


September 15, 2025

NEWSLETTER

CHAMPION IRON 

**A SOLUTION TO DECARBONIZE
STEELMAKING**

CHAMPION IRON NEWSLETTER

Since our previous newsletter dated February 20, 2025, Champion Iron Limited (“Champion” or the “Company”) has reported two quarterly results. Notably, for the quarter ended June 30, 2025, the Company delivered production of 3.5M wet metric tonnes (“wmt”) of 66.3% high-grade iron ore concentrate. While Bloom Lake continues to benefit from years of proven operational stability, production and mining costs have recently been affected by a mining sequence involving harder ore. As discussed in our most recent webcast, we anticipate that this impact will persist throughout the current quarter before gradually easing thereafter.

On a positive note, the recent delivery of additional railway equipment improved railway haulage capacity, enabling record quarterly sales of 3.8M dry metric tonnes (“dmt”) of iron ore concentrate. This haulage performance contributed to a reduction of 440,000 wmt in Bloom Lake’s iron ore concentrate stockpiles, lowering inventories at our mine site to 2.1M wmt as of June 30, 2025. Further inventory drawdowns are anticipated to continue in future periods, albeit at varying rates, reflecting planned maintenance activities at both the mine and the railway, including scheduled railway maintenance in September.

The Direct Reduced Pellet Feed (“DRPF”) project, designed to upgrade half of Bloom Lake’s nameplate capacity from 66.2% Fe up to 69% Fe, continues to progress on schedule. Commissioning is expected to begin in December 2025, with first commercial shipments of DR quality iron ore anticipated in the first half of calendar 2026. As of June 30, 2025, the Company invested a cumulative \$387.0M, representing 82.2% of the total estimated capital expenditures detailed in the project study highlights released in January 2023.

In parallel, commercial engagements with prospective customers remain active and we are advancing negotiations to maximize the long-term pricing premium of the DRPF project’s direct reduction (“DR”) quality iron ore product. The premium is expected to exceed that of the Company’s existing high-grade 66.2% Fe iron ore concentrate, enhancing Bloom Lake’s competitive positioning in the global iron ore market.

DRPF PROJECT INTERIOR WORK AND VERTIMILL INSTALLATION



Advancing our vision to support the green steel transition with high-grade iron ore, Champion announced on July 21, 2025, a definitive framework agreement with Nippon Steel Corporation (“Nippon Steel”) and Sojitz Corporation

(“Sojitz”) to form the previously announced partnership to evaluate and potentially develop the Kamistatusset Project (“Kami”), located just a few kilometers from Bloom Lake. Kami is estimated to have the capacity to produce approximately 9.0M wmt of DR-quality iron ore concentrate per year, with an average grade exceeding 67.5% Fe. Under the terms of the framework agreement, Nippon Steel and Sojitz will initially invest a combined \$245M in exchange for a 49% ownership stake in the project and will contribute to future development expenditures on a pro-rata basis. The Company is currently focused on enhancing Kami’s economics, as outlined in the March 2024 pre-feasibility study, with particular emphasis on identifying optimization opportunities and collaborating with governments at various levels. A definitive feasibility study is targeted for completion by the end of calendar 2026.

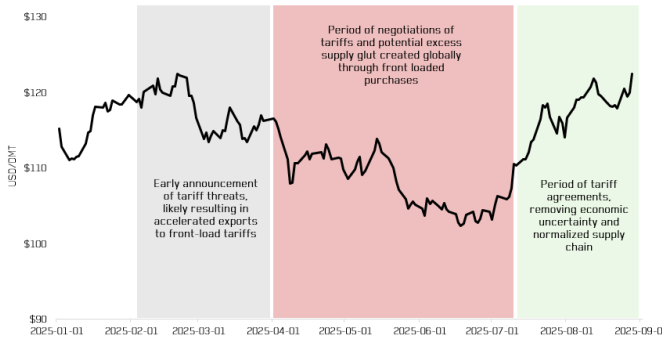
CEREMONY FOR THE DEFINITIVE AGREEMENT TO FORM A PARTNERSHIP FOR THE KAMI PROJECT WITH NIPPON STEEL AND SOJITZ



TARIFF TURBULENCE

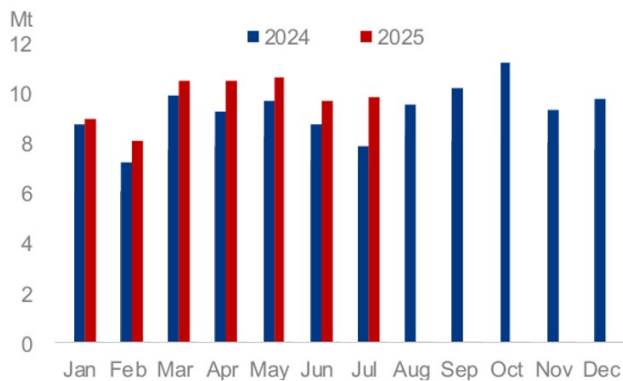
The iron ore market has experienced significant volatility in recent months, driven largely by escalating global tariff-related tensions. While Champion does not sell into the United States, the broader impact of announced and threatened tariffs, particularly those initiated by the United States toward China, has reverberated across the iron ore and steel industries. Accordingly, global steel consumption, particularly in China, has declined year-to-date compared to the previous year¹. However, the tariff threats announced by the Trump administration in early 2025 caused uncertainty and disruption across global supply chains, prompting accelerated exports from several countries and front-loaded purchasing by global buyers seeking to mitigate potential trade barriers. This behavior contributed to a sharp year-over-year increase in Chinese steel exports between February and May 2025². However, this surge in steel shipments likely created a temporary glut of steel inventories in the global supply chain, which may explain the steep decline in iron ore and steel prices into the second quarter of 2025. As economic uncertainties dissipated, iron ore prices began to recover in early July 2025, even as iron ore shipment volumes from major production hubs reached record highs³. While tariffs negotiations between the United States and China continue, it is noteworthy that China’s steel exports remained robust in 2025 with monthly volumes outpacing those of 2024 in every month year-to-date.

PLATTS 65% FE INDEX (YEAR-TO-DATE 2025)



Sources: Platts, Bloomberg

CHINA STEEL EXPORTS (2025 vs. 2024)



Source: Mysteel

To further safeguard against potential long-term structural tariffs, Champion continues to advance its strategic objective of servicing the growing Direct Reduced Iron ("DRI") and Electric Arc Furnace ("EAF") steelmaking markets. These markets are increasingly concentrated in the Middle East and North Africa ("MENA"), a region which has to date experienced minimal disruption from recent tariff developments. Through our rapidly advancing DRPF project, we are positioning the Company to supply this market, which will not only diversify our customer base away from tariff-sensitive markets, but also align with global trends that favour low-emission steelmaking technologies.

The MENA region is emerging as a global hub for DRI production, supported by its access to low-cost natural gas and abundant renewable energy potential. DRI output in the region is projected to more than double, from approximately 63M tonnes today to over 130M tonnes by 2050⁴. Notably, of the 120M-125M tonnes of announced global DRI capacity, 35M-40M tonnes are located in MENA and are already in various stages of development or construction⁵. This rapid expansion highlights the region's pivotal role in the future of low-carbon steelmaking and reinforces the strategic importance of establishing a strong commercial presence in the region and securing long-term partnerships aligned with Champion's high-purity direct reduced pellet feed offering.

CHINA MARKET UPDATE

After a period of persistent headwinds, China's economy is showing early signs of recovery, supported by Beijing's recent stimulus measures. Positive momentum is reflected in key economic indicators, including China's Gross Domestic Product ("GDP"), which rebounded to 5.3% in H1/2025, up from weaker levels in H2/2024 and trending above the government's 5% target. Additionally, the Consumer Price Index ("CPI") recently returned to a positive territory after hitting multi-decade lows, alleviating concerns over structural deflation⁶. However, the real estate sector remains a drag on broader economic momentum. Despite targeted measures to stabilize housing markets, structural imbalances persist, dampening investor and consumer confidence. This has fuelled speculation that Chinese authorities may deploy additional stimulus, specifically aimed at reviving the property sector. Adding further support to the construction sector, Premier Li Qiang recently announced a US\$167 billion mega-dam project in Tibet, the largest power plant project in the world and one of the most ambitious infrastructure initiatives in history⁷. In addition to bolstering near-term demand for steel and cement, the project underscores China's continued reliance on large-scale public works as a central pillar of economic stimulus and commodity demand.

Amid signs of recent economic stability and policy support, profitability in China's steel industry has recently emerged from negative levels and reached a 3-year high in July 2025⁸. Steelmaking profitability likely supported rising demand for iron ore in recent weeks, despite record iron ore shipments from Australia in July 2025⁹. This demand contributed to iron ore port inventories falling to their lowest levels since early 2024¹⁰, which in turn helped lift the P62 Index by nearly 15% from its June 2025 lows. Additionally, as steelmakers focus on value-in-use to maximize output, high-quality iron ore grew in demand. As a result, the high-grade P65 index outperformed the P62 index, rising nearly 20% from the lows seen in June 2025.

CHINA STEEL PROFITABILITY INDEX (2023-TODAY)



Source: Bloomberg Data

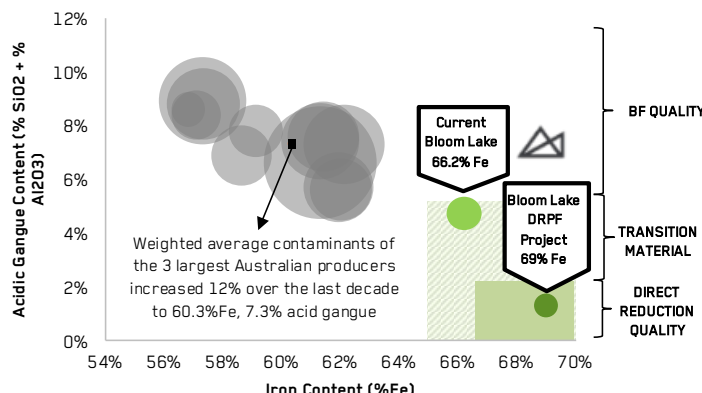
Alongside China's recently announced traditional stimulus measures, authorities introduced a new 'Anti-Involution' reform at a recent Politburo meeting. This initiative aims to curb overcapacity in select industries and tackle price wars that have hurt profitability, including in the steel industry, which contributed to deflationary pressures in the country¹¹. Given that more than 90% of steel production from China's 20 largest steel groups is state-controlled¹², the industry could face impactful capacity restrictions under this reform. Considering that China is a large net exporter of steel and one of the lowest cost producers globally, capacity controls could lower some steelmakers' output while conceptually shifting production outside of China and easing global price pressures. Reinforcing this new policy, in late August 2025, several Chinese ministries published guidance for planned reduction in steel output. This initiative is intended to structurally restore profitability of the steel industry and could support raw material prices, including iron ore¹³. While the Anti-Involution reform focuses on reduced competition and returning profitability to the industry, China's official steel planning document for 2025-2026, tabled early September, highlights a plan to optimise steel capacity with a target for 4% added growth, underpinned by policy support in construction, infrastructure and outward investments. This is another signal that China may be focused on re-energizing its economy through stimulus measures involving traditional construction activity.

Furthermore, a notable policy shift emerged from the July Politburo meeting where Beijing outlined its strategic planning priorities for the next five years. Among the key themes was a reinforced commitment to improving air quality and reducing carbon emissions¹⁴. Given that the steel industry accounts for approximately 17% of China's total emissions¹⁵, it is expected to remain a central focus in the country's decarbonization efforts. This policy direction builds on the March 2025 announcement to expand China's national carbon trading system to include the steel sector, signalling its intent to further embed emissions reduction into its industrial policy¹⁶.

DETERIORATING QUALITY

The global iron ore pricing mechanism is undergoing a significant transformation, as major pricing agencies revise the industry's longstanding benchmark. Both Platts¹⁷ and Fastmarkets¹⁸ have proposed lowering the specification of the widely used 62% Fe iron ore index to a 61% Fe basis to reflect the decline in ore quality from leading suppliers in Australia and Brazil. This structural shift is not temporary and should influence procurement strategies, with steelmakers increasingly turning to higher-grade iron ore to offset the deterioration in the average supply quality from leading iron ore production hubs.

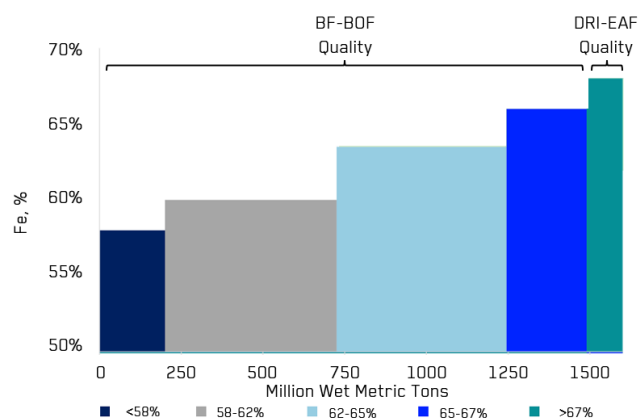
AUSTRALIA'S MAJOR IRON ORE PRODUCERS' ASSETS QUALITY BY IRON AND GANGUE CONTENTS (2025)¹⁹



Source: Wood Mackenzie, Champion Iron Limited

Over the long term, the global decline in iron ore quality is poised to structurally reshape supply dynamics. As decarbonization efforts intensify and the steel industry increasingly pivots toward the DRI/EAF steelmaking, access to higher-purity iron ore will become critical. Lower-quality iron ores are less suitable for low-emission steelmaking and often require more energy and processing, undermining sustainability objectives. These dynamics are expected to support rising demand for high-grade iron ore products. Accordingly, Champion is uniquely positioned to benefit from this trend, with its 66.2% Fe iron ore concentrate and the upcoming DR quality product of up to 69% Fe to be produced from the DRPF project.

SEABORNE IRON ORE BY QUALITY (EXPORTS 2024)



Source: Wood Mackenzie, Champion Iron Limited

Another key development drawing industry attention is the emerging supply from Guinea's Simandou project, a large-scale high-grade iron ore deposit backed by significant Chinese investment and a major global iron ore producer. In its first year of production, Simandou is expected to increase global iron ore supply by approximately 2.5%, primarily serving the Chinese market²⁰. While the project was recently targeted to enter commercial production by

late 2025, the Guinean government launched an investigation in August 2025, following 13 deaths during project construction. The investigation has suspended ongoing activities and raised concerns about health and safety practices at the project²¹. Additionally, the Guinean government was recently quoted wanting the project's sponsors to process Simandou iron ore domestically to retain more economic value in country, further increasing uncertainties regarding the project²².

As we advance our mission to support the decarbonization of the steel industry, we recognize that our progress was made possible through the dedication and unwavering commitment of our employees and the steadfast support of our partners. Their expertise, collaboration and shared sense of purpose continue to drive meaningful achievements across our operations and sustainability initiatives. We sincerely thank our entire team and stakeholders for their continued trust and contributions as we work together to shape a more resilient, sustainable and responsible iron ore and steel industry.

THANK YOU TO OUR STAFF & PARTNERS



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Our website at www.championiron.com

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FORWARD-LOOKING INFORMATION

This newsletter includes certain information that may constitute "forward-looking information" under applicable securities laws ("Forward-Looking Statements"). Forward-Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. All statements, other than statements of historical facts, included in this newsletter that address future events, developments or performance that Champion expects to occur, including statements regarding: (i) the DRPF Project and its expected project timeline, including commissioning and first shipments of iron ore, budget, financing and benefits, including prospective customers and pricing premiums; (ii) the Kami Project, its potential to produce a DR grade product, expected production and technical parameters, enhancing project economics and optimization opportunities, the formation of a partnership with Nippon Steel and Sojitz with respect to the Kami Project, the completion of the definitive feasibility study for the Kami Project and the timing thereof, Nippon Steel's and Sojitz' contributions to the project and the completion of the transactions contemplated by the framework agreement; (iii) the shift in steel industry production methods, expected rising demand for higher-grade iron ore products and DRI, EAF capacities and related market deficit and higher premiums, and the Company's participation therein, contribution thereto and positioning in connection therewith, including the transition of the Company's product offering (including producing high-quality DRPF products) and the expansion of its geography and customer base, related investments and expected benefits thereof; (iv) global macroeconomic conditions and factors that could influence the steel market and iron ore production (including supply, demand and premiums), including activities by Chinese authorities, and expected benefits thereof for the Company; (v) stockpiled ore levels and the pace of destocking; (vi) production rates and levels and ore characteristics; and (vii) the Company's growth, opportunities and vision generally, 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 or implied in Forward-Looking Statements include, without limitation: (i) future prices of iron ore; (ii) future transportation costs; (iii) general economic, competitive, political and social uncertainties, including those related to tariffs; (iv) continued availability of capital and financing and general economic, market and business conditions; (v) timing and uncertainty of industry shift to electric arc furnaces, impacting demand for high-grade feed; (vi) failure of plant, equipment or processes to operate as anticipated; (vii) delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; (viii) the results of feasibility and other studies; (ix) changes in the assumptions used to prepare feasibility and other studies; (x) project delays; (xi) geopolitical events; and (xii) the effects of catastrophes and public health crises 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 Management's Discussion and Analysis for the financial year ended March 31, 2025, available under the Company's profile on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and the Company's website at www.championiron.com. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. There can be no assurance that any such Forward-Looking Statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such Forward-Looking Statements. Accordingly, readers should not place undue reliance on Forward-Looking Statements. All of the Forward-Looking Statements contained in this newsletter are given as of the date hereof and are 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 the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by law. If Champion does update certain Forward-Looking Statements, no inference should be drawn that it will make additional updates with respect to those or other Forward-Looking Statements. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

Green steel refers to steel that is produced using processes that significantly reduce or eliminate Green House Gases ("GHG") compared to traditional steelmaking, which typically relies on blast furnaces that use coal as both a fuel and a reductant. Accordingly, the steel industry typically classifies green steel as either optimizing traditional steelmaking, including improved supply chains using quality metallics such as DRI and Hot Briquetted Iron ("HBI"). Additionally, green steel refers to using alternative methods of steelmaking, including EAF, which utilize recycled scrap metal or DRI to minimize GHG emissions, and could potentially be adapted to use hydrogen as a main source of energy.

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

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- 1 Steelorbit.com.
 - 2 Mysteel, July 20, 2025.
 - 3 Bloomberg, August 22, 2025.
 - 4 Wood Mackenzie, June 10, 2025.
 - 5 Wood Mackenzie, June 20, 2025.
 - 6 BMO, July 24, 2025.
 - 7 financialpost.com.
 - 8 Bloomberg data.
 - 9 Bloomberg; Scotiabank.
 - 10 Bloomberg data.
 - 11 www.apnews.com.
 - 12 www.aist.org.
 - 13 Bloomberg, Reuters, August 28, 2025.
 - 14 BMO, July 17, 2025.
 - 15 RMI, 2021.
 - 16 Bloomberg, March 27, 2025.
 - 17 Platts, June 10, 2025.
 - 18 Fastmarkets, June 13, 2025.
 - 19 Note: The information presented refers to producing iron ore asset qualities, without consideration for the producing asset company's size, and restricted to available Australian hematite iron ore producing assets from the following companies: BHP Group Ltd, Fortescue Ltd, Rio Tinto Ltd | Showing current Bloom Lake nameplate capacity of 15M wmt and DRPF projected capacity of 7.5M wmt; note Bloom Lake and DRPF tonnages are not cumulative. Transition material referring to iron ore quality which can be blended with higher grade iron ore and/or metallics, or could be utilized in DRI steelmaking with less efficiencies.
 - 20 Mining.com; wood mackenzie data.
 - 21 Business-humanrights.org.
 - 22 Miningnew.com; Clarksons, September 9, 2025