
## FY2019 OPERATIONS OVERVIEW

- 7 million tonnes of production sold in our first year of operations
- Two major planned shutdowns successfully completed
- Proven ability to operate in all seasons
- Post FY2019: Recent initiatives aimed at improving short-term mine and plant reliability to optimize cash flow from operations

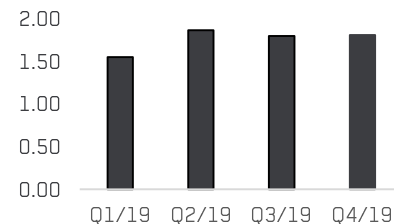
	Q1/19	Q2/19	Q3/19	Q4/19	FY2019
Iron ore concentrate produced (Million wmt)	1.54	1.86	1.79	1.80	6.99
Iron ore concentrate sold (Million dmt)	1.74	1.93	1.71	1.74	7.13
Waste mined (Million wmt)	3.37	2.98	3.85	3.48	13.68
Ore mined (Million wmt)	4.65	5.21	4.88	4.98	19.71
Strip ratio	0.7	0.6	0.8	0.7	0.7
Ore milled (Million wmt)	4.24	4.96	4.53	4.75	18.49
Head grade Fe (%)	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

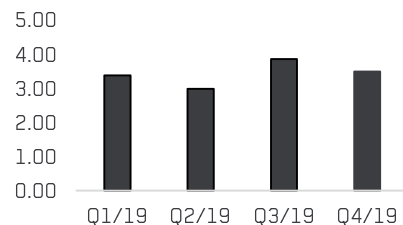
**ORE MINED  
(MILLION WMT)**



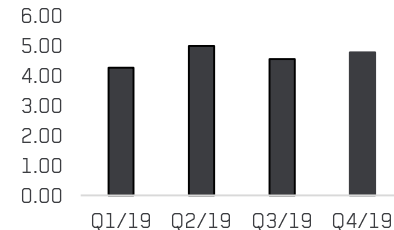
**IRON ORE CONCENTRATE  
PRODUCED (MILLION WMT)**



**WASTE MINED  
(MILLION WMT)**



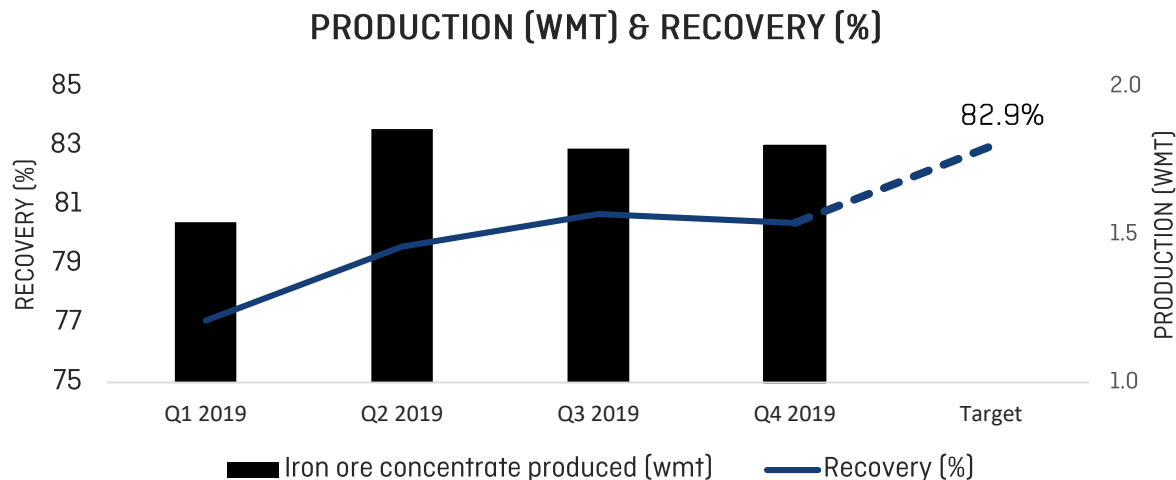
**ORE MILLED  
(MILLION WMT)**



## FY2019

### RAPIDLY IMPROVING RESULTS

- Continuous improvement on recovery with a focus on quality
- Stable production metrics since declaring commercial production
- Post FY2019 results: New record quarterly production of 1.99M WMT in Q1/2020 and monthly recovery of 84.6% in June 2019



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## FY2019 FINANCIAL RESULTS

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# FY2019 FINANCIAL RESULTS

→ Robust operational results in first year

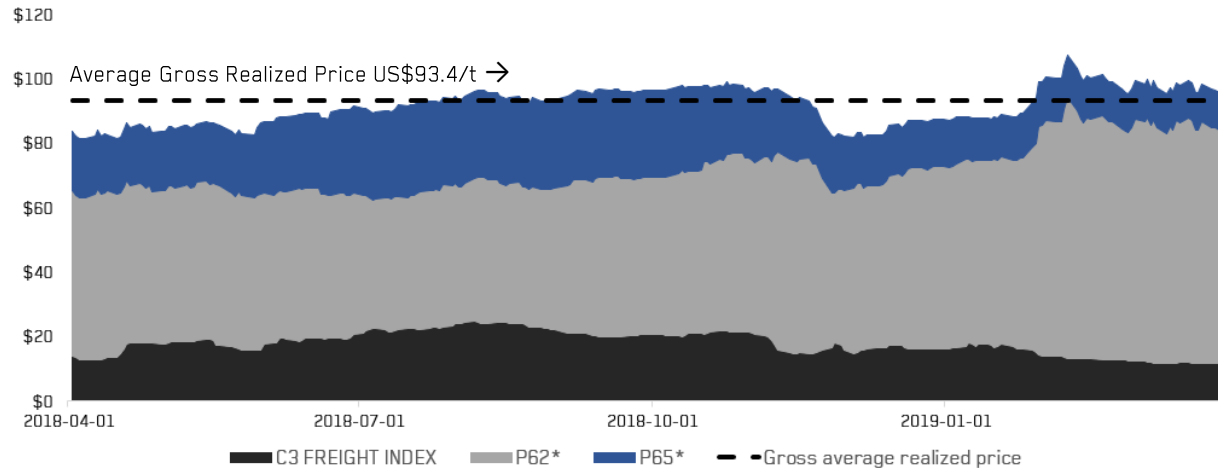
→ \$0.20 of EPS (63.2% basis\*)

FINANCIAL RESULTS (\$ MILLIONS)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2019
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 per share - basic (63.2% basis)	0.03	0.10	0.05	0.02	0.20
OPERATING METRICS	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2019
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%

\* 63.2% basis. On August 16, 2019, Québec Iron Ore Inc. acquired the minority stake of 36.8% held by Ressources Québec Inc., resulting in 100% ownership

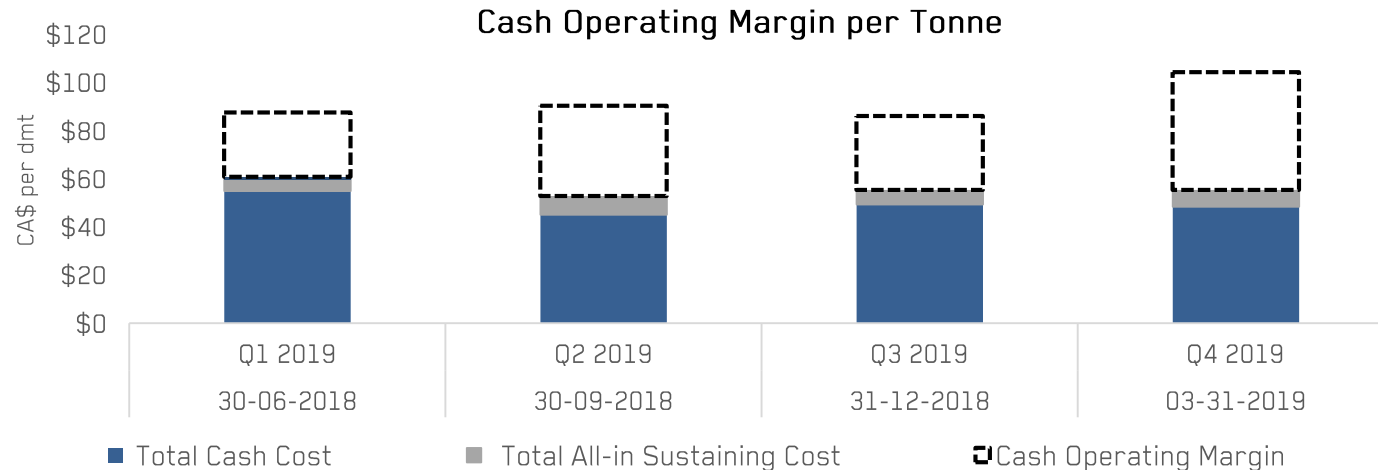
## FY2019 INDUSTRY OVERVIEW

- P65\* average price increased 7% in FY2019
- US\$93.4/t average gross realized price vs. US\$91.6/t for P65\* in FY2019
- 100% unhedged and fully exposed to higher prices
- Low freight environment in H2/FY2019 (C3 Index)
- Post FY2019 results: P65\* remains -20% above 5-year average providing strong operating margin. Freight increased closer to historical correlation with iron ore price.



## FY2019 ROBUST OPERATING MARGIN

- Stable operating cost metrics since declaring commercial production in Q2/FY2019
- Strong cash operating margins contributed to an EBITDA of \$278.2M in the first year of operation, or an EBITDA margin of 42.5%
- Post FY2019 results: EBITDA margin of 60% in Q1/2020
- Focus on mine and plant reliability in order to maximize operating cash flows

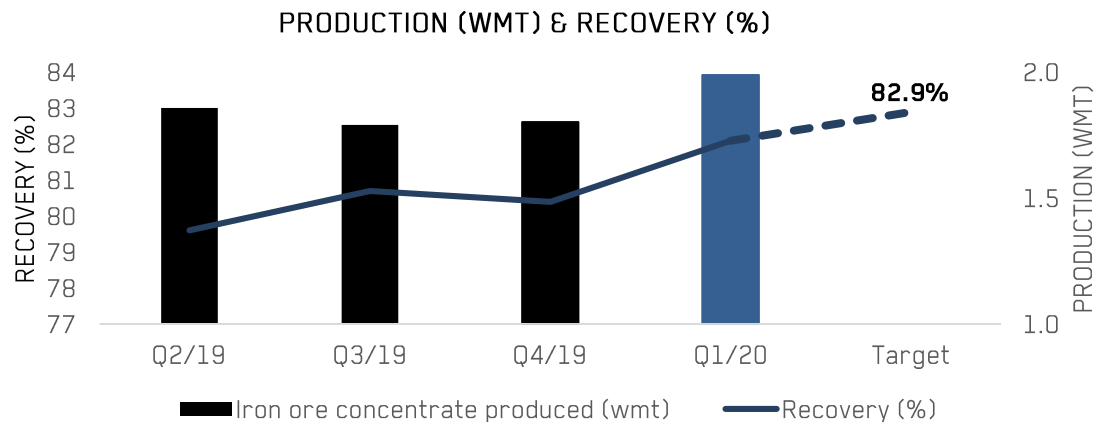


## FY2020

### STRONG RESULTS YEAR TO DATE

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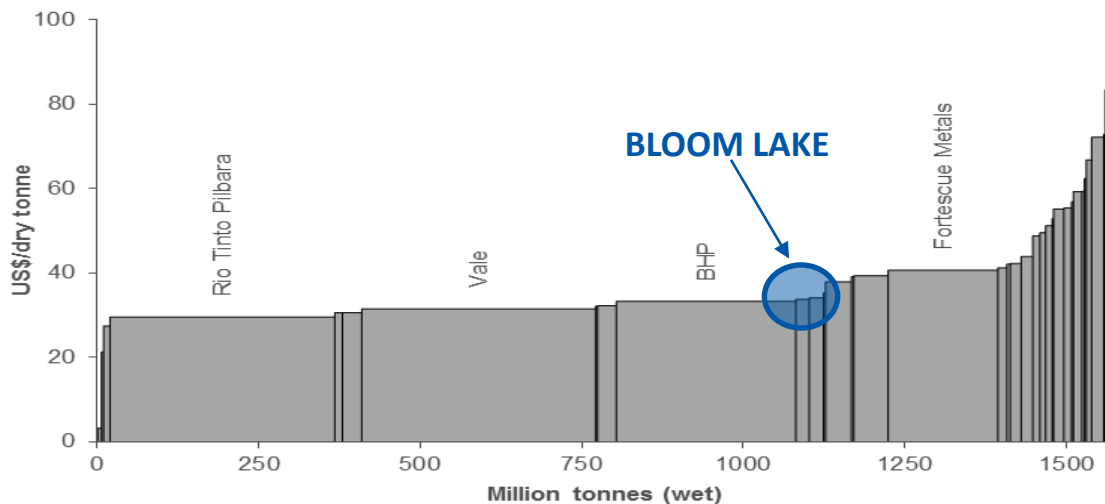
- Q1/2020 Record quarterly production in Bloom Lake history
- Q1/2020 Initiatives aimed at improving short-term mine and plant reliability
- Q1/2020 Highest quarterly recovery in Bloom Lake history at 82.1% and new monthly record in June of 84.6%
- Q2/2020 (QTD) operating metrics continue to track positively
- Positioned to adapt operations to weather price volatility





# BLOOM LAKE COMPETING ON THE GLOBAL COST CURVE

- Cost discipline demonstrates that Bloom Lake competes on the global cost curve
- Companies within the 75<sup>th</sup> percentile of the global cost curve maintained positive cash operating margins in the worst correction of the last two decades



*\*Source : Wood Mackenzie data, Champion cost based on FQ2/19 annualized,  
Adjusted for value-in-use; CFR China. Value in use based on Wood Mackenzie estimate for 2019*

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## DIVERSIFIED CUSTOMER BASE

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### Product sold to 16 different customers since first shipment

Sojitz & Glencore sell our product on a brokered basis

- Access to larger customer base
- Reduce execution risk
- Access to preferential freight

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## FY2019 IMPROVING BALANCE SHEET

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\$153.3 Million Cash & S-T Investments\*

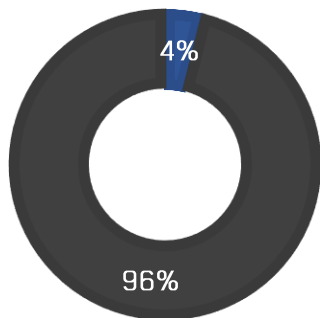


\$281.3 Long-Term Debt (Face Value)\*\*

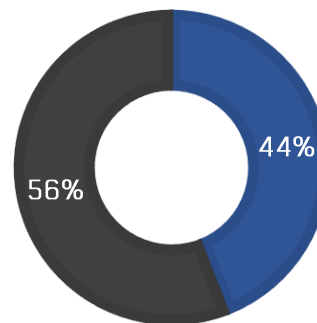


Net improvement of \$89.1 million in FY2019

Q4 FY2018



Q4 FY2019



■ Cash & Working Capital   ■ LTD Face value\*\*

\* As of March 31, 2019; \*\*Consistent FX of CA\$0.7725

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## REFINANCING

## IMPROVING FINANCIAL FLEXIBILITY

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\$210.7M\* cash & short-term investments



- US\$180.0M Senior secured term loan\*\*
- US\$20.0M Senior secured revolving credit facility\*\*
- CA\$185M CDP preferred equity facility\*\*

\* Consolidated; As of June 30, 2019

\*\* Post closing of transaction announced August 16, 2019

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## PHASE II – STATUS UPDATE




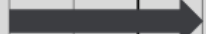

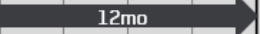

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## PHASE II RAPID TIMELINE TO PRODUCTION

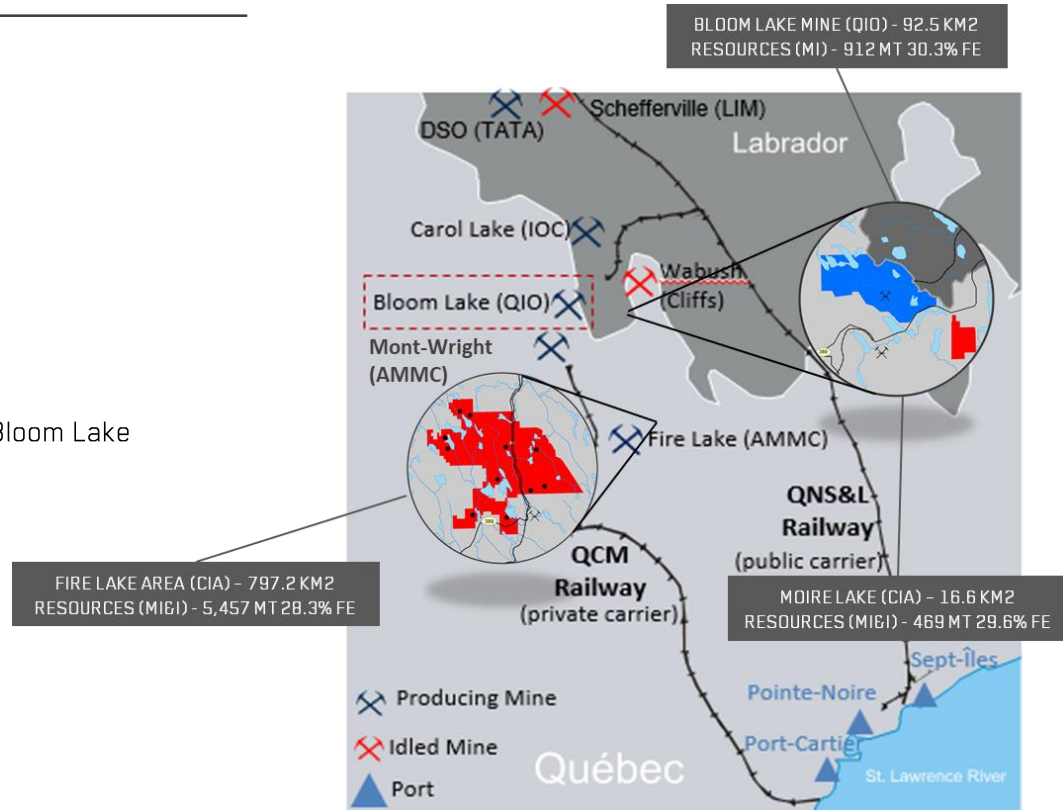
- Released results of the Feasibility Study on June 20<sup>th</sup> & filed NI 43-101 technical report on August 2<sup>nd</sup>, 2019
- Report was prepared diligently by credible partners with conservative assumptions
- Strong economics; robust and realistic plan
- Initial \$68M budget being deployed
  - ✓ Ordered long lead time items
  - ✓ Engaged BBA as main engineering partner
  - ✓ Launched detailed engineering
  - ✓ Hired key construction personnel

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												

## REGIONAL GROWTH OPPORTUNITIES

- Access to railway
- Newly built deep-water port
- Access to skilled labour
- Low-cost electricity @ \$0.045/Kwh
- 383.5M tonnes of Reserves at Bloom Lake
- 20+ years' mine life
- 5.4B tonnes of resources 60km south of Bloom Lake

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## RECOGNIZED SUCCESS

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- Recipient of the PLATTS “Rising Star Company” award
- Nominated for four additional awards by PLATTS
- Finalist for Ernst & Young’s “Entrepreneur of the Year”
- Nominated for “CEO of the Year” by MNN

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## FY2020 FOCUS

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- Adapt to iron ore price environment and maximize operating cash flows
- Phase II financing considerations
- Continuous improvement of operations
- Focus on environmental and improved health and safety measures and training

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# THANK YOU TO OUR STAFF

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TSX: CIA | ASX: CIA

# THANK YOU!

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Contact us for more information.

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**DAVID CATAFORD,**  
CEO

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

