

CHAMPION IRON REPORTS RECORD PRODUCTION FOR ITS FY2023 FIRST QUARTER

Record quarterly production of 2.3M wmt, Net income of \$41.6M, EPS of \$0.08 and EBITDA¹ of \$94.9M;
Bloom Lake Mine Phase II expansion ramping-up as scheduled

Montréal, July 27, 2022 - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) ["Champion" or the "Company"] is pleased to announce the operational and financial results for the first quarter ended June 30, 2022, of the financial year ending March 31, 2023.

Conference Call Details

Champion will host a conference call and webcast on July 28, 2022 at 8:30 AM (Montréal time) / 10:30 PM (Sydney time) to discuss the results for the first quarter ended June 30, 2022. Call details are outlined at the end of this quarterly activities report.

Champion's CEO, Mr. David Cataford, said: "Due to the continuous dedication of our workforce and partners, our Company reached another milestone by completing Bloom Lake's Phase II expansion project and delivering record quarterly production results, even with scheduled semi-annual maintenance. With the progress achieved since commissioning the Phase II expansion, we remain confident in meeting our target to reach commercial production by the end of the calendar year, which should positively impact operational costs per tonne as we ramp up the project. In line with our vision to capitalize on the rising demand for high-purity iron ore products, we continue to evaluate several organic growth projects, which would position our Company as a market leader in the green steel supply chain."

1. Highlights

Health & Safety

- No serious injuries or major environmental issues reported during the period;
- COVID-19 prevention measures reduced in line with the Government of Québec's health directives, including ceasing to operate the COVID-19 testing laboratory at the mine site, which remains on standby should it be required in the future;
- In collaboration with First Nations communities and in accordance with the framework of Towards Sustainable Mining ("TSM") certification, initiated a conservation and biodiversity management program aimed at preserving the local salmon population;
- Completed the Company's 2021 Sustainability Report, including the Task Force on Climate-Related Financial Disclosure, available on the Company's website at www.championiron.com; and
- Declared that National Indigenous Peoples Day will be treated as an occasion for its employees to recognize and honour the culture of First Nations communities.

Financial

- Financial results for the three-month period ended June 30, 2022 were negatively impacted by decreasing iron ore index prices, transitional and expected upfront start-up costs to support the Phase II commercial production, and increased costs caused by global inflationary pressures. The economic benefits of the upfront preparation costs should be progressive as Phase II operations gradually ramp up to reach Bloom Lake's revised nameplate capacity of 15 Mtpa;

- Revenues of \$279.3M for the three-month period ended June 30, 2022, compared to \$545.4M for the same period in 2021, were attributable to significantly lower iron ore index prices;
- EBITDA¹ of \$94.9M for the three-month period ended June 30, 2022, compared to \$405.7M for the same period in 2021;
- Net income of \$41.6M for the three-month period ended June 30, 2022 (EPS of \$0.08), compared to \$224.3M for the same period in 2021 (EPS of \$0.44);
- Cash flow from operating activities, before changes in working capital items of \$79.1M for the three-month period ended June 30, 2022, mainly reflected the lower gross average realized selling price, compared to \$248.4M for the same period in 2021. Net cash flow used in operating activities totalled \$32.2M for the three-month period ended June 30, 2022, representing an operating cash outflow per share¹ of \$0.06, compared to a net cash flow used in operating activities of \$12.6M or \$0.02 per share for the same period in 2021;
- Available liquidity¹ of \$571.0M as at June 30, 2022, including \$187.1M of cash and cash equivalents and short-term investments, compared to \$746.0M as at March 31, 2022, attributable to working capital build-up in preparation of Phase II operations, mining and income taxes paid which exceeded the actual expense and the dividend payment on June 28, 2022;
- US\$400.0M general purpose revolving facility agreement signed on May 24, 2022 (the “Revolving Facility”), used to refinance the previous Phase II credit facility (the “Credit Facility”), providing increased financial flexibility, enabling the Company to lift the restricted cash covenant of \$43.7M as at March 31, 2022 and reducing its cost of capital; and
- Dividend of \$0.10 per ordinary share paid on June 28, 2022, in connection with the results for the financial year ended March 31, 2022. Additional details on the dividends and related tax information can be found on the Company’s website at www.championiron.com under the section Investors – Dividend Information.

Operations

- Record production of 2,282,600 wmt of high-grade 66.1% Fe concentrate for the three-month period ended June 30, 2022, despite the negative impact of unplanned third-party shutdowns and planned maintenance, positively impacted by Phase II’s commissioning, compared to 1,936,000 wmt of high-grade 66.3% Fe concentrate for the same period in 2021;
- Fe recovery rate of 80.2% for the three-month period ended June 30, 2022, compared to 82.9% for the same period in 2021, due to the commissioned Phase II concentrator’s anticipated lower recovery circuit rate before commercial production; and
- Free on Board (“FOB”) total cash cost¹ of \$74.0/dmt (US\$58.0²/dmt) (C1) for the three-month period ended June 30, 2022, compared to \$60.1/dmt (US\$48.9²/dmt) for the same period in 2021. Higher total cash cost¹ was impacted by transitional and expected upfront preparation expenditure in anticipation of the Phase II commercial production; unplanned third-party shutdowns and planned maintenance of additional facilities reported over iron ore sales volumes below nameplate capacity during ramp-up of Phase II; and global inflationary pressures.

Growth and Development

- Nearing the completion of the feasibility study evaluating the reprocessing and infrastructure required to commercially produce a 69% Fe Direct Reduction (“DR”) pellet feed product, which is scaled to convert approximately half of Bloom Lake’s increased nameplate capacity of 15 Mtpa;
- Advancing the Kamistiatusset iron ore project’s (the “Kami Project”) feasibility study, expected to be completed in the first half of calendar 2023, whereby the project is being evaluated for its capability to produce DR grade pellet feed product;
- Entered into an acquisition agreement, upon satisfaction of certain conditions, for the Pointe-Noire Iron Ore Pelletizing Facility located in Sept-Îles, Québec (the “Pellet Plant”) on May 17, 2022, and announced that the Company has entered into a memorandum of understanding with a major international steelmaking partner to evaluate the Pellet Plant’s recommissioning and its ability to produce DR grade pellets; and
- Appointment of Mr. Donald Tremblay as the Company’s Chief Financial Officer, effective September 12, 2022.

Phase II Milestones

- The Phase II project’s first production line was commissioned ahead of schedule in late April 2022, despite pandemic-related challenges, with the commissioning of the second production line in June 2022;
- Completed the first rail shipments of iron ore concentrate from Phase II on May 3, 2022, with cumulative production to date comparing favorably to the scheduled ramp-up of production; and
- Actively working to remove bottlenecks and optimize systems to achieve commercial production as scheduled by the end of calendar 2022³.

2. Bloom Lake Mine Operating Activities

	Three Months Ended June 30,		
	2022	2021	Variance
Operating Data			
Waste mined and hauled (wmt)	5,606,000	4,699,500	19%
Ore mined and hauled (wmt)	6,193,100	5,643,900	10%
Material mined and hauled (wmt)	11,799,100	10,343,400	14%
Strip ratio	0.91	0.83	10%
Ore milled (wmt)	6,022,200	5,227,200	15%
Head grade Fe (%)	31.0	29.6	5%
Fe recovery (%)	80.2	82.9	(3%)
Product Fe (%)	66.1	66.3	—%
Iron ore concentrate produced (wmt)	2,282,600	1,936,000	18%
Iron ore concentrate sold (dmt)	2,013,900	1,974,700	2%
Financial Data (in thousands of dollars)			
Revenues	279,321	545,408	(49%)
Cost of sales	169,407	120,846	40%
Other expenses	15,605	14,560	7%
Net finance costs	4,190	4,387	(4%)
Net income	41,554	224,339	(81%)
EBITDA ¹	94,930	405,739	(77%)
Statistics (in dollars per dmt sold)			
Gross average realized selling price ¹	190.4	279.7	(32%)
Net average realized selling price ¹	138.7	276.2	(50%)
Total cash cost (C1 cash cost) ¹	74.0	60.1	23%
All-in sustaining cost ¹	93.5	72.6	29%
Cash operating margin ¹	45.2	203.6	(78%)

Phase II Commissioning

During the three-month period ended June 30, 2022, the Company initiated and advanced the commissioning of Phase II. At the end of April 2022, the Company commissioned the first of two production lines of the Phase II plant and completed its first rail shipments on May 3, 2022. In June 2022, the Company successfully started the second line, reflecting the normal commissioning curve of a new facility. As at June 30, 2022, both lines were in service, positioning the Company to achieve commercial production as scheduled by the end of calendar 2022³.

Operational Performance

In the three-month period ended June 30, 2022, 11,799,100 tonnes of material were mined and hauled, compared to 10,343,400 tonnes during the same period in 2021, an increase of 14%. The increase in material movement was enabled through the utilization of additional equipment compared to the same prior-year period, offset by a longer haul cycle as material sourced from different pits, including those that deepened with mining activities over time, contributed to a longer haul cycle year-over-year. The current strip ratio is in line with the mine plan.

The iron ore head grade for the three-month period ended June 30, 2022, was 31.0%, compared to 29.6% for the same period in 2021. The variation in head grade is attributable to the presence of some higher-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mining plan and the LoM head grade average.

The Company's average Fe recovery rate for the three-month period ended June 30, 2022 was negatively impacted by the anticipated lower recoveries during the commissioning of the Phase II concentrator. The global Fe recovery rate is in line with Management's expectations at this stage of the Phase II commissioning. The Company expects to reach a stable Fe recovery circuit when Phase II achieves commercial production, anticipated to occur by the end of calendar 2022.

During the three-month periods ended June 30, 2022 and 2021, operational activities were impacted by a scheduled semi-annual maintenance program. During the three-month period ended June 30, 2022, Bloom Lake produced 2,282,600 wmt of 66.1% Fe high-grade iron ore

concentrate, an increase of 18%, compared to 1,936,000 wmt of 66.3% Fe during the same period in 2021. The Company achieved record production despite semi-annual scheduled maintenance, in connection with the commissioning of the second plant at the mine site. While the newly commissioned Phase II project's production compares favourably to the scheduled production volumes, production in the period was negatively impacted by unplanned third-party shutdowns. Higher throughput and head grade also contributed to higher production volumes, despite a lower global recovery. The plants processed 6,022,200 tonnes of ore during the three-month period ended June 30, 2022, compared to 5,227,200 for the same prior-year period. The throughput for the period was positively affected by the higher mined ore availability and the commissioning of Phase II operations.

3. Financial Performance

A. Revenues

During the three-month period ended June 30, 2022, 2,013,900 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price¹ of US\$149.6/dmt, before freight and other costs and provisional pricing adjustments, compared to US\$228.3/dmt for the same prior-year period. The decrease in gross average realized selling price¹ reflects lower index prices during the three-month period ended June 30, 2022, compared to the same prior-year period. Despite lower index prices, the gross average realized selling price¹ of US\$149.6/dmt represents a premium of 8.5% over the benchmark IODEX 62% Fe CFR China Index ("P62") price for the period, compared to a premium of 14.2% for the same period in 2021.

The gross average realized selling price¹ of US\$149.6/dmt was lower than the IODEX 65% Fe CFR China Index ("P65") average price of US\$160.3/dmt for the period due to the negative impact of sales at a determined price based on the average forward price of US\$138.4 at the expected settlement date for 667,600 tonnes which were in transit at the end of the period, and due to the negative impact of sales based on backward-looking iron ore prices, when prices were slightly lower than the P65 index average for the period.

The average C3 Baltic Capesize Index for the three-month period ended June 30, 2022, was US\$30.2/t compared to US\$26.2/t for the same period in 2021, representing an increase of 15%, which contributed to higher freight costs in the three-month period ended June 30, 2022, compared to the same prior-year period. The elevated freight rates for the period can partially be attributed to the rising fuel prices experienced since the beginning of the conflict in Ukraine. Simultaneously, increased iron ore exports from Brazil and port congestions in China caused by COVID-19 lockdowns further influenced rising freight rates.

Provisional pricing adjustments on previous sales, which were directly correlated to the decrease in the P65 index during the quarter contributed to decreasing the net average realized selling price¹. During the three-month period ended June 30, 2022, the final price was established for the 691,100 tonnes of iron ore that were in transit as at March 31, 2022. Accordingly, during the three-month period ended June 30, 2022, net negative provisional pricing adjustments were recorded as a decrease in revenues for the 691,100 tonnes, representing a negative impact of US\$6.4/dmt for the period, compared to a positive impact of US\$25.3/dmt for the same period in 2021.

After taking into account sea freight and other costs of US\$34.4/dmt and the negative provisional pricing adjustment of US\$6.4/dmt, the Company obtained a net average realized selling price¹ of US\$108.8/dmt (CA\$138.7/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled \$279,321,000 for the three-month period ended June 30, 2022, compared to \$545,408,000 for the same period in 2021, reflecting the lower net average realized selling price¹ partially offset by the positive impact of foreign exchange rates and slightly higher sales volume.

B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related G&A expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19 and, starting in April 2022, it includes Bloom Lake Phase II start-up costs incurred after the commissioning. These start-up costs include mainly abnormal operational costs attributable to the facility not having reached the normalized level of output. For the three-month period ended June 30, 2022, the cost of sales totalled \$169,407,000, compared to \$120,846,000 for the same period in 2021.

During the three-month period ended June 30, 2022, the total cash cost¹ or C1 cash cost¹ per tonne, excluding specific and incremental costs related to COVID-19 and Phase II start-up costs, totalled \$74.0/dmt, compared to \$60.1/dmt for the same period in 2021. The total cash cost¹ for the three-month period ended June 30, 2022, was negatively impacted by global market inflation. The higher cash cost¹ for the period was attributable to record prices for fuel and explosives, and cost increases in key supplies and other consumables, air transportation, food, as well as rail and port operations. Higher labour costs and longer haul cycle times associated with the current mine plan also contributed to a higher cash cost¹ during the period. Unplanned third-party shutdowns, planned maintenance of additional facilities and increased headcount and subcontractor usage in relation to the commissioning of the Phase II project also contributed to a higher cost of sales for the period.

C. Net Income & EBITDA¹

For the three-month period ended June 30, 2022, the Company generated net income of \$41,554,000 (EPS of \$0.08), compared to \$224,339,000 (EPS of \$0.44) for the same period in 2021. The net income was mainly affected by lower gross profits associated with a lower P65 index average price, higher sea freight and other costs during the period, as well as higher cash cost¹, compared to the same prior-year period. The decrease in net income is partially offset by lower current income and mining taxes as a result of lower operating earnings.

For the three-month period ended June 30, 2022, the Company generated EBITDA¹ of \$94,930,000, representing an EBITDA margin¹ of 34%, compared to \$405,739,000, representing an EBITDA margin¹ of 74% for the same period in 2021. The decrease in EBITDA¹ period-over-period is primarily due to lower revenue from lower net average realized selling prices¹ and higher cash cost¹.

D. AISC¹ and Cash Operating Margin¹

During the three-month period ended June 30, 2022, the Company realized an AISC¹ of \$93.5/dmt, compared to \$72.6/dmt for the same period in 2021. The variation relates to higher total cash costs¹, sustaining capital expenditures and additional G&A expenses, partially offset by the slightly positive impact of higher volumes of iron ore concentrate sold. The Company is actively working to ensure everything is in place to support Phase II operations, including hiring additional personnel and incurring the necessary sustaining capital expenditures. This negatively impacted costs during the three-month period ended June 30, 2022, as sales related to Phase II operations gradually increased, while upfront preparation-related costs aim to support Bloom Lake's revised nameplate capacity.

Deducting the AISC¹ of \$93.5/dmt from the net average realized selling price¹ of \$138.7/dmt, the Company generated a cash operating margin¹ of \$45.2/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2022, compared to \$203.6/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price¹ for the period.

4. Exploration Activities

During the three-month period ended June 30, 2022, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three-month period ended June 30, 2022, \$2,132,000 in exploration and evaluation expenditures were incurred, compared to \$743,000 for the same period in 2021. During the three-month period ended June 30, 2022, exploration and evaluation expenditures mainly consisted of costs associated with resource development and drilling, work related to updating the Kami Project feasibility study and claim renewal fees. During the three-month period ended June 30, 2022, 3,637 metres of diamond drilling was completed on the Bloom Lake property. Drilling at Bloom Lake was undertaken mainly for the conversion of resources. In the comparative period, exploration and evaluation expenditures mainly consisted of costs associated with minor exploration work and preliminary work related to updating the Kami Project feasibility study.

Details on exploration projects and maps are available on the Company's website at www.championiron.com under the section Operations & Projects.

5. Cash Flows — Purchase of Property, Plant and Equipment

During the three-month period ended June 30, 2022, the Company invested \$122,614,000 in property, plant and equipment, compared to \$109,939,000 for the same period in 2021. The following table details these investments:

	Three Months Ended June 30,	
	2022	2021
(in thousands of dollars)		
Tailings lifts	8,985	6,338
Stripping and mining activities	11,063	8,534
Mining equipment rebuild	6,897	1,895
Sustaining capital expenditures	26,945	16,767
Other capital development expenditures at Bloom Lake	95,669	93,172
Purchase of property, plant and equipment as per cash flows	122,614	109,939

Sustaining Capital Expenditures

The increase in tailings-related investments for the three-month period ended June 30, 2022, compared to the same period in 2021, is mainly due to the timing of expenditures incurred on the dikes. During the three-month period ended June 30, 2022, weather conditions were more favourable than the same prior-year period, enabling the Company to advance work performed on the dikes. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy.

The increase in stripping and mining activities during the three-month period ended June 30, 2022, compared to the same period in 2021, is in line with the mine plan, inclusive of Phase II operations. The variation in stripping activities is also attributable to the revised stripping ratio used for cost capitalization since the fourth quarter of the 2022 financial year, following changes in the Company's mineral reserves as per the execution of the Phase II mine plan.

The increase in the Company's mining equipment maintenance program for the three-month period ended June 30, 2022, is attributable to the additional mining operating equipment and a high utilization rate of this equipment. Mining equipment rebuild expenditures were also negatively affected by global inflation during the three-month period ended June 30, 2022.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended June 30, 2022, other capital development expenditures at Bloom Lake totalled \$95,669,000. The expenditures mainly consisted of \$67,842,000 in Phase II capital expenditures, \$14,781,000 in deposits for production equipment to be commissioned and financed in the future through the finance agreement with Caterpillar Financial Services Limited, and \$4,421,000 in borrowing costs which were capitalized during the development of the Phase II project.

During the three-month period ended June 30, 2021, other capital development expenditures at Bloom Lake totalled \$93,172,000 and were mainly comprised of \$77,925,000 spent in Phase II capital expenditures. The investment for the three-month period ended June 30, 2021, also consisted of lodging infrastructure investments at the mine site required to accommodate an increasing workforce, prepayments for production equipment and increases in mill capacity and other infrastructure improvements.

6. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on July 28, 2022 at 8:30 AM (Montréal time) / 10:30 PM (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 385355 #.

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. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The Bloom Lake Phase I and Phase II plants have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality concentrate. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and sells its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to the Bloom Lake Mining Complex, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset Project located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

Cautionary Note Regarding Forward-Looking Statements

This quarterly activities report includes certain information and statements that may constitute "forward-looking information" under applicable Canadian securities legislation. 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. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

All statements other than statements of historical facts included in this quarterly activities report that address future events, developments or performance that Champion expects to occur, including Management's expectations regarding: (i) the Company's Phase II expansion project and its milestones; (ii) organic growth projects and the intent of the Company to position itself as a market leader in the green steel supply chain; (iii) the conservation and biodiversity management program aimed at preserving local the salmon population; (iv) increased financial flexibility from the refinanced Credit Facility; (v) the feasibility study to evaluate the reprocessing and infrastructure required for the commercial production of a 69% Fe DR pellet feed product and its completion timeline; (vi) the Kami Project's feasibility study, its purpose and completion timeline; (vii) the potential acquisition of the Pellet Plant and the memorandum of understanding with a major international steelmaking partner to evaluate the Pellet Plant's recommissioning and its ability to produce DR grade pellets; (viii) the shift in the steel industry production methods and expected rising demand for higher-grade iron ore products, with a shift towards using reduction technologies to produce liquid iron and the related R&D program of the Company and its results and transition of its product offering; (ix) the impact of iron ore prices fluctuations on net cash flow from operating activities and the Company's development and the occurrence of certain events and their impact on iron ore prices and high-grade iron ore products demand; (x) the impact of exchange rates on commodity prices and the Company's financial results; (xi) benefits from low freight index; (xii) the future declaration and payment of dividends and the timing thereof; (xiii) the mitigation of risks related to COVID-19; and (xiv) legal actions, including arbitrations and class actions, and their potential outcome on the consolidated financial position of the Company are forward-looking statements.

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; future transportation costs, 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; and the effects of catastrophes and public health crises, including the 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 2022 Annual Information Form and the Management's Discussion and Analysis ("MD&A") for the financial year ended March 31, 2022, 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. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this quarterly activities report is given as of the date hereof or such other date or dates specified in such statements 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. 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. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

Abbreviations

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations and definitions are used throughout this document: US\$ (United States dollar), CA\$ (Canadian dollar), Fe (iron ore), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), LoM (life of mine), G&A (general and administrative), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining cost), EPS (earnings per share), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex) and Phase II (Phase II expansion project). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. IFRS refers to International Financial Reporting Standards.

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

This document 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 and associated MD&A for the three-month period ended June 30, 2022 are available under the Company's profile on SEDAR (www.sedar.com), on the ASX (www.asx.com.au) and the Company's website (www.championiron.com).

¹This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the section below - Non-IFRS and Other Financial Measures for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable. Additional details for these non-IFRS and other financial measures, have been incorporated by reference and can be found in section 18 of the Company's MD&A for the three-month period ended June 30, 2022, available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

² See the "Currency" section of the MD&A included in note 5 - Key Drivers, available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and on the Company's website under the Investors section at www.championiron.com.

³ See the "Cautionary Note Regarding Forward-Looking Statements" section of this quarterly activities report.

Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this document, as listed in the table below, to provide investors with additional information in order to help them evaluate the underlying performance of the Company. These measures are mainly derived from the Financial Statements but do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Management believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to understand the results of the Company's operations. Non-IFRS and other financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The exclusion of certain items from non-IFRS financial measures does not imply that these items are necessarily non-recurring.

Non-IFRS and Other Financial Measures	
Non-IFRS Financial Measures	
EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs, less gain on disposal of non-current investments, and the related tax effect of these items
Available liquidity	Cash and cash equivalents plus short-term investments plus undrawn amounts under credit facilities
Non-IFRS Ratios	
EBITDA margin	EBITDA as a percentage of revenues
Adjusted EPS	Adjusted net income per basic weighted average number of ordinary shares outstanding
Total cash cost or C1 cash cost per dmt sold	Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs divided by iron ore concentrate sold in dmt
AISC per dmt sold	Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs plus sustaining capital expenditures and G&A expenses divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price less AISC
Gross average realized selling price or gross average realized FOB selling price per dmt sold	Revenues before provisional pricing adjustments and freight and other costs divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price
Other Financial Measures	
Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flow from (used in) operating activities per basic weighted average number of ordinary shares outstanding

EBITDA and EBITDA Margin

	Three Months Ended June 30,	
	2022	2021
(in thousands of dollars)		
Income before income and mining taxes	70,948	391,393
Net finance costs	4,190	4,387
Depreciation	19,792	9,959
EBITDA	94,930	405,739
Revenues	279,321	545,408
EBITDA margin	34%	74%

Adjusted Net Income and Adjusted EPS

	Three Months Ended June 30, 2022	
	Net Income	EPS
Unadjusted	41,554	0.08
Cash items		
Gain on disposal of non-current investments	—	—
Incremental costs related to COVID-19	840	—
Bloom Lake Phase II start-up costs	19,476	0.04
	20,316	0.04
Tax effect of adjustments listed above ¹	(7,720)	(0.02)
Adjusted	54,150	0.10

	Three Months Ended June 30, 2021	
	Net Income	EPS
Unadjusted	224,339	0.44
Cash items		
Gain on disposal of non-current investments	(408)	—
Incremental costs related to COVID-19	2,068	—
	1,660	—
Tax effect of adjustments listed above ¹	(889)	—
Adjusted	225,110	0.44

¹The tax effect of adjustments is calculated using the applicable tax rate.

Available Liquidity

	As at June 30, 2022	As at March 31, 2022
Cash and cash equivalents	155,924	321,892
Short-term investments	31,161	30,777
Undrawn amounts under credit facilities	383,941	393,303
Available liquidity	571,026	745,972

Total Cash Cost

	Three Months Ended June 30,	
	2022	2021
Per tonne sold		
Iron ore concentrate sold (dmt)	2,013,900	1,974,700
(in thousands of dollars except per tonne)		
Cost of sales	169,407	120,846
Less: Incremental costs related to COVID-19	(840)	(2,068)
Less: Bloom Lake Phase II start-up costs	(19,476)	—
	149,091	118,778
Total cash cost (per dmt sold)	74.0	60.1

All-In Sustaining Cost

	Three Months Ended	
	June 30,	
	2022	2021
Per tonne sold		
Iron ore concentrate sold (dmt)	2,013,900	1,974,700
(in thousands of dollars except per tonne)		
Cost of sales	169,407	120,846
Less: Incremental costs related to COVID-19	(840)	(2,068)
Less: Bloom Lake Phase II start-up costs	(19,476)	—
Sustaining capital expenditures	26,945	16,767
G&A expenses	12,272	7,804
	188,308	143,349
AISC (per dmt sold)	93.5	72.6

Cash Operating Margin and Cash Profit Margin

	Three Months Ended	
	June 30,	
	2022	2021
Per tonne sold		
Iron ore concentrate sold (dmt)	2,013,900	1,974,700
(in thousands of dollars except per tonne)		
Revenues	279,321	545,408
Net average realized selling price (per dmt sold)	138.7	276.2
AISC (per dmt sold)	93.5	72.6
Cash operating margin (per dmt sold)	45.2	203.6
Cash profit margin	33%	74%

Gross Average Realized Selling Price per dmt Sold

	Three Months Ended	
	June 30,	
	2022	2021
Per tonne sold		
Iron ore concentrate sold (dmt)	2,013,900	1,974,700
(in thousands of dollars except per tonne)		
Revenues	279,321	545,408
Provisional pricing adjustments	15,668	(60,895)
Freight and other costs	88,757	67,807
Gross revenues	383,746	552,320
Gross average realized selling price (per dmt sold)	190.5	279.7