CHAMPION IRON

QUARTERLY ACTIVITIES REPORT

CHAMPION IRON REPORTS ROBUST RESULTS FOR ITS FY2022 SECOND QUARTER, ADVANCES THE BLOOM LAKE PHASE II EXPANSION PROJECT AND REDEEMS REMAINING PREFERRED SHARES

Quarterly Production of 2.1M wmt, Net Income of $114.6M, EPS of $0.23 and EBITDA of $200.0M

Montréal, October 27, 2021 - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) ("Champion" or the "Company") is pleased to announce operational and financial results for the second quarter ended September 30, 2021.

Conference Call Details
Champion will host a conference call and webcast on October 28, 2021 at 8:30 AM EDT (Montréal Time) / 11:30 PM AEDT (Sydney time) to discuss the results for the second quarter ended September 30, 2021. Call details are outlined at the end of this document.

1. Highlights

Health & Safety and Sustainability

- No serious injuries reported and no major environmental issues during the period; awareness campaigns are in place and continuous improvement efforts are deployed throughout the organization;
- Fully operational COVID-19 testing laboratory and prevention measures maintained in line with the Government of Québec's (the "Government") directives to mitigate risks related to COVID-19;
- In line with our Company's values, and out of respect and in recognition of the ancestral landholders' bond with the natural environment, the Company organized workshops aimed at familiarizing its employees with the Innu culture. Additionally, the Company participated and contributed to the commemoration activities that took place in the Uashat mak Mani-utenam community for the inaugural National Day for Truth and Reconciliation on September 30, 2021;
- Launch of the women's mentoring program dedicated to improve the integration and recruitment of more women into the Company's workforce; and
- Completion of the Company's 2021 Modern Slavery Statement and its 2020 Sustainability Report, both available on the Company's website at www.championiron.com.

Financial

- Revenues of $331.0M and $876.4M for the three and six-month periods ended September 30, 2021, respectively, compared to $311.0M and $555.6M for the same periods in 2020;
- EBITDA[1] of $200.0M for the three-month period ended September 30, 2021, compared to $199.0M for the same period in 2020. EBITDA[1] of $605.8M for the six-month period ended September 30, 2021, compared to $329.1M for the same period in 2020;
- Net income of $114.6M for the three-month period ended September 30, 2021 (EPS of $0.23), compared to $112.2M for the same period in 2020 (EPS of $0.24). Net income of $338.9M for the six-month period ended September 30, 2021 (EPS of $0.67), compared to $187.7M for the same period in 2020 (EPS of $0.40);

- Net cash flow from operations of $374.1M for the three-month period ended September 30, 2021, representing an operating cash flow per share[1] of $0.74, compared to $131.4M or $0.28 for the same period in 2020. Net cash flow from operations of $361.5M for the six-month period ended September 30, 2021, representing an operating cash flow per share[1] of $0.71, compared to $206.7M or $0.44 for the same period in 2020;
- Full redemption of the remaining $125.0M balance of the total $185.0M of the Company's subsidiary, Quebec Iron Ore Inc. ("QIO"), the Company's subsidiary, preferred shares held by Caisse de dépôt et placement duQuébec which terminated preferred share dividend payments and reduced the overall cost of capital;
- Drawdown of $20.0M on the loan agreement with Investissement Québec, supported by the Fonds du développement économique ("IQ Loan") to finance the upgrade of Société Ferroviaire et Portuaire de Pointe-Noire's ("SFPPN") existing port and transboarding infrastructures; and
- Cash on hand[1] and restricted cash of $567.5M as at September 30, 2021, compared to $466.7M as at June 30, 2021 and $680.5M as at March 31, 2021.

Operations

- Production of 2,089,100 wmt of high-grade 66.3% iron ore ("Fe") concentrate for the three-month period ended September 30, 2021, compared to 2,268,800 wmt of high-grade 66.1% Fe concentrate for the same period in 2020. Production of 4,025,100 wmt of high-grade 66.3% Fe concentrate for the six-month period ended September 30, 2021, compared to 4,067,600 wmt of high-grade 66.3% for the same period in 2020;
- Fe recovery rate of 83.3% and 83.1% for the three and six-month periods ended September 30, 2021, respectively, compared to a Fe recovery rate of 85.2% and 83.8%, respectively, for the same periods in 2020; and
- Free on Board (''FOB'') total cash cost[1] of $56.2/dmt (US$44.6/dmt) (C1) and $58.2/dmt (US$46.8/dmt) for the three and six-month periods ended September 30, 2021, respectively, compared to $48.5/dmt (US$36.4/dmt) and $53.1/dmt (US$39.1/dmt), respectively, for the same periods in 2020.

Growth and Development

- Commencement of a feasibility study, following laboratory work testing, to evaluate the reprocessing and infrastructure required for the commercial production of a 69% Fe Direct Reduction pellet feed product;
- Advances in work related to the Kamistiatusset iron ore project (the "Kami Project")'s updated feasibility study, which is expected to be completed in the second half of 2022, in connection with the Company's strategy to evaluate its growth alternatives within its property portfolio;
- Completion of the Lac Lamêlée South property acquisition and the 1.5% net smelter return royalty on the Company's Moiré Lake property and Fermont Properties portfolio, which includes the Consolidated Fire Lake North project;
- Collaboration with Caterpillar Inc. ("Caterpillar") and Toromont Cat to develop, test and implement advanced drilling technologies aimed at optimizing Bloom Lake's operational productivity and reducing energy consumption;
- Receipt of a $6.2M government grant during the three-month period ended September 30, 2021, as part of a grant of up to $21.8M, related to the Company's greenhouse gas emissions and energy consumption reduction initiatives;
- In anticipation of the Phase II growth project completion, the Company amended terms of its marketing agreements to maintain existing relationships and develop new ones with customers globally; and
- Agreement for a freight contract signed for one vessel per month, from August 2021 to December 2022. The freight contract is expected to reduce the Company's freight premium volatility with a certain agreed-upon price premium above the average C3 Baltic Capesize Index ("C3") per tonne plus a seasonal additional premium for the winter condition.

Phase II Expansion Project ("Phase II") Milestones

- Several critical construction items completed, including the major tie-in between Phase I and Phase II, enabling the Company to evaluate a potential accelerated completion schedule for the project currently expected by mid-2022;

- Advancing remaining work programs, in challenging times, with more than 400 individuals actively working on the project to maintain or accelerate the expected completion schedule; and
- Capital expenditures and start-up costs of $110.5M and advance payments to SFPPN totalling $14.1M incurred in the three-month period ended September 30, 2021, with $413.2M invested to date.

Champion's CEO, Mr. David Cataford, said: "I commend our team for maintaining a safe work environment and upholding our strong community relations, enabling our Company to deliver another robust operational and financial quarterly result. Our employees and partners continue to demonstrate their agility and motivation as we completed several critical work programs in challenging times for the Phase II expansion project, which is expected to double our nameplate capacity at Bloom Lake. With such significant progress, our team is actively evaluating a potential accelerated completion schedule for the project currently expected by mid-2022. With this growth project and our product development, our Company affirms its strategy to actively participate in reducing emissions in the steel making process. In turn, pursuing capital return strategies and other organic growth opportunities can also be facilitated with our preferred shares now fully redeemed, contributing to lowering our Company's cost of capital."

2. Bloom Lake Phase II Update

The Phase II project 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 built 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. On June 20, 2019, the Company announced the findings of the Bloom Lake Feasibility Study (the "Feasibility Study"), including proven and probable mineral reserve estimates of 807.0 Mt (346.0 Mt of proven reserves and 461.0 Mt of probable reserves) at an average grade of 29.0% Fe.

Bloom Lake Phase II reserves are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Joint Ore Reserves Committee Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019. Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. 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. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.

During the three-month period ended September 30, 2021, $110,532,000 in capital expenditures and start-up costs and $14,104,000 in advance payments were incurred for the Phase II project, with $413,216,000 invested to date, including $69,653,000 in advance payments related to existing port, rail and transboarding infrastructures.

As at September 30, 2021, the Company had total cash on hand[1] and restricted cash of $567,514,000.

The Company maintains a total undrawn credit facility of US$220,000,000, a financing agreement for an undrawn amount of US$75,000,000 in connection with the funding of Phase II mining equipment and a seven-year loan agreement with Fonds de Solidarité des Travailleurs du Québec of $75,000,000, of which $45,000,000 remains undrawn as at September 30, 2021. Additionally, the Company's investment of $85,000,000 related to upgrades at SFPPN and budgeted in the overall Phase II capital expenditures, is partially financed through a term loan of up to $70,000,000, signed on July 21, 2021 with Investissement Québec and supported by Fonds du développement économique. As at September 30, 2021, $50,000,000 of the IQ Loan remained undrawn. The IQ Loan annual interest rate is 3.7%. Accordingly, as at September 30, 2021, the Company had a total $470,860,000 of undrawn available financing.

Based on the foregoing and the utilization of ongoing operational cash flows, the Company is fully funded for the remaining Phase II construction project, which is currently scheduled for completion by mid-2022, with an estimated $220,584,000 remaining to be spent, including deposits.

Milestones

The progression of construction works accelerated significantly in August and reached its peak during the three-month period ended September 30, 2021. With several critical construction work programs completed, including the major tie-in between the Phase I and Phase II projects, the Company is evaluating a potential accelerated completion schedule for the project currently expected by mid-2022. The Company continues to advance remaining work programs, in challenging times, with more than 400 individuals actively working on the project. Project milestones that were achieved and related works undertaken during the three-month period ended September 30, 2021 include:

- Completion of 97% of the detailed engineering;
- Steel structure erection in the concentrator, along with equipment installation, progressed as planned;
- Mechanical installation of the load-out conveyors from the concentrator to the train loading station completed;
- New overhead line electrical distribution for the mine continued; and
- Completion and handover of the Mamu accommodations complex, hosting a total capacity of 300 people.

3. Bloom Lake Mine Operating Activities

	Three Months Ended September 30,			Six Months Ended September 30,		
	2021	2020	Variance	**2021**	2020	Variance
Operating Data						
Waste mined and hauled (wmt)	**5,299,600**	4,114,400	29 %	**9,999,100**	6,727,200	49 %
Ore mined and hauled (wmt)	**5,713,900**	6,070,000	(6 %)	**11,357,800**	10,752,600	6 %
Material mined and hauled (wmt)	**11,013,500**	10,184,400	8 %	**21,356,900**	17,479,800	22 %
Strip ratio	**0.93**	0.68	37 %	**0.88**	0.63	40 %
Ore milled (wmt)	**5,679,800**	5,562,600	2 %	**10,907,000**	10,167,200	7 %
Head grade Fe (%)	**29.1**	30.9	(6 %)	**29.4**	31.1	(5 %)
Fe recovery (%)	**83.3**	85.2	(2 %)	**83.1**	83.8	(1 %)
Product Fe (%)	**66.3**	66.1	— %	**66.3**	66.3	— %
Iron ore concentrate produced (wmt)	**2,089,100**	2,268,800	(8 %)	**4,025,100**	4,067,600	(1 %)
Iron ore concentrate sold (dmt)	**1,953,900**	2,063,400	(5 %)	**3,928,600**	3,822,200	3 %
Financial Data (in thousands of dollars)						
Revenues	**331,006**	310,994	6 %	**876,414**	555,568	58 %
Cost of sales	**110,884**	102,739	8 %	**231,730**	210,077	10 %
Other expenses	**20,313**	10,426	95 %	**34,873**	19,967	75 %
Net finance costs	**1,012**	4,530	(78 %)	**5,399**	5,675	(5 %)
Net income	**114,596**	112,164	2 %	**338,935**	187,720	81 %
EBITDA[1]	**200,013**	198,972	1 %	**605,752**	329,134	84 %
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**218.8**	162.8	34 %	**249.4**	156.6	59 %
Net average realized selling price[1]	**169.4**	150.7	12 %	**223.1**	145.4	53 %
Total cash cost (C1 cash cost)[1]	**56.2**	48.5	16 %	**58.2**	53.1	10 %
All-in sustaining cost[1]	**73.6**	57.2	29 %	**73.1**	60.7	20 %
Cash operating margin[1]	**95.8**	93.5	2 %	**150.0**	84.7	77 %

Operational Performance

Second Quarter of the 2022 Fiscal Year vs Second Quarter of the 2021 Fiscal Year

In the three-month period ended September 30, 2021, 11,013,500 tonnes of material were mined and hauled, compared to 10,184,400 tonnes for the same period in 2020, an increase of 8%. The increase in waste mined and hauled is attributable to a higher strip ratio, as per the mine plan in connection with the preparation for Phase II project operations. The increase in material movement was enabled by the Company's ongoing mining equipment rebuild program and equipment maintenance, which provided a higher equipment utilization rate and additional equipment availability.

The iron ore head grade for the three-month period ended September 30, 2021 was 29.1%, compared to 30.9% for the same period in 2020. The decrease in head grade, when compared to the prior year period, was anticipated and is attributable to the presence of lower-grade ore sourced and blended from different pits, and is in line with the mining plan and the LoM head grade average.

Bloom Lake produced 2,089,100 wmt of 66.3% Fe high-grade iron ore concentrate during the three-month period ended September 30, 2021, a decrease of 8%, compared to 2,268,800 wmt of 66.1% Fe for the same period in 2020. The lower production is attributable to lower head grade, which was partially compensated by higher throughput.

First Six Months of the 2022 Fiscal Year vs First Six Months of the 2021 Fiscal Year

On March 24, 2020, the Company announced the ramp-down of its operations following Government directives in response to the COVID-19 pandemic. Operations gradually ramped up following the Government's announcement in April 2020 that mining activities were to be considered a "priority service" in Québec. Early actions implemented by the Company in response to the COVID-19 pandemic minimized its impact on the Company and its operations.

The Company mined and hauled 21,356,900 tonnes of material during the six-month period ended September 30, 2021, compared to 17,479,800 tonnes for the same period in 2020. This increase in material mined and hauled is attributable to the negative impact of the COVID-19 pandemic on several of the Company's other activities in the comparative period and to a higher strip ratio in the current period, as per the mine plan in connection with the preparation for the Phase II expansion project's operations. This increase in material movement is the result of a higher equipment utilization rate and additional equipment availability. The Company benefited from its previous and continuous investments in the mining equipment rebuild program, enabling it to maximize productivity.

The strip ratio increased to 0.88 for the six-month period ended September 30, 2021, compared to 0.63 for the same period in 2020. The strip ratio is consistent with the mine plan for this period of the year.

The plant processed 10,907,000 tonnes of ore during the six-month period ended September 30, 2021, an increase of 7% over the same period in 2020. The higher throughput is attributable to the combination of the COVID-19 imposed ramp-down in the comparative period and the higher mill throughput rate for the current period. The continuous improvements and operational innovations allowed the Company to increase throughput stability and reach a higher level of mill productivity.

The iron ore head grade of 29.4% for the six-month period ended September 30, 2021 was attributable to different sourcing pits, compared to 31.1% for the same period in 2020 and is consistent with the LoM.

Iron ore concentrate produced remained stable during the six-month period ended September 30, 2021, compared to the same period in 2020.

4. Financial Performance

A. Revenues

Second Quarter of the 2022 Fiscal Year vs Second Quarter of the 2021 Fiscal Year

During the three-month period ended September 30, 2021, 1,953,900 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price of US$174.6/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US$174.6/dmt represents a premium of 7.2% over the benchmark IODEX 62% Fe CFR China Index ("P62") price, compared to a premium of 3.4% for the same period in 2020. The gross average realized selling price reflects the sales at a determined price based on the average forward price of US$141.5 at the expected settlement date for 781,900 tonnes which were in transit at the end of the period. The forward price was at a significant discount compared to the average IODEX 65% Fe CFR China Index ("P65") for the period. This factor was partially offset by the positive impact of sales based on backward-looking iron ore prices, when prices were substantially higher than the P65 index average for the period.

The Company believes that global carbon emissions reduction efforts will support the demand for high-grade raw materials, including iron concentrates and pellets. The Company has the ability to fully benefit from the premium pricing of its high-grade product.

During the three-month period ended September 30, 2021, the global economic recovery, rising fuel prices and decreased vessel availability due to high levels of port congestion in Asian ports, contributed to the rising sea freight index, when compared to the previous comparative period. As a result, the Company paid higher freight costs in the three-month period ended September 30, 2021, compared to the same period in 2020. The freight costs variation relative to the C3 index during the period is mainly due to the timing of the vessels' booking.

Although higher than the comparative period, the net average realized selling price[1] for the three-month period ended September 30, 2021, was negatively impacted by the increase in the C3 index. Freight and other costs represented 20% of the gross average realized selling price for the period, compared to 16% for the same period in 2020, which represents a variation of US$15.1/dmt. Provisional pricing adjustments on previous sales, which were directly correlated to the rapid and significant decrease in the P65 index in the quarter, also contributed to reducing the net average realized selling price[1]. During the three-month period ended September 30, 2021, the final price was established for the 1,156,100 tonnes of iron ore that were in transit as at June 30, 2021. Accordingly, during the three-month period ended September 30, 2021, net negative provisional pricing adjustments were recorded as a reduction in revenues for the 1,156,100 tonnes, representing a negative impact of US$5.2/dmt for the period, compared to a positive impact of US$10.6/dmt for the same period in 2020.

After taking into account sea freight costs of US$34.7/dmt and the negative provisional sales adjustment of US$5.2/dmt, the Company obtained a net average realized selling price[1] of US$134.7/dmt (CA$169.4/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $331,006,000 for the three-month period ended September 30, 2021 compared to $310,994,000 for the same period in 2020. The increase is attributable to a higher net average realized selling price[1], partially offset by lower tonnages of iron ore concentrate being sold.

First Six Months of the 2022 Fiscal Year vs First Six Months of the 2021 Fiscal Year

For the six-month period ended September 30, 2021, the Company sold 3,928,600 tonnes of iron ore concentrate to customers in China, Japan and South Korea. While the high-grade iron ore P65 index price fluctuated between a low of US$121.7/dmt and a high of US$264.2/dmt during the six-month period ended September 30, 2021, the Company sold its product at a gross average realized selling price of US$201.6/dmt. The variation between the gross average realized selling price and the average P65 high-grade index of US$210.8/dmt for the period is attributable to the forward price of US$141.5 utilized for the sales in transit at the end of the period, which was significantly lower than the average P65 index for the period.

Combining the gross average realized selling price with the provisional sales adjustment of US$10.1/dmt, the Company sold its high-grade iron ore material at a price of US$211.7/dmt during the six-month period ended September 30, 2021, compared to the P65 high-grade index average of US$210.8/dmt. Deducting sea freight costs of US$31.3/dmt, the Company obtained a net average realized selling price[1] of US$180.4/dmt (CA$223.1/dmt) for its high-grade iron ore. The increase in freight and other costs in the six-month period ended September 30, 2021, compared to the same period in 2020, negatively impacted the net average realized selling price[1] for the period by US$13.0/dmt. As a result, revenues totalled $876,414,000 for the six-month period ended September 30, 2021, compared to $555,568,000 for the same period in 2020. Although the sales increase is mainly attributable to the net average realized selling price[1], the slight positive volume impact illustrates the benefit the Company yielded by investing in initiatives to improve production reliability and having the ability to increase its throughput capacity when the price of high-grade iron ore is elevated.

B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative expenses.

For the three-month period ended September 30, 2021, the cost of sales totalled $110,884,000, compared to $102,739,000 for the same period in 2020. During the three-month period ended September 30, 2021, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific and incremental costs related to COVID-19, totalled $56.2/dmt, compared to $48.5/dmt for the same period in 2020. The lower head grade and lower recovery as per the mine plan, resulted in lower volume of concentrate sold, which negatively impacted the total cash cost[1]. Additionally, the advancement of maintenance work on Crusher 2 and increased mining and land transportation costs, resulting from fuel price increases contributed to a higher total cash cost[1].

The six-month period ended September 30, 2021 total cash cost[1] amounted to $58.2/dmt, compared to $53.1/dmt for the same period in 2020. The variation is due to the same factors that affected the total cash cost[1] for the three-month period ended September 30, 2021, except that total cast cost[1] is, partially offset by higher iron ore concentrate sold.

C. Net Income & EBITDA[1]

Second Quarter of the 2022 Fiscal Year vs Second Quarter of the 2021 Fiscal Year

For the three-month period ended September 30, 2021, the Company generated a net income of $114,596,000 (EPS of $0.23), compared to $112,164,000 (EPS of $0.24) for the same period in 2020. Despite a higher gross average iron ore price during the period, the net income has been affected by higher sea freight costs and negative provisional adjustments compared to the same period last year.

For the three-month period ended September 30, 2021, the Company generated EBITDA[1] of $200,013,000, including non-cash share-based compensation and pre-commercial start-up costs for the Phase II totalling $4,613,000 representing an EBITDA margin[1] of 60%, compared to $198,972,000, representing an EBITDA margin[1] of 64% for the same period in 2020. The slight increase in EBITDA[1] period over period is primarily due to the greater revenue from higher net average realized selling price[1].

First Six Months of the 2022 Fiscal Year vs First Six Months of the 2021 Fiscal Year

For the six-month period ended September 30, 2021, the Company generated a net income of $338,935,000 (EPS of $0.67), compared to $187,720,000 (EPS of $0.40) for the same period in 2020. The increase in net income is mainly due to higher gross profit.

For the six-month period ended September 30, 2021, the Company generated an EBITDA[1] of $605,752,000, representing an EBITDA margin[1] of 69%, compared to $329,134,000, representing an EBITDA margin[1] of 59% for the same period in 2020. This increase in EBITDA[1] is mainly attributable to the increase in the net average realized selling price[1] and slightly higher volumes of iron ore concentrate sold, partially offset by higher production costs and higher other expenses.

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

During the three-month period ended September 30, 2021, the Company realized an AISC[1] of $73.6/dmt, compared to $57.2/dmt for the same period in 2020. The variation is due to higher total cash cost[1], higher sustaining capital expenditures related to higher stripping and mining activities, higher investments made in tailings lifts and higher mining equipment rebuild, combined with the negative impact of lower iron ore concentrate sold.

Overall, the sustaining capital expenditures were higher in the three and six-month periods ended September 30, 2021, compared to the same periods in 2020 since investments made last year were delayed as a result of the COVID-19 pandemic when the Company was experiencing a ramp-down of its operations and implementing substantial safety measures.

During the three-month period ended September 30, 2021, the Company expended $14,174,000 on preventative work on dykes in its tailings system. The remaining work on the dykes will be completed early in the next quarter. During the 2021 fiscal year, lower investments in tailings were made since an accelerated $30M work program for the raising of the tailings containment dam to ensure safe tailings deposition was completed in the 2020 fiscal year. Refer to section 6 - Cash Flows - Purchase of Property, Plant and Equipment.

Deducting the AISC[1] of $73.6/dmt from the net average realized selling price[1] of $169.4/dmt, the Company generated a cash operating margin[1] of $95.8/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2021, compared to $93.5/dmt for the same period in 2020. The variation, when compared to the three-month period ended June 30, 2021, is associated with the decrease of $106.8/dmt in the net average realized price.

During the six-month period ended September 30, 2021, the Company recorded an AISC[1] of $73.1/dmt, compared to $60.7/dmt for the same period in 2020. The variation is due to higher total cash costs[1] and higher sustaining capital expenditures. The cash operating margin[1] totalled $150.0/dmt for the six-month period ended September 30, 2021, compared to $84.7/dmt for the same period in 2020. The variation is mainly due to a higher net average realized selling price[1].

5. Exploration Activities

During the three and six-month periods ended September 30, 2021, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three and six-month periods ended September 30, 2021, $1,983,000 and $2,726,000 in exploration and evaluation expenditures were incurred, respectively, compared to $188,000 and $264,000 for the same periods in 2020.

During the three and six-month periods ended September 30, 2021, the exploration expenditures mainly consisted of $1,300,000 in acquisition costs for the Lac Lamêlée South property and costs associated with minor exploration work and preliminary work related to updating the Kami Project feasibility study for $103,000 and $366,000, respectively, and claim renewal fees. In the comparative periods, the exploration expenditures mainly consisted 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 staking costs for additional exploration claims.

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

During the three and six-month periods ended September 30, 2021, the Company invested $153,653,000 and $263,592,000, respectively, in additions to property, plant and equipment, compared to $27,610,000 and $50,406,000, respectively, for the same periods in 2020. The following table details these investments:

	Three Months Ended September 30,		**Six Months Ended September 30,**	
	2021	2020	**2021**	2020
(in thousands of dollars)				
Tailings lifts	**14,174**	6,349	**20,512**	6,903
Stripping and mining activities	**8,684**	4,415	**17,218**	7,045
Mining equipment rebuild	**3,603**	1,413	**5,498**	4,175
Sustaining capital expenditures	**26,461**	12,177	**43,228**	18,123
Phase II	**105,919**	13,328	**183,844**	19,167
Other capital development expenditures at Bloom Lake	**21,273**	2,105	**36,520**	13,116
Purchase of property, plant and equipment as per cash flows	**153,653**	27,610	**263,592**	50,406

Sustaining capital expenditures

Early in the 2021 fiscal year, the Company ramped-down its operations following Government directives in response to the COVID-19 pandemic and it implemented several measures in its efforts to mitigate the risks related to the spread of the virus. As a result, the overall sustaining capital expenditures were lower and delayed in the 2021 fiscal year, compared to the 2022 fiscal year.

The increase in tailings-related investments for the three and six-month periods ended September 30, 2021, compared to the same periods in 2020, is due to preventive work performed on the dykes. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy. Preventive and corrective interventions on two specific dykes were scheduled for the 2022 fiscal year, with $20,512,000 spent to date, to correct identified discrepancies on specific dykes from their original designs compared to work completed by the asset's previous owner. The remaining work on the dykes will be completed early in the next quarter. The extent of investments in tailings were anticipated to be lower in the 2021 fiscal year since an accelerated $30M work program for the raising of the tailings containment dam to ensure safe tailings deposition was completed during the 2020 fiscal year.

Stripping activities for the three-month period ended September 30, 2021 were higher, as anticipated in connection with the preparation for Phase II project operations, compared to the same period in 2020. Refer to Section 3 - Bloom Lake Mine Operating Activities. The increase in stripping and mining activities during the six-month period ended September 30, 2021, compared to the same period in 2020, is also attributable to the ramp-down of operations in the first quarter of the 2021 fiscal year, mandated by the Government's COVID-19 containment directives, whereby operations were negatively affected in the comparable period.

The Company's mining equipment rebuild program reflects the work planned and undertaken during the three and six-month periods ended September 30, 2021.

Phase II

Following the Board of Directors' final approval on November 12, 2020, to complete the Phase II expansion, the Company advanced several work programs and expects to incur additional expenditures until the project's completion, which is scheduled for mid-2022. For the six-month period ended September 30, 2021, $183,844,000 were spent in capital expenditures. As at September 30, 2021, the Phase II project advanced considerably with $413,216,000 invested by that date, including $69,653,000 in advance payments to in advance payments related to existing port, rail and transboarding infrastructures and start-up costs.

Major milestones achieved during the six-month period ended September 30, 2021 include: the completion of the load-out conveyors' mechanical installation from the concentrator to the train loading station, structural steel erection in the concentrator, milling and screening area, continuation of piping installation inside the plant, mechanical and electrical installation of the mill recirculation conveyors, completion of the Mamu accommodations complex construction with a total capacity of 300 people, progression of the new overhead line electrical distribution for the mine, as well as the progression of the Jean River crossing and civil works for the extension of the second rail track. In the same period in 2020, detailed engineering work was advanced, spirals were produced and equipment was transported on-site for the installation of the spirals.

Other capital development expenditures at Bloom Lake

During the three and six-month periods ended September 30, 2021, other capital development expenditures at Bloom Lake totalled $21,273,000 and $36,520,000, respectively.

During the three-month period ended September 30, 2021, other capital development expenditures at Bloom Lake consisted of $7,970,000 in deposits for production equipment to be commissioned and financed in the future through the finance agreement with Caterpillar Finance Services, an investment of $10,454,000 to improve mill and other infrastructure capacity and $3,816,000 in borrowing costs capitalized during the development period of the Phase II project.

During the six-month period ended September 30, 2021, cash outflows include an additional investment of $3,800,000 in lodging infrastructure at the mine site, in order to accommodate the increasing workforce, a total of $12,438,000 in deposits for production equipment to be commissioned, an investment of $14,554,000 to increase mill capacity and other infrastructure improvements and capitalized borrowing costs of $6,529,000 related to the Phase II project. During the three and six-month periods ended September 30, 2021, other capital development expenditures were offset by a government grant received totalling $6,234,000, related to the Company's greenhouse gas emissions and energy consumption reduction initiatives. The Company qualified for a grant of up to $21,817,000.

During the six-month period ended September 30, 2020, other capital development expenditures at Bloom Lake consisted of infrastructure upgrades at the mine, the commissioning of new service equipment and the acquisition of 100 additional used railcars at a cost of $5,500,000.

7. Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this document. Mr. Blanchet's review and approval does 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. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

8. Conference Call and Webcast Information

A webcast and conference call to discuss the foregoing results will be held on October 28, 2021 at 8:30 AM EDT (Montréal Time) / 11:30 PM AEDT (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 987002#.

9. Cautionary Note Regarding Forward-Looking Statements

This document includes certain information and statements that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements other than statements of historical facts included in this document that address future events, developments or performance that Champion expects to occur, including Management's expectations regarding (i) the mitigation of risks related to COVID-19; (ii) the upgrade of SFPPN existing port and transboarding infrastructure; (iii) the feasibility study to evaluate the reprocessing and infrastructure required for commercial production of a higher than 69% Fe direct reduction pellet feed product; (iv) the updated Kami Project feasibility study including the timing thereof; (v) the Company's strategy to evaluate its growth alternatives within its property portfolio; (vi) the collaboration with Caterpillar and Toromont Cat to develop, test and implement advanced drilling technologies aimed at optimizing Bloom Lake's operational productivity and reducing energy consumption; (vii) the Company's Phase II expansion project and its construction and completion timeline, funding, impact on nameplate capacity, expected capital expenditures, mining rate and production volume; (viii) capital return strategies and organic growth opportunities; (ix) rising demand for higher grade raw materials, including iron concentrates and pellets and the ability of the Company to fully benefit from the premium pricing of its high-grade product; and (x) the LoM of the Bloom Lake Mine 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; 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; 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 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, 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 document 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. 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.

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 a concentrator that primarily sources energy from renewable hydroelectric power. The Bloom Lake Phase I plant has a nameplate capacity of 7.4 Mtpa and produces a low contaminant high-grade 66.2% Fe iron ore concentrate and proved its ability to produce a 67.5% Fe direct reduction quality concentrate, which has 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 ongoing construction to complete the Bloom Lake Phase II project, 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.

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 are used throughout this document: US$ (United States dollar), CA$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), m (meters), EPS (earnings per share) and Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex). The utilization of “Champion" or the “Company” refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable.

For further information, please contact:

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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 Management's Discussion and Analysis for the three and six-month periods ended September 30, 2021, 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.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. For a detailed description of each of the non-IFRS measures used in this document and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the “Non-IFRS Financial Performance Measures” section included in note 20 of the Company’s Management Discussion and Analysis for the three and six-month periods ended September 30, 2021 (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. The Company has included certain non-IFRS measures in this document. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.