CHAMPION IRON

QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS RECORD PRODUCTION, NET INCOME AND NET CASH FLOW FROM OPERATIONS FOR ITS FY2021 SECOND QUARTER RESULTS

Net income of $112.2M from production of 2,268,800 wmt; Phase II expansion project cumulative budget increased to $120.0M

Montreal, October 27, 2020 - Champion Iron Limited (TSX: CIA) (ASX: CIA) ("Champion" or the "Company") is pleased to announce strong operational and financial results for the second quarter ended September 30, 2020 of the fiscal year ending March 31, 2021.

<u>Conference Call Details</u>

Champion will host a conference call and webcast on Wednesday October 28, 2020 at 8:30 AM EDT (Montreal Time) / October 28, 2020 at 11:30 PM AEST (Sydney Time) to discuss the FY2021 second quarter results. Call details are outlined at the end of this release.

1. HIGHLIGHTS

Health and Safety

- No known cases of COVID-19 have been confirmed by the Company;
- In close collaboration with its unionized workforce, contractors and local communities, the Company continued to improve operations and implemented measures aligned with the Government of Québec's (the "Government") directives in response to the COVID-19 pandemic;
- The Company implemented and continuously reviews its measures and protocols in order to minimize the risks related to COVID-19, which are expected to remain in place in order to safeguard the health and safety of our employees, partners and local communities;
- The Company established new programs, including: a voluntary screening test in cooperation with the National Institute of Public Health of Québec ("INSPQ"), a monthly health and safety audit to review the effectiveness of adopted COVID-19 measures, and a "COVID-19 focus card", which enables employees to provide feedback on implemented measures and protocols; and
- The Company received and intends to implement a portable and rapid testing solution, approved by Health Canada, to detect and mitigate the COVID-19 related risks by screening employees and contractors working at the Bloom Lake Mine ("Bloom Lake") once additional equipment is delivered and the required personnel are hired.

1. HIGHLIGHTS (continued)

Financial

- Revenues of $311.0M and $555.6M for the three and six-month periods ended September 30, 2020, respectively, compared to $160.4M and $438.3M, respectively, for the same periods in 2019;
- EBITDA[1] of $197.8M for the three-month period ended September 30, 2020, representing an EBITDA margin[1] of 64%, compared to an EBITDA[1] of $62.6M (39%) for the same period in 2019. EBITDA[1] of $325.5M (59%) for the six-month period ended September 30, 2020, compared to $229.5M (52%) for the same period in 2019;
- Net income of $112.2M for the three-month period ended September 30, 2020 (EPS of $0.24), compared to a net loss of $1.7M for the same period in 2019 (EPS of $0.00). Net income of $187.7M for the six-month period ended September 30, 2020 (EPS of $0.40), compared to a net income of $72.5M for the same period in 2019 (EPS of $0.09);
- Net cash flow from operations of $128.3M for the three-month period ended September 30, 2020, representing an operating cash flow per share[1] of $0.27, compared to $104.9M or $0.24 per share[1] for the same period in 2019. Net cash flow from operations of $203.6M for the six-month period ended September 30, 2020, representing an operating cash flow per share[1] of $0.43, compared to $196.8M or $0.45 per share[1] for the same period in 2019;
- Declaration and payment of $17.0M of accumulated dividends on the Company's operating subsidiary, Quebec Iron Ore Inc.'s ("QIO") preferred shares, which are held by CDP Investissements Inc., a wholly-owned subsidiary of the Caisse de dépôt et placement du Québec; and
- Strong cash on hand[2] balance of $425.8M as at September 30, 2020, despite income and mining taxes payments of $97.0M and dividend payment of $17.0M made during the three-month period ended September 30, 2020, compared to a cash on hand[2] balance of $347.5M as at June 30, 2020, and $298.7M as at March 31, 2020.

Operations

- Operations at Bloom Lake resumed full operational capacity in the recently completed quarter, following the Government's announcement to categorize mining activities as a "priority service" and the lifting of specific COVID-19 containment directives issued in the first quarter of the Company's fiscal year ending March 31, 2021;
- Production of 2,268,800 wet metric tonnes ("wmt") of high-grade 66.1% Iron ore ("Fe") concentrate for the three-month period ended September 30, 2020, compared to 2,189,700 wmt of high-grade 66.3% Fe concentrate for the same period in 2019. Production of 4,067,600 wmt of high-grade 66.3% Fe concentrate for the six-month period ended September 30, 2020, compared to 4,179,100 wmt for the same period in 2019;
- Recovery rate of 85.2% and 83.8% for the three and six-month periods ended September 30, 2020, respectively, compared to a recovery rate of 83.9% and 83.1%, respectively, for the same periods in 2019; and
- Free On Board ("FOB") total cash cost[1] of $48.5/dry metric tonne ("dmt") (US$36.4/dmt) ("Total Cash Cost" or "Cash Cost") and $53.1/dmt (US$39.1/dmt) for the three and six-month periods ended September 30, 2020, respectively, compared to $48.3/dmt (US$36.6/dmt) and $51.4/dmt (US$38.7/dmt), respectively, for the same periods in 2019.

---

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section included in note 19 of the Company's Management Discussion and Analysis for the period ended September 30, 2020 (the "MD&A") available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

2 Cash on hand includes cash and cash equivalents and short-term investments.

1. HIGHLIGHTS (continued)

Other Developments

- In connection with Bloom Lake's Phase II expansion project, which proposes to double Bloom Lake's nameplate capacity to 15 Mtpa, the Company increased the Phase II cumulative budget by an additional $22M, for a total budget of $120M, in order to prudently advance the project and preserve key timelines ahead of the deferred final Board of Directors (the "Board") decision on the Phase II expansion. The Company will communicate its development plans with regards to the Phase II expansion project by the end of the current calendar year;
- Appointment of Alexandre Belleau as Chief Operating Officer on July 22, 2020;
- Appointment of Louise Grondin to the Board at the Annual General Meeting of the Company's shareholders on August 27, 2020; and
- Completed a virtual platform presenting a 360 degree view of the Company's mining operations and related infrastructure, currently available on the Company's website at www.championiron.com.

"Our team's agility in adapting operations is unlocking the full potential of our flagship Bloom Lake Mine, resulting in record quarterly production and financial results for our Company. I am proud to be leading such a highly motivated workforce, dedicated to the success of our Company, despite the challenging environment created by the COVID-19 pandemic. As our focus remains the safety and well-being of our employees, partners and communities, we continue to enforce strict COVID-19 related measures and look forward to deploying our recently delivered rapid testing solution in our continuous effort to mitigate the pandemic related risks. With our cash on hand rapidly growing, our Company continues to diligently advance the Phase II expansion project, increasing the cumulative budget to $120M, which is expected to further de-risk the project", commented David Cataford, Champion's CEO.

2. RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic continues to impact the global economy, creating significant economic uncertainty and disruption to financial markets. The health and safety of the Company's employees, partners and the local communities continues to be a priority. In response to the COVID-19 pandemic, the Company continuously reviews its measures and protocols, with operations adapted in line with Government guidelines and the recommendations of an executive committee assembled for the purpose of monitoring and adapting to the ongoing COVID-19 pandemic. To date, no known cases of COVID-19 have been confirmed by the Company. Further to the Government's announcement that effective April 15, 2020, mining activities were considered a "priority service", operations at the Bloom Lake Mine have now returned to full operational capacity.

Since the beginning of the pandemic, the Company consistently and proactively deployed several measures in its efforts to mitigate risks related to COVID-19, all in line with the Government guidelines. Implemented safety precautions included: additional monitoring of employees' health, temperature control prior to traveling and entering Bloom Lake, isolation measures from the nearby communities, additional transportation capacity to enable adequate social distancing, amended work schedules to reduce travel volumes, additional medical support, disinfection and distancing protocols at the mine site, a mandatory disease management protocol for suspected cases, a traceability employees' register in response to a possible infection and a mandatory information session for new contractors and employees. Recently, the Company has deployed additional measures, such as the monitoring of COVID-19 related measures adopted by its contractors, a monthly audit to review the effectiveness of adopted measures, a "COVID-19 focus card" enabling employees to provide feedback on the implemented measures and protocols, and a voluntary screening test program in cooperation with the INSPQ.

In addition, several communication channels have been created to ensure adequate supervision and communication of newly implemented measures. Subsequently to September 30, 2020, the Company received a portable and rapid testing solution approved by Health Canada, aimed at detecting individuals infected with COVID-19. Pending the delivery of additional equipment and the hiring of required personnel, the Company expects to commission the rapid testing solution in the near-term in order to screen employees and contractors working at Bloom Lake. The Company's COVID-19 plan is currently available on its website at www.championiron.com.

To date, the Company's risk mitigating actions have proven successful at minimizing the pandemic's impact, with Bloom Lake resuming full operational capacity and delivering strong net cash flow from operations with record production and net income for the three-month period ended September 30, 2020. Investments made in the mining equipment rebuild program since the start of operations in February 2018 and the implementation of operational improvements designed to increase plant capacity and reliability in the first half of the previous fiscal year enabled the Company to maximize its productivity despite the COVID-19 pandemic.

As the Company implemented best practices while managing its response to the COVID-19 pandemic, substantial direct and incremental operating costs were incurred during the three and six-month periods ended September 30, 2020, which totalled $2.7M or $1.3/dmt[1] and $7.2M or $1.9/dmt[1], respectively. COVID-19 specific costs could continue to be incurred in the foreseeable future. The Company's motivated workforce demonstrated their commitment towards collective success while navigating the pandemic with no significant absenteeism during the period, which allowed the Company to compensate for certain operational sector delays experienced in the previous period, namely with waste mining activities. Due to the ongoing testing and preventive screening for COVID-19, some temporary workers were unavailable when they were suspected of having symptoms of the virus until testing results confirmed otherwise, which required the retention of other temporary workers, leading to additional operational costs.

The Company benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. During the three-month period ended September 30, 2020, the Company paid $97.0M in income and mining taxes, including the deferred portions, for the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively.

Despite the economic impact of the COVID-19 pandemic, iron ore prices remained robust throughout the three and six-month periods ended September 30, 2020, providing an attractive operating margin environment. Although the Company is managing its operations and liquidity to mitigate risks related to COVID-19, the extent to which the pandemic could impact operations and cash flows will depend on future developments given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy and the demand for iron ore concentrate.

---

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

3. BLOOM LAKE MINE OPERATING ACTIVITIES

	Three Months Ended September 30,			Six Months Ended September 30,		
	2020	2019	Variance	**2020**	2019	Variance
Operating Data						
Waste mined (wmt)	**4,114,400**	3,572,200	15 %	**6,727,200**	7,153,100	(6 %)
Ore mined (wmt)	**6,070,000**	5,393,900	13 %	**10,752,600**	10,499,000	2 %
Material mined (wmt)	**10,184,400**	8,966,100	14 %	**17,479,800**	17,652,100	(1 %)
Strip ratio	**0.7**	0.7	— %	**0.6**	0.7	(14 %)
Ore milled (wmt)	**5,562,600**	5,450,800	2 %	**10,167,200**	10,230,800	(1 %)
Head grade Fe (%)	**30.9**	32.3	(4 %)	**31.1**	32.4	(4 %)
Recovery (%)	**85.2**	83.9	2 %	**83.8**	83.1	1 %
Product Fe (%)	**66.1**	66.3	— %	**66.3**	66.3	— %
Iron ore concentrate produced (wmt)	**2,268,800**	2,189,700	4 %	**4,067,600**	4,179,100	(3 %)
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	11 %	**3,822,200**	3,767,100	1 %
Financial Data (in thousands of dollars)						
Revenues	**310,994**	160,370	94 %	**555,568**	438,284	27 %
Cost of sales	**100,068**	89,921	11 %	**202,844**	193,528	5 %
Cost of sales - incremental costs related to COVID-19	**2,671**	—	— %	**7,233**	—	— %
Other expenses	**10,426**	7,874	32 %	**19,967**	15,245	31 %
Net finance costs	**3,387**	46,433	(93 %)	**2,065**	75,485	(97 %)
Net income (loss)	**112,164**	(1,726)	(6,598 %)	**187,720**	72,515	159 %
EBITDA[1]	**197,829**	62,575	216 %	**325,524**	229,511	42 %
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**162.8**	140.3	16 %	**156.6**	149.7	5 %
Net average realized selling price[1]	**150.7**	86.2	75 %	**145.4**	116.3	25 %
Total cash cost (C1 cash cost)[1]	**48.5**	48.3	— %	**53.1**	51.4	3 %
All-in sustaining cost[1]	**57.4**	66.2	(13 %)	**60.8**	64.5	(6 %)
Cash operating margin[1]	**93.3**	20.0	367 %	**84.6**	51.8	63 %

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following directives from the Government in response to the COVID-19 pandemic, which required mining activities to be reduced to a minimum within the province of Québec. As announced by the Company on April 23, 2020, operations gradually ramped up, following the Government's announcement that mining activities were to be considered a "priority service" in Québec. Although the Company was operating at a minimal capacity for a period of time and its activities at the mine were disrupted, early actions implemented by Management in response to the COVID-19 pandemic minimized its impacts on operations. Despite disruptions to operations, the Company produced nearly 4.1 million wmt of high-grade iron ore concentrate during the six-month period ended September 30, 2020, which is approximately 8% above Bloom Lake's current nameplate capacity.

i. Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

During the three-month period ended September 30, 2020, 10,184,400 tonnes of material were mined, compared to 8,966,100 tonnes for the same period in 2019, representing an increase of 14%. This increase in material mined is the result of higher equipment availability and utilization rate, additional equipment and better ore accessibility. The Company benefited from its previous and continuous investments in the mining equipment rebuild program, enabling it to maximize productivity when operational flexibility is required due to ongoing pandemic-related conditions.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

3. BLOOM LAKE MINE OPERATING ACTIVITIES (continued)

Operational Performance (continued)

i. Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020 (continued)

The plant processed 5,562,600 tonnes of ore during the three-month period ended September 30, 2020, compared to 5,450,800 tonnes for the same period in 2019, representing an increase of 2%. The higher throughput resulted from higher mined ore availability and higher mill utilization rate. During the quarter, the Company fully used its two production lines, compared to only one production line for the previous quarter, further to the Government's COVID-19 imposed ramp-down. The improvements and operational innovations implemented during the fiscal year ended March 31, 2020 allowed the Company to increase throughput stability and reach a higher level of mill productivity, despite the inefficiencies created by COVID-19, which allowed the Company to take advantage of the elevated iron ore price.

The iron ore head grade in the three-month period ended September 30, 2020 reached 30.9%, compared to 32.3% for the same period in 2019. The decrease in head grade is attributable to the presence of some lower grade ore being sourced and blended from different pits, when compared to the prior year. This is in line with the mining plan and the life of mine head grade average.

The Company achieved an average recovery rate of 85.2% during the three-month period ended September 30, 2020, compared to a recovery rate of 83.9% for the same period in 2019, which is attributable to higher recovery circuit stability.

Based on the foregoing, Bloom Lake achieved a new quarterly production record with 2,268,800 wmt of 66.1% Fe high-grade iron ore concentrate produced during the three-month period ended September 30, 2020, an increase of 4%, compared to the previous quarterly production record of 2,189,700 wmt for the same period in 2019. The higher production, surpassing nameplate capacity, is mainly a result of higher ore mined and higher throughput, combined with a higher average recovery rate, despite being partially offset by a lower head grade. The variation between iron ore concentrate produced and sold during the quarter is due to the timing of shipments.

ii. First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

The Company mined 17,479,800 tonnes of material during the six-month period ended September 30, 2020, compared to 17,652,100 tonnes for the same period in 2019. The plant processed 10,167,200 tonnes of ore during the six-month period ended September 30, 2020, a decrease of 1% over the same period in 2019, while the recovery rate improved from 83.1% to 83.8%, in line with the Company's target. Based on the foregoing, Bloom Lake produced a total of 4,067,600 wmt of Fe 66.3% high-grade iron ore concentrate during the six-month period ended September 30, 2020, compared to 4,179,100 wmt for the same period in 2019.

During the first quarter of the 2021 fiscal year, the COVID-19 pandemic had a negative impact on several of the Company's activities, including: reduced mining activities due to the compliance with the public health directives issued by the Government; reduced equipment maintenance due to COVID-19-related resource limitations, which had adverse repercussions on equipment availability; the arrival of the seasonal workforce, which required integration and training; and the operation of only one of the Company's two production lines for a period of time stemming from the Government's COVID-19-related directives. Once the governmental restrictions were lifted, the Company accelerated its mining activities and surpassed its plant nameplate capacity for the six-month period ended September 30, 2020. The capital expenditures made in the mining equipment rebuild program along with the improvements and operational innovations accomplished at the plant in the past have maximized current productivity.

During the six-month period ended September 30, 2020, the Company received a confirmation that its initial commercial production test last year qualified as Direct Reduction ("DR") from DR pellet producers and direct reduced iron ("DRI") plant operators. With this confirmed product specification, the Company produced an additional 207,900 wmt of DR quality iron ore concentrate at 67.8% Fe with a combined silica and alumina content of 2.68%, at the request of a customer in the Middle East. This second shipment confirms the ability of the Company to sell its ore to producers of DR pellets, which can be converted by DRI producers and utilized in electric arc furnaces, which represent a growing subset of global steelmaking capacity. This positions the Company to potentially increase its customer base and confirms that Bloom Lake is one of the few producing deposits globally that can transition its product offering in response to potential shifts in steelmaking methods in the coming years.

4. FINANCIAL PERFORMANCE

A. Revenues

During the three-month period ended September 30, 2020, 2,063,400 tonnes of high-grade iron ore concentrate were sold at the CFR China gross realized price of US$122.2/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US$122.2/dmt represents a premium of 3.4% over the benchmark IODEX 62% Fe CFR China Index ("P62") price, compared to a premium of 15.5% for the previous quarter. The gross average realized selling price reflects the sales at a determined price, as well as the forward price at the expected settlement date for 1,188,000 tonnes which were in transit at the end of the period. The difference between the gross average realized selling price of US$122.2/dmt for the recently completed quarter and the average IODEX 65% Fe CFR China Index ("P65") for the quarter of US$128.9/dmt is due to the fact that some sales were made at a discounted price in order to compete with pellet prices which are currently at multi-year lows, and the fact that some contracted volumes were sold based on previous months' prices, when P65 prices were significantly lower.

As pellet prices stabilize, following the effects of the COVID-19 pandemic on the industry, the Company expects its product pricing to continue tracking the P65 index. In addition, the Company should benefit from the current period prices for its contracted volumes, based on previous months' P65 prices in the upcoming period ending December 31, 2020. Other factors influencing the Company's realized price included the increase in production activity by China's domestic miners, offering competitive prices due to their proximity to end customers, and rising levels of iron ore concentrate inventories at certain Chinese ports.

Sea freight costs remained low during the three-month period ended September 30, 2020. During the second quarter of the Company's 2021 fiscal year, low fuel prices and lower shipments from Brazil contributed to sea freight costs remaining at low levels, while during the same period last year, the impact of a major producer's resumption of operations in June 2019 on global freight rates increased the Company's sea freight costs. The freight costs variation with C3 Baltic Capesize Index costs during the period is mainly due to the timing of the vessels' booking and the fact that the Company benefited from a freight contract at a fixed price of US$15.46 per tonne plus freight commissions for one vessel per month until December 2020.

During the three-month period ended September 30, 2020, the final price was established for most of the 1,310,000 tonnes of iron ore that were in transit as at June 30, 2020. Accordingly, during the three-month period ended September 30, 2020, provisional pricing adjustments of $28,980,000 were recorded in additional revenues for the 1,310,000 tonnes, representing a positive impact of US$10.6/dmt.

Deducting sea freight costs of US$19.6/dmt and adding the provisional sales adjustment of US$10.6/dmt, the Company obtained a net average realized price of US$113.2/dmt (CA$150.7/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $310,994,000 for the three-month period ended September 30, 2020 compared to $160,370,000 for the same period in 2019. The increase is attributable to a higher net average realized selling price[1], higher volumes sold and the positive impact of foreign exchange rates.

For the six-month period ended September 30, 2020, the Company sold over 3,822,200 tonnes of iron ore concentrate shipped in 22 vessels to customers located in China, Japan, South Korea, Europe and the Middle East. While the high-grade iron ore P65 index price fluctuated between a low of US$96.5/dmt and a high of US$143.1/dmt during the six-month period ended September 30, 2020, the Company sold its product at a gross average realized selling price of US$115.6/dmt. Combining the gross average realized selling price with the provisional sales adjustment of US$10.0/dmt, the Company sold its high-grade iron ore material at a price of US$125.6/dmt during the six-month period ended September 30, 2020, compared to the P65 index average of US$118.8/dmt, demonstrating its ability to benefit from its premium high-grade iron ore material pricing over the P62 index reference price. Deducting sea freight costs of US$18.3/dmt, the Company obtained a net average realized selling price[1] of US$107.3/dmt (CA$145.4/dmt) for its high-grade iron ore delivered to the customer. As a result, revenues totalled $555,568,000 for the six-month period ended September 30, 2020, compared to $438,284,000 for the same period in 2019.

Although the sales increase is mainly attributable to the net average realized selling price[1], the positive volume impact illustrates the benefit the Company yielded by investing in production reliability and having the ability to increase its throughput capacity when the price of high-grade iron ore is elevated.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

4. FINANCIAL PERFORMANCE (continued)

B. Cost of Sales

Cost of sales represent mining, processing, and mine site-related general and administrative ("G&A") expenses.

During the three-month period ended September 30, 2020, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific incremental and non-recurring COVID-19 related costs, totalled $48.5/dmt, compared to $48.3/dmt for the same period in 2019. The total cash cost[1] for the period was negatively impacted by the inefficiencies related to the COVID-19 preventive measures, which were offset by operational productivity resulting in record volumes of iron ore concentrate sold. The stability of the total cash cost[1] during the COVID-19 pandemic is a direct benefit of the Company's investments in plant innovation and improvements as well as the mining equipment rebuild program.

For the six-month period ended September 30, 2020, excluding specific incremental and non-recurring COVID-19 related costs, the Company produced high-grade iron ore at a total cash cost[1] of $53.1/dmt compared to $51.4/dmt for the same period in 2019. The C1 cash cost[1] for the period includes the negative impact of the inefficiencies related to the COVID-19 preventive measures associated with social distancing protocols. In the first quarter of the 2021 fiscal year, in line with the Company's founding values to maintain its beneficial partnership with its workforce, the Company opted to maintain the full workforce on its payroll, despite the reduced operating activities imposed in compliance with the Government's public health directives. The increase in total cash cost[1] was partially offset by operational productivity during the second half of the period.

In the three and six-month periods ended September 30, 2020, total cash cost[1] was negatively impacted by Société férroviaire et portuaire de Pointe-Noire's ("SFPPN") operational costs, which were higher than in the comparative periods in 2019. Despite this, the Company is confident that corrective actions implemented by SFPPN will result in future cost savings, and this trend was evident in the most recent quarter.

C. Cost of Sales - incremental costs related to COVID-19

In line with the Government's directives, the Company implemented several measures in its efforts to mitigate the risks related to the COVID-19 pandemic. The Company incurred direct, incremental and non-recurring operating costs of $2,671,000 or $1.3/dmt[1] and $7,233,000 or $1.9/dmt[1] for the three and six-month periods ended September 30, 2020, respectively. These costs do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. These specific costs are mainly comprised of premiums paid to employees from adjusted work schedules, incremental transportation costs and incremental costs for cleaning and disinfecting facilities. While the work schedules were adapted and related premiums to payroll were paid during the first quarter of the Company's 2021 fiscal year, the Company resumed its normal work schedules at the end of June 2020. Despite the fact that the costs associated with the revised schedules and the related premiums are not recurring, the Company will continue to deploy measures to mitigate the risks from COVID-19 on site and at the local community level. Accordingly, COVID-19 specific costs could continue to be incurred during fiscal year 2021.

D. Gross Profit

The gross profit for the three-month period ended September 30, 2020 totalled $199,909,000, compared to $65,756,000 for the same period in 2019. The increase in gross profit is attributable to higher revenues, as a result of a higher net average realized selling price[1] of $150.7/dmt for the three-month period ended September 30, 2020, compared to $86.2/dmt for the same period in 2019, and higher volumes of iron ore concentrate sold. The higher revenues are partially offset by the incremental costs related to COVID-19, which totalled $2,671,000 or $1.3/dmt[1] during the period, higher production costs from higher volume sold and higher depreciation expenses attributable to previous investments which were made to increase throughput and surpass the mine's nameplate capacity.

The gross profit for the six-month period ended September 30, 2020 totalled $328,205,000, compared to $236,449,000 for the same period in 2019. The increase is largely driven by the higher net average realized selling price[1] of $145.4/dmt for the six-month period ended September 30, 2020, compared to $116.3/dmt for the same period in 2019, and higher volumes of iron ore concentrate sold. The higher revenues are partially offset by the incremental costs related to COVID-19, which totalled $7,233,000 or $1.9/dmt[1] during the period, combined with higher depreciation expenses and higher production costs.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

4. FINANCIAL PERFORMANCE (continued)

E. Other Expenses

The decrease in share-based payments for the three and six-month periods ended September 30, 2020 reflects lower stock option costs as no stock options were granted during the three and six-month periods ended September 30, 2020.

The increase in G&A expenses in the three and six-month periods ended September 30, 2020, compared to the same period in 2019, is due to higher salaries and benefits from a higher headcount, higher professional fees and a higher annual premium for the Company's Directors' and Officers' liability insurance.

Sustainability and other community expenses are mainly composed of community taxes such as property and school taxes and expenditures related to the Company's Impact and Benefits Agreement with the First Nations ("IBA"). Higher expenses in the three and six-month periods ended September 30, 2020 reflect the Company's increased focus on sustainability. In addition, in the six-month period ended September 30, 2020, the Company completed its first Sustainability Report, highlighting its alignment with stakeholders regarding its diligence on environmental, social and governance responsibilities. The Sustainability Report is available on the Company's website at www.championiron.com.

F. Net Finance Costs

The main components of the net finance costs include interest on long-term debt, the foreign exchange on accounts receivable, cash on hand and long-term debt, loss on debt repayment of the previous credit facilities, the change in fair value of derivatives associated with the previous credit facilities, which were repaid in August 2019, and the change in the fair value of non-current investments.

Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

Net finance costs totalled $3,387,000 for the three-month period ended September 30, 2020, compared to net finance costs of $46,433,000 for the same period in 2019.

The decrease in net finance costs for the three-month period ended September 30, 2020, when compared to the same period in 2019, is mainly due to the impact of the repayment of the previous credit facilities on August 16, 2019, which triggered the reporting of a loss of $57,274,000. Most of the $57,274,000 loss in the three-month period ended September 30, 2019 were non-cash items, including the write-off of capitalized past transaction fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities.

The decrease in net finance costs is also attributable to the positive impact of the refinancing which the Company completed on August 16, 2019. The new credit facility bears an annualized 3.8% interest rate, compared to a rate of 10% from the previous credit facilities. The capitalization of borrowing costs on qualified assets during the development period of Bloom Lake's Phase II expansion project, which amounted to $562,000 for the three-month period ended September 30, 2020 (2019: nil) also contributed to the variation.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. The appreciation of the Canadian dollar against the U.S. dollar as of September 30, 2020, compared to June 30, 2020, contributed to an unrealized foreign exchange loss on its accounts receivable and cash on hand denominated in U.S. dollars that is partially offset by the unrealized foreign exchange gain on the Company's long-term debt denominated in U.S. dollars.

The previous credit facilities included embedded derivative instruments which had to be revalued on a quarterly basis. Following the refinancing which closed on August 16, 2019, these derivatives were extinguished. As such, non-cash changes in the fair value of derivative financial instruments no longer affect the Company's quarterly results. In the three-month period ended September 30, 2019, the favorable non-cash changes in the fair value of derivative financial instruments amounted to $19,534,000.

Non-current investments in listed common shares are classified as financial assets at fair value through profit or loss. For the three-month period ended September 30, 2020, the net increase in the fair value of non-current investments in common shares represented $1,143,000, resulting from a higher stock price of the investments, while in the comparative period of 2019, the net decrease was $404,000.

4. FINANCIAL PERFORMANCE (continued)

F. Net Finance Costs (continued)

First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

The decrease in net finance costs for the six-month period ended September 30, 2020, when compared to the same period in 2019, is mainly due to the impact of the repayment of the previous credit facilities on August 16, 2019, which triggered the reporting of a loss of $57,274,000. Lower net finance costs are also attributable to the reduction in interest, following the refinancing transaction closed on August 16, 2019, which reflects the lower cost of debt, in addition to capitalization of borrowing costs related to the Phase II expansion project, which amounted to $1,493,000. Moreover, the Company incurred a gain on the change in fair value of its non-current investments, which is the result of its equity investments' higher share price.

G. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used. QIO is subject to Québec mining taxes at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the *Mining Tax Act* (Québec), divided by revenues. The progressive tax rates based on the mining profit margins are as follows:

Mining profit margin range	Tax rate
Mining profit between 0% to 35%	**16 %**
Incremental mining profit over 35%, up to 50%	**22 %**
Incremental mining profit over 50%	**28 %**

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the three-month period ended September 30, 2020 (2019: 26.68%).

During the three and six-month periods ended September 30, 2020, current income and mining tax expenses totalled $69,305,000 and $112,747,000, respectively, compared to $14,624,000 and $67,986,000, respectively, for the same periods in 2019. The variation is mainly due to higher taxable profit.

During the three and six-month periods ended September 30, 2020, deferred income and mining tax expenses totalled $4,627,000 and $5,706,000, respectively, compared to a recovery of $1,449,000 and an expense of $5,218,000, respectively, for the same periods in 2019. The recovery during the three-month period ended September 30, 2019 is associated with the early debt repayment. The increase for the six-month period ended September 30, 2020 is due to higher accelerated depreciation, resulting from a higher timing difference between the net book value and the tax value of the Company's assets.

Combining the provincial, federal statutory tax rate and mining taxes, the Company's effective tax rate ("ETR") was 40% and 39%, respectively, for the three and six-month periods ended September 30, 2020, compared to 115% and 50%, respectively, for the same periods in 2019. Higher ETR in the comparative periods was related to the 2019 early debt repayment, which was not subject to a tax recovery. For the three and six-month periods ended September 30, 2020, the ETR was higher than expected due to a higher tax rate of 22% on a portion of the Company's mining taxable income, resulting from a higher mining profit margin between 35% and 50% within the progressive mining tax rates schedule.

The Company has benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. During the three-month period ended September 30, 2020, the Company paid $97,042,000 in income and mining taxes, including all of the deferred payments, for the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively. The Company also recorded income and mining taxes payable of $73,480,000 as at September 30, 2020, which is due in May 2021 and which has contributed to the increase in current liabilities.

4. FINANCIAL PERFORMANCE (continued)

H. Net Income & EBITDA[1]

Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

For the three-month period ended September 30, 2020, the Company generated record net income of $112,164,000 (EPS of $0.24), entirely attributable to the Company's shareholders. In the comparative prior year period, the Company reported a net loss of $1,726,000 (EPS of $0.00) of which $2,140,000 in net income was attributable to the Company's shareholders. The variation is due to higher gross profit for the current period and the non-cash financing costs associated with the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities for the comparative period.

For the three-month period ended September 30, 2020, excluding the incremental costs related to COVID-19, which totalled $2,671,000 or $1.3/dmt[1], and its related tax impact, the Company generated adjusted net income[1] of $113,759,000 (adjusted EPS[1] of $0.24). For the three-month period ended September 30, 2019, mainly excluding the non-recurring non-cash transactions associated with the repayment of the previous credit facilities on August 16, 2019, the Company would have generated an adjusted net income[1] of $49,915,000 (adjusted EPS[1] of $0.11).

During the three-month period ended September 30, 2020, the Company generated an EBITDA[1] of $197,829,000, representing an EBITDA margin[1] of 64%, compared to an EBITDA[1] of $62,575,000, representing an EBITDA margin[1] of 39% for the same period in 2019. The variation period over period is primarily due to the higher net average realized selling price[1] combined with the higher volume of sales, partially offset by higher production costs from higher volumes sold and incremental costs related to COVID-19.

First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

For the six-month period ended September 30, 2020, the Company generated net income of $187,720,000 (EPS of $0.40), compared to net income of $72,515,000 (EPS of $0.09) for the same period in 2019. The variation is due to higher gross profit and lower interest costs on the long-term debt for the current period. In addition, the increase is attributed to the non-cash financing costs associated with the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities for the comparative period.

For the six-month period ended September 30, 2020, excluding the incremental costs related to COVID-19, which totalled $7,233,000 or $1.9/dmt[1], and its related tax impact, the Company generated adjusted net income[1] of $191,763,000 (adjusted EPS[1] of $0.41). For the six-month period ended September 30, 2019, mainly excluding the non-recurring non-cash transactions associated with the repayment of the previous credit facilities on August 16, 2019, the Company would have generated an adjusted net income[1] of $124,156,000 (adjusted EPS[1] of $0.20).

For the six-month period ended September 30, 2020, the Company generated an EBITDA[1] of $325,524,000, representing an EBITDA margin[1] of 59%, compared to an EBITDA[1] of $229,511,000, representing an EBITDA margin[1] of 52% for the same period in 2019. This increase in EBITDA[1] is mainly attributable to the increase in the net average realized selling price[1], partially offset by higher production costs and incremental costs related to COVID-19.

---

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

4. FINANCIAL PERFORMANCE (continued)

I. All-In Sustaining Cost[1] ("AISC") and Cash Operating Margin[1]

The Company believes that the AISC[1] and cash operating margin[1] are measures reflecting the costs associated with producing iron ore and assessing the Company's ability to operate without reliance on additional borrowing or usage of existing cash. The Company defines AISC[1] as the total cost associated with producing iron ore concentrate. The Company's AISC[1] represents the sum of cost of sales, corporate expenditures and sustaining capital expenditures, including stripping activities, divided by the iron ore concentrate sold (in dmt), to arrive at a per dmt figure.

Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

During the three-month period ended September 30, 2020, the Company realized an AISC[1] of $57.4/dmt, compared to $66.2/dmt for the same period in 2019. The variation relates to lower sustaining investments made in property, plant and equipment, which are partially offset by higher G&A expenses per dmt sold. During the three-month period ended September 30, 2019, significant sustaining investments were made to accelerate the construction work related to the raising of the tailings containment dams to ensure safe tailings deposition, and considerable amounts were invested in the mining equipment rebuild program to increase mining equipment fleet availability and performance. Ultimately, these past investments allowed the Company to maximize its current operational productivity while managing the challenges related to the COVID-19 pandemic.

Deducting the AISC[1] of $57.4/dmt from the net average realized selling price[1] of $150.7/dmt, the Company generated a cash operating margin[1] of $93.3/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2020, compared to $20.0/dmt for the same period in 2019. The variation is essentially attributable to a higher net average realized selling price[1].

First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

During the six-month period ended September 30, 2020, the Company realized an AISC[1] of $60.8/dmt compared to $64.5/dmt for the same period in 2019. The variation is due to lower sustaining capital expenditures in the current period. The cash operating margin[1] totalled $84.6/dmt for the six-month period ended September 30, 2020, compared to $51.8/dmt for the same period in 2019. The variation is due to a higher net average realized selling price[1], partially offset by a slightly higher total cash cost[1].

J. Non-Controlling Interest

Following Champion's acquisition of Investissement Québec's 36.8% equity interest in QIO on August 16, 2019, the Non-Controlling Interest ("NCI") in QIO no longer exists. Investissement Québec is a successor to Ressources Québec Inc., which held the equity interest in QIO at the time of the transaction.

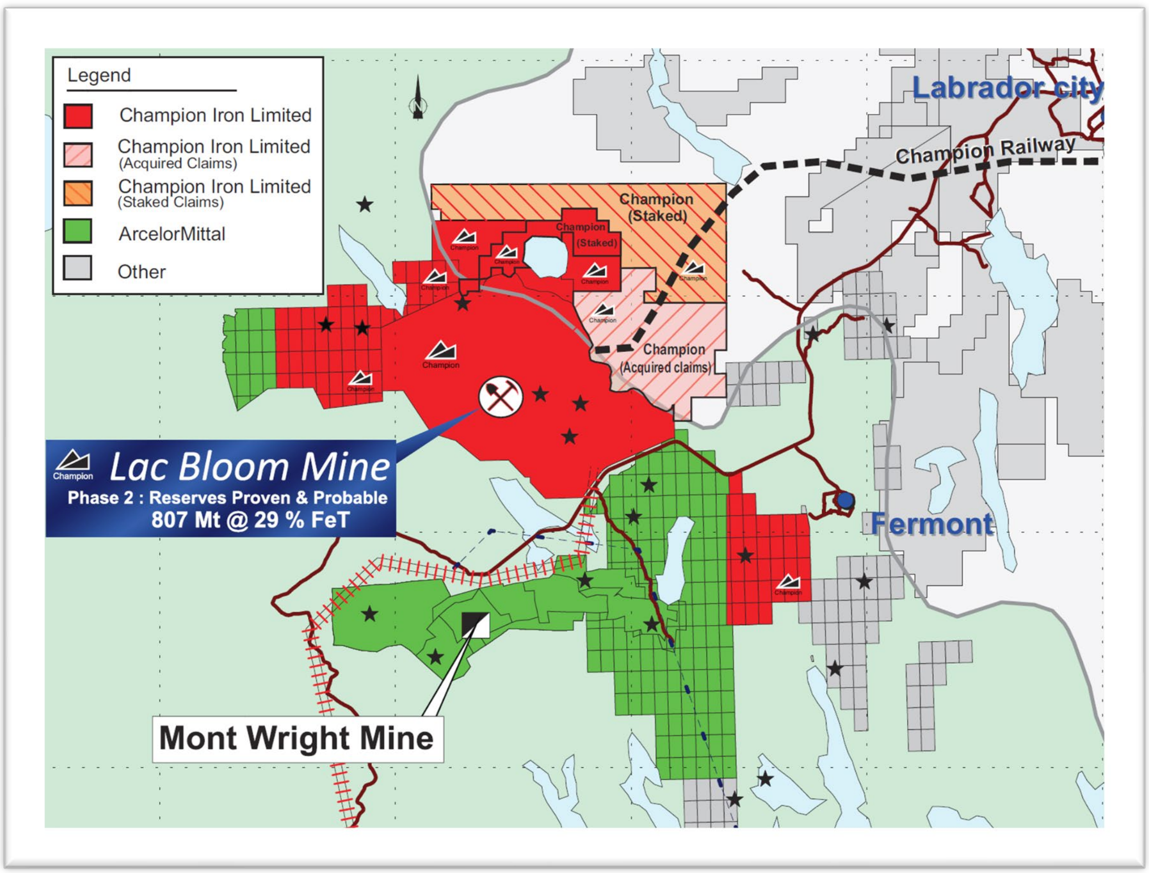
[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

5. EXPLORATION ACTIVITIES

During the three and six-month periods ended September 30, 2020, the Company continued to maintain all of its properties in good standing and did not enter into farm-in/farm-out arrangements. Accordingly, during the three and six-month periods ended September 30, 2020, $188,000 and $264,000 was incurred, respectively, in exploration and evaluation expenditures, compared to $233,000 and $427,000, respectively, for the same periods in 2019. The exploration expenditures mainly consist of fees required to maintain the Company's exploration properties, exploration expenses related to drilling and geophysical work at the Company's Gullbridge-Powderhorn property located in Northern Central Newfoundland, and the acquisition costs of staking additional exploration claims.

On April 2, 2020, the Company staked a block of claims covering an area of 31.8km^2 directly north of QIO's Bloom Lake mining lease and contiguous to its other claims in this area. Furthermore, the Company acquired additional claims totalling 38km^2, also located directly North of the Bloom Lake operations. Following these transactions, the Company now controls a block of claims totalling 178.2 km^2 situated in the province of Newfoundland and Labrador and in the province of Québec, directly North and West of the Bloom Lake mining lease.

While the current reserves at Bloom Lake are estimated to support mining operations for twenty years, the acquired claims provide the Company with additional opportunities and are in keeping with the Company's strategy to attempt to extend ore deposits in the vicinity of the Bloom Lake operations, where possible.



6. BLOOM LAKE PHASE II UPDATE

On June 20, 2019, the Company announced the findings of the Bloom Lake Feasibility Study (the "Feasibility Study"), prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") (see press release dated June 20, 2019 available under the Company's filings on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com) that includes proven and probable mineral reserve estimates of 807 million tonnes at an average grade of 29.0% Fe. The Phase II expansion project, as detailed in the Feasibility Study, aims to double Bloom Lake's nameplate capacity to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of the second plant which was partially completed by the mine's former owner. Based on the new optimized mine plan, the Bloom Lake mining rate would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a Life of Mine ("LoM") of 20 years.

The Feasibility Study proposed a 21-month construction period with estimated capital expenditures of $633.4M, including $44M in deposits. Project economics, based on US$83.9/t P65iron price, indicate an after-tax 8% net present value ("NPV") of $2,384M, combining Phase I & II, and an after-tax internal rate of return ("IRR") of 33.4%. During the LoM, total cash costs[1] are projected to be $46.6/t with an average all-in sustaining cost[1] of $52.3/t.

On June 20, 2019, the Company also announced the approval of an initial budget of $68M to fund and advance the Phase II expansion project during 2019 and into 2020, in order to secure the project timeline proposed by the Feasibility Study. Given the global uncertainty resulting from the COVID-19 pandemic, on March 24, 2020, the Company announced that its intentions to address the Phase II expansion plans, initially expected in the middle of the current calendar year, were postponed to a later time and that discretionary capital expenditures had been suspended. With measures in place to mitigate the risks related to COVID-19, the Company resumed some discretionary spending, mainly consisting of detailed engineering, and expanded the initial budget of $68M by $30M and then by an additional $22M on October 5, 2020, for a total budget of $120M. The increases to the Phase II initial budget are to be funded from cash on hand[2]. These additional expenditures allow to prudently advance the project and preserve key timelines ahead of the deferred final Board decision on the Phase II expansion. The Company will communicate its development plans with regards to the Phase II expansion project by the end of the current calendar year.

During the three-month period ended September 30, 2020, the Phase II expansion project activities consisted of the fabrication of spiral banks, the coordination of equipment transportation on-site for spiral installation and detailed engineering work, which was 57% completed as at September 30, 2020. In the three-month period ended September 30, 2020, additional work programs were completed, including the foundation work for the train load-out facility, and the installation of permanent heating, lighting and elevator systems. The cumulative budget approved to date also allowed the Company to initiate other work programs, including modifications to the gravimetric recovery circuit and work on the ore storage area near the concentrator plant. The work completed to date significantly de-risked the project timeline by completing cement and civil engineering projects, removing seasonality risks for the project's completion.

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

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of the MD&A included in note 19.

[2] Cash on hand includes cash and cash equivalents and short-term investments.

7. CASH FLOWS - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the three and six-month periods ended September 30, 2020, the Company invested $28,018,000 and $51,639,000, respectively, in additions to property, plant and equipment, compared to $52,248,000 and $78,725,000, respectively, for the same periods in 2019. The following table summarizes the investments made:

	Three Months Ended September 30,		**Six Months Ended September 30,**	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Tailings lifts	**6,349**	15,525	**6,903**	20,894
Stripping and mining activities	**4,415**	2,996	**7,045**	6,263
Mining equipment rebuild	**1,413**	10,927	**4,175**	14,241
Sustaining capital expenditures	**12,177**	29,448	**18,123**	41,398
Phase II	**13,328**	16,260	**19,167**	18,573
Other capital development expenditures at Bloom Lake	**2,513**	6,540	**14,349**	18,754
Purchase of property, plant and equipment as per cash flow	**28,018**	52,248	**51,639**	78,725

The decrease in tailings related investments for the three and six-month periods ended September 30, 2020, compared to the same periods in 2019, was anticipated. In 2019, the Company announced an accelerated $30M work program for the raising of the tailings containment dam to ensure safe tailings deposition, which was completed on time and on budget. The expenditures related to the raising of the tailings dam for the first quarter of the 2021 fiscal year were associated with a new coarse tailing line. During the three-month period ended September 30, 2020, the construction work on the dykes project was completed after being shortly delayed as a result of the COVID-19 pandemic.

Stripping and mining activities were reduced in the first quarter of the 2021 fiscal year due to the ramp down of operations as mandated by the Government's COVID-19 containment directives, but resumed during the three-month period ended September 30, 2020.

The Company's mining equipment rebuild program is in line with the work planned during the three-month period ended September 30, 2020 despite a slowdown during the first quarter of the 2021 fiscal year. Lower investments in the mining equipment rebuild program during the three and six-month periods ended September 30, 2020, compared to the same periods in 2019, is attributable to the Company's decision to invest in capital expenditures to increase mining equipment fleet availability and performance, whereby the need of required expenditures was greater for the same periods in 2019.

The investment in the Bloom Lake Phase II expansion project during the three and six-month periods ended September 30, 2020, consists of detailed engineering work, the production of spirals and the transportation of equipment on-site for the spiral installation. All expenditures were funded from the cumulative $120,000,000 approved budget funded from current cash on hand[1]. In the three and six-month periods ended September 30, 2019, expenditures were related to detailed engineering work, civil works on the silo and associated conveyors, as well as mechanical and electrical works inside the plant in order to secure winter works. In the three-month period ended September 30, 2020, additional work programs were completed, including the foundation work for the train load-out facility, and the installation of permanent heating, lighting and elevator systems. The cumulative budget approved to date also allowed the Company to initiate other work programs including modifications to the gravimetric recovery circuit and work on the ore storage area near the concentrator plant. The work completed to date significantly de-risked the project timeline by completing cement and civil engineering projects, removing seasonality risks for the project's completion.

During the three and six-month periods ended September 30, 2020, other capital development expenditures at Bloom Lake totalled $2,513,000 and $14,349,000, respectively. During the six-month period ended September 30, 2020, the investments consisted of infrastructure upgrades at the mine, the commissioning of new equipment required to maintain a strip ratio in line with the Phase II mine plan and the acquisition of 100 additional used rail cars at a cost of $5,500,000. During the three and six-month periods ended September 30, 2019, other capital development expenditures at Bloom Lake totalled $6,540,000 and $18,754,000, respectively, related to the completion of the Phase II Feasibility Study, as well as infrastructure upgrades at the mine and service equipment capacity improvements.

[1] Cash on hand includes cash and cash equivalents and short-term investments.

8. CONFERENCE CALL AND WEBCAST INFORMATION

A webcast and conference call to discuss these results will be held on Wednesday, October 28, 2020 at 8:30 AM EDT (Montreal Time) / October 28, 2020 at 11:30 PM AEST (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 760898#.

Qualified Person and data verification

Mr. Nabil Tarbouche (P.Geo.), Senior Geologist at the Company is a "qualified person" as defined by NI 43-101 and has reviewed and verified the scientific and technical information contained in this quarterly activities report. Mr. François Lavoie (P.Eng.), Technical Marketing Manager at the Company is a "qualified person" as defined by NI 43-101 and has reviewed and verified the scientific and technical information in relation to the technical parameters underpinning the Feasibility Study contained in this quarterly activities report. Mr. Lavoie's review and approval does not include scientific and technical information in relation to the Company's reserves and resources contained in this quarterly activities report. Mr. Tarbouche's and Mr. Lavoie's reviews and approvals do 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 Feasibility Study.

About Champion Iron Limited

Champion Iron Limited, through its 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, adjacent to established iron ore producers. Bloom Lake is an open-pit truck and shovel operation with a concentrator, and it ships iron concentrate from the site by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake Phase I plant has a nameplate capacity of 7.4M tpa and produces a high-grade 66.2% Fe iron ore concentrate with low contaminant levels, which has proven to attract a premium to the Platts IODEX 62% Fe iron ore benchmark. In addition to the partially completed Bloom Lake Phase II expansion project, Champion also controls a portfolio of exploration and development projects in the Labrador Trough, including the Fire Lake North iron ore project, located approximately 40 km South of Bloom Lake. The Company also owns 100% of the Gullbridge-Powderhorn property located in Northern Central Newfoundland. The Company sells its iron ore concentrate globally, including customers in China, Japan, the Middle East, Europe, South Korea and India.

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: www.championiron.com.

This quarterly activities report has been authorized for release to the market by the CEO of Champion Iron Limited, David Cataford.

Copies of the Company's unaudited Condensed Consolidated Financial Statements, the half-year report and associated Management's Discussion and Analysis for the three and six-month periods ended September 30, 2020, are available under the Company's filing on SEDAR (www.sedar.com), on the ASX (www.asx.com.au) or the Company's website (www.championiron.com). All amounts are in Canadian dollars unless otherwise indicated.

Forward-Looking Information

This quarterly activities report contains certain information and statements, which may constitute or be deemed "forward-looking information" within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements in this quarterly activities report, other than statements of historical fact, that address future events, developments or performance that Champion expects to occur, including Management's expectations regarding (i) the recovery rates; (ii) the Company's growth; the increase of the plant capacity and reliability; (iv) the Company's operational improvement; (v) the Phase II expansion of the Bloom Lake Mine and its expected construction timeline, capital expenditures, NPV and IRR; (vi) the new product test and its impact on securing new customers and expanding product offering; (vii) the improvement of SFPPN's operational efficiency and associated reduction in port operation costs; (viii) the estimated future operation capacity of the Bloom Lake Mine; (ix) the Company's cash requirements for the next twelve months; (x) the completion of the construction for a potential expansion of the Bloom Lake Mine; (xi) the potential job creation related to the Bloom Lake Mine; (xii) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore prices; (xiii) the impact of exchange rate fluctuations; (xiv) the impact of iron ore prices fluctuations; (xv) the LoM of the Bloom Lake Mine; and (xvi) measures, and the effectiveness thereof, implemented or expected to be implemented to mitigate the risk and contain COVID-19 and the potential impacts on Champion's business, financial condition and financial results of the outbreak of the COVID-19 pandemic, are 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. 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. 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: the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; 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; the effects of catastrophes and public health crises, including 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 2020 Annual Information Form and the risks and uncertainties discussed in the Company's quarterly activities report for the fiscal year ended March 31, 2020 and management's discussion and analysis for the fiscal year ended March 31, 2020, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

The forward-looking statements in this quarterly activities report are based on assumptions Management believes to be reasonable and speak only as of the date of this quarterly activities report or as of the date or dates specified in such statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risks they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

The forward-looking statements contained herein are made as of the date hereof or such other date or dates specified in such statements. Champion undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be 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.