November 29, 2019

NEWSLETTER

CHAMPION IRON

TIER 1 MINING & DEVELOPMENT

CHAMPION IRON NEWSLETTER

Since our last newsletter issued on September 12, 2019, our company reported its fiscal second quarter results on October 29, 2019, setting company records on production and cash flow from operations. In addition to robust iron ore prices translating into sturdy financial results, our company has now surrounded itself with strong financial partners globally. As our high-grade concentrate continues to attract robust demand, we believe our company is in a position of strength to deliver on the Phase II expansion project, which aims to double our production to 15 Mtpa of high-grade iron ore, as detailed in the company's feasibility study which was completed this past summer. Our company expects to provide further clarity on funding for the expansion project by next summer, when the bulk of the capital spending is expected to begin. For the benefit of the shareholders of the company, we look to deliver on our organic growth plans within our balance sheet capabilities.

INDUSTRY VIEWS – SUMMARY

The iron ore industry has been shaken by the tailings dam failures in Brazil earlier this year. We continue to believe that this event will impact the approval process and cost of new projects, especially in the high-grade market where most projects require tailings management.

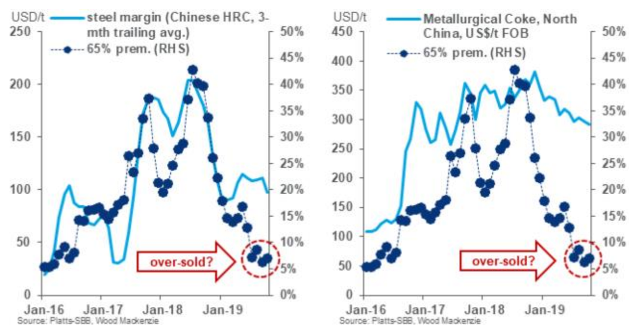
Despite several headwinds to the iron ore industry, prices remain robust. We believe this is a clear sign of supply issues that are underappreciated. In fact, the high-grade P65* index, which is used to price our material, currently remains near US$100/tonne. This attractive price for our product remains elevated despite several factors, including poor economic data globally[1], resumption of more than half of Vale's production affected by the Brazil tailings events earlier this year[2], poor profit margins by steel manufacturers resulting in several capacity cuts[3,4] and continuous negative sentiments driven by China/USA trade negotiations.

We are of the opinion that recent events underline the fragility of our industry's supply where little marginal production is available to rebalance the market. China has been one of the main marginal supplier of iron ore to offset recent supply disruptions, while Wood Mackenzie estimates that 20% of Chinese domestic iron ore production is generating negative cash margins at current prices[5]. We continue to pay close attention to an auction of ~50 Mtpa in India, expected to occur in early 2020, representing a quarter of their domestic supply. The mines under auction are at risk of disruption as environmental leases are set to expire in March 2020[6]. As the majority of India's domestic iron ore production is high-grade material, any disruption could also favourably impact the premium for high-grade material such as the one produced at Bloom Lake.

Many of the negative factors discussed above are, in our view, stabilizing. Some of the economic data focused on steel consumption appears to be rebounding (see "Recent Macroeconomic Events" section below), affected producers in Brazil have now provided detailed timelines for disrupted production to resume in coming years[2], several steel producers have now increased steel prices in response to higher raw material prices[3] and several news headlines hint to an imminent trade deal between the USA and China[7].

As our product continues to attract strong demand with a growing global customer base, we are implementing new strategies to further access new customers. In fact, we recently recommissioned berth 30 at the Pointe-Noire Terminal, granting our company access to load panama vessels. Accessing this berth could help our company target customers in markets closer to our operations over time and which could reduce freight costs. Our company also implemented a new inventory hub in Asia, allowing us to engage smaller customers in the region who may be too small to receive volumes from our current capesize vessels.

While the premium for our product, often estimated using the premium of P65* index over the P62* index, had contracted in the prior quarter, the current premium has recovered rapidly. Wood Mackenzie recently wrote about the premium for high-grade iron ore and their view that a strong premium is structural, and that the recent lower premium is only a result of short-term dynamics. Along with other arguments supporting their views, Wood Mackenzie commented on the historical relationship between high-grade premium, steel margins and coke price, which they argued were disconnected from their historical relationship[8].

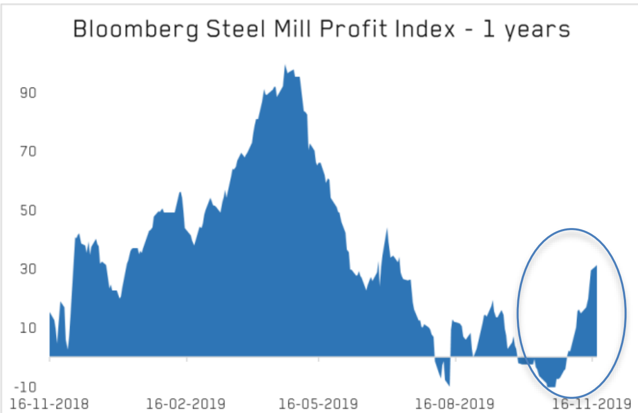


Supporting Wood Mackenzie's structural view of the premium for high-grade material is the strong demand we see from our customers looking for long-term relationships. In addition, a very recent auction for the Simandou project, a high-grade asset in Guinea, garnered great attention as Fortescue's US$9B bid was trumped by a Chinese back consortium at US$14B[9]. While this asset appears to have great product quality, it is not expected to come in production for several years as it requires new infrastructure investment, expected to cost billions in capital[8]. It is interesting to highlight that the Simandou block 1&2 from this auction is estimated to host approximately 2B tonnes of resources. Champion Iron controls over 5B tonnes of undeveloped historical resources directly south of our current operations (the majority of which is 43-101 compliant)[10].

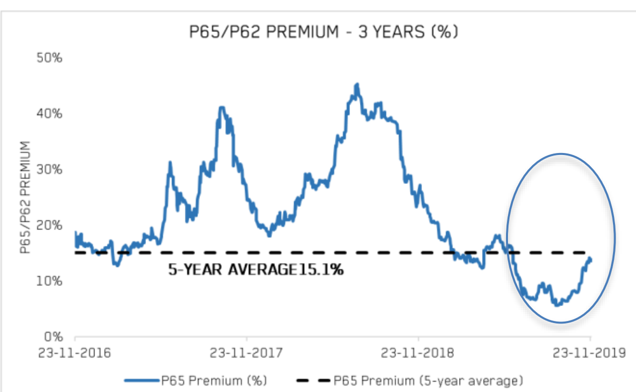
ADAPTING TO HIGHER RAW MATERIAL PRICES

One of the great challenges for steel makers has been their ability to pass through higher raw material prices into higher steel prices. Until recently, steel makers struggled to increase steel prices in tandem with rapidly changing iron ore prices. In recent weeks, several steel makers followed the largest global entity, ArcelorMittal, in price hikes[2,3]. In addition, several steel makers globally have announced shutdowns of less profitable assets in efforts to remove excess capacity in some key regions[11,12].

In tandem with such announcements, the Bloomberg steel mill profit index saw a strong reversal, now back to a level not seen since earlier this year. The improving position for steel mills and the upcoming Chinese New Year (January 25, 2020) could trigger a restocking cycle as mills' iron ore inventories remain at multiyear lows[13].



We have communicated in prior newsletters our view that higher iron ore prices could impact steel mill profitability and lead to a change in product mix, favouring lower quality material as steel mills aim to stabilize margins. Steel makers are incentivized to utilize higher quality iron ore to improve efficiencies and reduce emissions in the steel making process. As steel mill profitability recovers, so has the premium for high-grade iron ore. We believe this dynamic acts as a natural hedge for our product pricing.



RECENT MACROECONOMIC EVENTS

We would warn readers that this section merely reflects our view of the macroeconomic situation. We are of the view that market participants focus heavily on economic headlines when assessing the backdrop of the iron ore market. In fact, economic indicators more heavily geared towards steel demand have recently contradicted softer headline data[1]. While China accounts for approximately half of the global steel demand, they also import over 60% of the global seaborn iron ore. Of additional importance, Chinese demand is heavily geared towards construction (60%+) and autos (8%+)[14].

Focusing on such areas of importance highlights recovery in economic data in recent weeks. Chinese infrastructure investment and fixed asset investment grew at ~7% and ~5% y/y in September, respectively. China's property sales inched up 0.1% from January to October – their first positive turn this year[15]. There are signs of an auto industry inflection as Chinese output of internal combustion engines for use in autos increased 8.6% y/y and was up 14.8% m/m in August[16]. Lastly, production of most white goods strengthened near double digits y/y in September[17]. In addition, the Chinese government has doubled the value of large-scale infrastructure projects it has approved so far this year, compared with last year, in efforts to steady its economy with 21 projects, worth at least US$107.8B[18].

While such data appears to underpin resilient demand for steel, recent headline economic indicators such as the China's steel industry Purchasing Manager' Index (PMI) was particularly low in October suggesting a contraction in steel demand. This contradiction of strong indication for steel demand, as suggested above, with low headline economic data can be explained by a reduced output during the National Day holiday, which took place in October, when environmental curbs limited steel production[19].

Regarding ongoing trade talks impacting China, it is important to note that the bulk of the Chinese steel demand is related to property and infrastructure, and thus unlikely to be directly impacted by any potential slowdowns from trade disputes[20].

MARKET FACING ACTIVITIES

Our team's core focus is to engage with customers and financial partners as our company looks to advance our recently announced Phase II growth initiative. In recent weeks, we visited several existing and potential customers in India and other parts of Asia. We are confident we have the tools in place to create additional value for our shareholders as we deploy our strategy. Our team maintains a dialogue with existing investors while also introducing our company to prospective investors globally. We recently completed trips to several cities in North America as part of our strategy to enhance our already strong shareholder base.

Last month, our company was provided with two well-recognized accolades: the Ernst & Young "Accelerated Growth" award and the AEMQ "Entrepreneur of the Year" award. Receiving recognition for our efforts is extremely motivating and grows our appetite for success. Such recognition stems from the hard work of our operating team and partners aligned to operate and grow a sustainable mining company.

PHASE II DEVELOPMENT

As of the quarter ending September 30, 2019, our team deployed C$18.6M of the previously approved C$68M work program to secure the timetable detailed in the feasibility study released on June 20, 2019. The investments to date have comprised of civil works on the silo and associated conveyors as well as mechanical and electrical works inside the plan to secure winter works. While our team continues to monitor market conditions as we consider the proposed timeline for the expansion, the construction work is progressing in accordance with the initial budget. Below, we are proud to share some of the works accomplished to date.

SILO COMPLETION WORKS

SILO TUNNEL

ELECTRICAL ROOM – 600V DISTRIBUTION

CONCRETE POURING – CONVEYOR FOUNDATION

David Cataford
Chief Executive Officer

Michael O'Keeffe
Executive Chairman of the Board

FOR FURTHER INFORMATION, PLEASE CONTACT:

Michael Marcotte
Vice-President, Investor Relations
514-316-4858, Ext. 128
info@championironmines.com

FOR ADDITIONAL INFORMATION ON CHAMPION IRON LIMITED, PLEASE VISIT:

Our website at championiron.com

FORWARD-LOOKING INFORMATION

This newsletter includes certain information that may constitute “forward-looking information” under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this newsletter that address impact on iron ore, as well as future events, developments or performance that Champion expects to occur including management’s expectations regarding (i) the timeline for and expected production increases further to Champion’s phase II expansion project (ii) the Company’s growth economics, (iiiii) events impacting equity markets and iron ore prices, (iiiiv) realized prices and demand for Bloom lake iron ore concentrate, (ivv) prospective clients and investors, (vvi) the impact of trade disputes, (vivii) economic stimulus and infrastructure projects, (viiviii) the grade of Champion’s products, (viiiix) supply disruptions in the global iron ore industry, (ix) Champion’s iron ore concentrate impact to emission in steel making process, and (x) the demand for steel and steelmaking profitability, (xi) Champion’s iron ore concentrate demand (xii) funding abilities and timing of growth projects are forward-looking statements . 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 including, without limitation, the results of the expected gains of the Corporation in the current situation. Although Champion believes the expectations 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 in forward-looking statements include, without limitation: project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risk Factors” of the Company’s 2019 Annual Information Form and the risks and uncertainties discussed in the Company’s MD&A for the year ended March 31, 2018, both available on SEDAR at www.sedar.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward- looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion’s forward-looking information contained in this news release 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.

Certain of the information in this newsletter has been obtained from external sources, studies or reports. While the Company believes this information to be reliable it has not independently verified such information and disclaims any liability pursuant to such information.

REFERENCES:

[1] BMO Capital, October 2, 2019
[2] Clarksons, October 25, 2019
[3] Clarksons October 28, 2019
[4] Bloomberg, November 12, 2019
[5] Wood Mackenzie, August 2019
[6] Macquarie, September 19, 2019
[7] Bloomberg, November 4, 2019
[8] Wood Mackenzie, October 2019
[9] Macquarie, November 13, 2019
[10] Bloomberg, October 7, 2019
[11] Meltwater, November 12, 2019
[12] Platts, November 18, 2019
[13] MySteel, November 6, 2019
[14] Wood Mackenzie data, 2019
[15] Clarksons, November 15, 2019
[16] China Machinery Industry Federation, September 2019
[17] BMO Capital, November 1, 2109
[18] South China Morning Post, October 24, 2019
[19] MySteel, November 1, 2019
[20] Bloomberg, August 13, 2019

*P62: Platts TSI IODEX 62% Fe CFR China; P65: Platts IO Fines 65% Fe CFR China