

February 20, 2025

NEWSLETTER

CHAMPION IRON 

**A RARE SOLUTION TO
DECARBONIZE STEELMAKING**

CHAMPION IRON NEWSLETTER

Since the release of our September 15, 2024 newsletter, Champion Iron Limited (“Champion” or the “Company”) reported its December 31, 2024 third quarter results for the financial year ending March 31, 2025. While results were impacted by a 14-day breakdown of a critical piece of equipment at the train load-out facility, Bloom Lake achieved the quarterly production of 3.6M wet metric tonnes (“wmt”) of iron ore concentrate, slightly below its nameplate capacity, and sales of 3.3M dry metric tonnes (“dmt”) of iron ore concentrate. Although the Company achieved record monthly iron ore concentrate sales of nearly 1.6M dmt in November 2024, overall sales for the quarter remained relatively stable quarter-on-quarter, primarily due to the events at the load-out facility in December. Iron ore inventories stockpiled at Bloom Lake increased slightly from 2.7M wmt to 2.8M wmt compared to the previous quarter. The Company recently received delivery of 400 additional railcars, which should improve railway capabilities in future periods. Bloom Lake’s operational stability, demonstrated over many years, provides a solid foundation to support Champion’s growth strategy.

NEW RAILCARS



Source: Champion Iron Ltd

The Kamistiatusset Project (the “Kami Project” or “Kami”), an advanced project located a few kilometers from Bloom Lake made significant progress during the quarter. Pursuant to the study released in early 2024, which evaluated the Kami Project’s potential to produce 9M wmt of Direct Reduction (“DR”) quality iron ore per year, on December 18, 2024, Champion announced a binding agreement with Nippon Steel Corporation (“Nippon”) and Sojitz Corporation (“Sojitz”), two industry leaders and long-term partners of Champion, to establish a partnership for joint ownership and potential development of the Kami Project. Under the agreement, Nippon and Sojitz will invest \$245M for a 49% equity stake in Kami and may make additional payments based on the project’s financial performance, if and when it becomes operational. Champion, Nippon and Sojitz will share the costs of evaluating Kami on a pro-rata basis, including the completion of a definitive feasibility study, expected by mid-2026, and share development costs on a pro-rata basis, subject to a final investment decision. Additionally, Champion will engage in discussions with various governments to explore potential support, particularly following the recent inclusion of high-purity iron ore on the critical minerals lists of Québec, Newfoundland and Labrador, and the Canadian government. Through the transaction and future pro-rata contributions

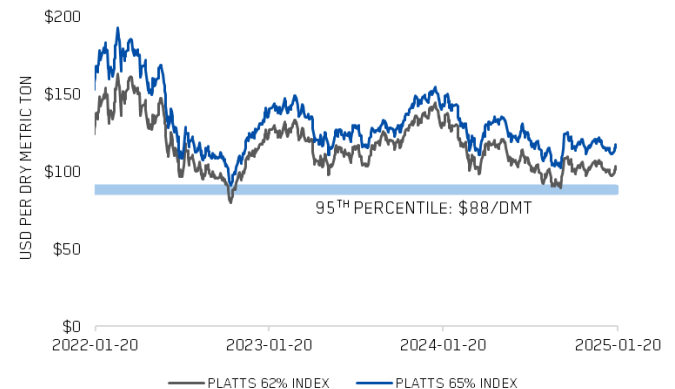
from the partners, Kami will benefit from up to \$490 million in contributions prior to Champion requiring additional capital funding for its pro-rata share of the project.

Additionally, the Company has made further progress on the Direct Reduction Pellet Feed Project (the “DRPF Project”) which will upgrade half of Bloom Lake’s nameplate capacity from 66.2% Fe up to 69% Fe DR quality iron ore. As at December 31, 2024, the total project expenditures amounted to \$287.8M, from an estimated total of \$470.7M pursuant to the study completed in January 2023. In anticipation of the commissioning of the DRPF Project in December 2025, Champion advanced potential contractual agreements with both existing and potential customers, which are expected to command pricing at a premium over the Company’s existing high-purity iron ore concentrate. This initiative not only supports the industry’s decarbonization goals but also positions the Company to enter new markets by supplying feedstock to Direct Reduced Iron (DRI) and Electric Arc Furnace (EAF) producers.

IRON ORE MARKET UPDATE

Iron ore prices saw a slight rebound at the end of September, supported by several elements including the announcement of economic stimulus by the People’s Bank of China, as well as the easing of restrictions on home purchases announced by three Chinese megacities¹. Since October, prices have remained relatively stable, with the Platts 65% Fe Iron Ore index (the “P65 Index”) fluctuating between US\$110 and US\$125 per dmt. Despite a lackluster economic backdrop in China and globally, prices were largely supported by China’s economic and fiscal stimulus measures, including interest rate cuts, reductions in reserve requirement ratios, stock market support and eased restrictions on home purchases. Additionally, iron ore prices were also supported by rising operating costs within the industry, resulting in several producers announcing they would curtail production capacity². Accordingly, a notable trend has emerged in which iron ore prices have been supported around US\$100/dmt for the P65 index, positioned approximately at the 95th percentile of the global seaborne cost curve.

PLATTS 62% and 65% FE IRON ORE INDEX - 3 YEARS



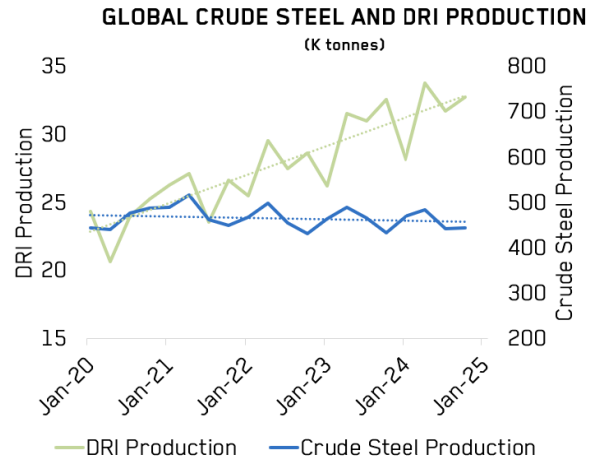
Source: Champion Iron Limited, Platts Data, Bloomberg

In addition to a firm commitment for economic support during its December 2024 Politburo meeting, Beijing announced plans to adopt a “moderately loose” monetary policy in 2025³, suggesting further monetary easing. Additionally, China vowed to implement a “more proactive” fiscal policy, raising expectations for a greater fiscal deficit. Several catalysts, such as infrastructure investments and government policies aimed at boosting China’s economy, could revive a positive market sentiment and demand for iron ore. Arguably, such support is much needed as China’s real estate sector, a lifeblood of the economy and steel demand, remains challenged. With housing inventories remaining near record levels, the government of China introduced a US\$42B re-lending initiative to purchase housing for social projects, urban revitalization and renovation⁴.

While Champion does not sell iron ore concentrate in the United States, recent announcements by the Trump administration regarding economic tariffs on China’s products could potentially impact economic growth in China. Accordingly, some market participants believe that demand for steel could be impacted; however, others believe that such potential tariffs could trigger additional stimulus by China, which could support demand for steel through real estate and infrastructure spending⁵.

The global steel industry declined by 0.9% to 1,839.4M tonnes in 2024 according to the Worldsteel Association, but with notable regional differences. Chinese steel production led the decline, producing 1,005.1M tonnes and representing a 1.7% decline year-on-year. Offsetting China’s decline was the European Union’s increase in steel production by 2.6% to 129.5M tonnes, despite the steel industry remaining under pressure due to unfavorable economic conditions, including high energy costs, subdued housing construction and geopolitical uncertainties. Additionally, India’s steel sector continued to outperform global markets, with production growing a significant 6.3% year-on-year to 149.6M tonnes. The increase in Indian production was driven by robust domestic demand fueled by large-scale infrastructure projects. Steel consumption in India is expected to continue to rise as the country pushes to reach 300Mt of crude steel production by 2030⁶. Contrasting the global decline in crude steel output, DRI output growth continued to rise of 3.7% year-on-year in 2024 with a 6.1% compounded annual growth rate in the last four years. This positive trend highlights the resilience of the green steel transition despite a downturn in crude steel output. Benefitting from Bloom Lake’s high-purity iron ore resources, Champion is well positioned to capitalize on the rare opportunity to align itself with this rapidly growing subset of the steel sector.

GLOBAL CRUDE STEEL PRODUCTION AND DIRECT REDUCED IRON (2020-2024)



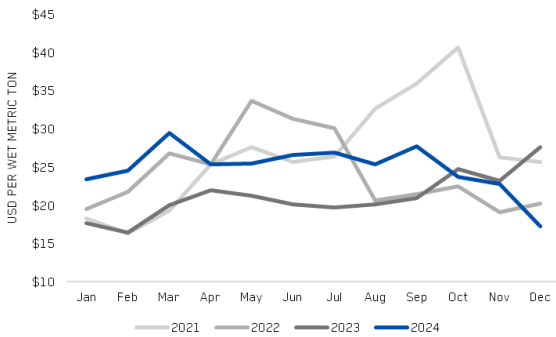
Source: Champion Iron Limited, World Steel Association

Despite weaker global crude steel production in 2024, seaborne iron ore shipments remained elevated, rising 3.6% year-on-year to 1.7B tonnes. China contributed to this record by importing 1.2B tonnes of iron ore, up 4.9%⁷. Arguably, China’s decline in steel output, together with rising iron ore imports in 2024 points to lower domestic supply of iron ore and scrap steel, likely explained by elevated local production costs of marginal iron ore producers⁸. China’s 2024 steel exports also surged 22.7% to 110.7M tonnes, the highest since 2015. This export growth has triggered systemic challenges for global steel producers, leading to a sharp rise in trade remedies against China, including quotas, tariffs and sanctions. In total, 32 remedy cases were announced against China in 2024 compared to fewer than three annually between 2021 and 2023. Conceptually, potential trade restrictions on China’s steel trade would be unlikely to impact global steel demand, but it could affect where steel is manufactured. This dynamic could support demand for high-purity iron ore as most countries outside of China have measures to limit emissions and/or a higher penetration rate of DRI-EAF steelmaking.

FREIGHT MARKET UPDATE

As a positive tailwind for Champion’s realized prices, the Capesize market faced a depressed final quarter in 2024. The Baltic Exchange C3 route (Brazil to China) declined to its lowest level since January 2023, reflecting subdued sentiment and an oversupply of vessels. One factor partially driving this dynamic was the reduced congestion at Chinese and Brazilian ports, allowing more ships to re-enter the market⁹. North Atlantic trade was also impacted as repositioned vessels sought opportunities on alternative routes in northern regions.

BALTIC C3 INDEX (2021-2024)



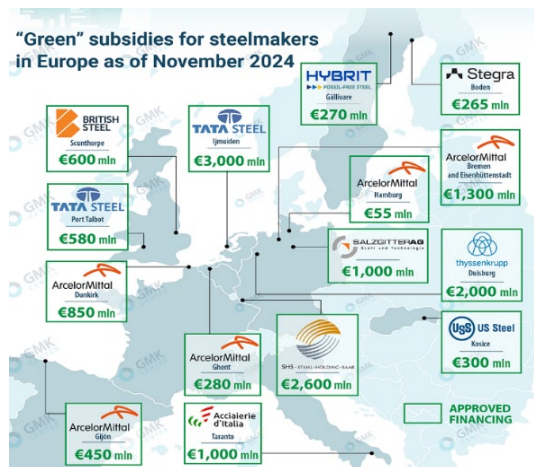
Source: Baltic Exchange, Bloomberg

RISING DEMAND FOR HIGH-PURITY IRON ORE

While the global transition to green steel continues, recent industry challenges led to delays for several projects and adjustments to decarbonization agendas. Accordingly, weaker steelmaking profitability, amid macroeconomic pressures, has shifted steelmakers' priorities towards cost reduction, with many blast furnaces using lower-grade iron ore. However, as the industry recovers from cyclical challenges, steelmakers are poised to realign their focus on long-term decarbonization goals, especially with significant financial support being provided by several governments and carbon taxes emerging in many countries. Inevitably, the steel industry will continue to face pressure to decarbonize considering that it currently represents approximately 10% of global emissions¹⁰.

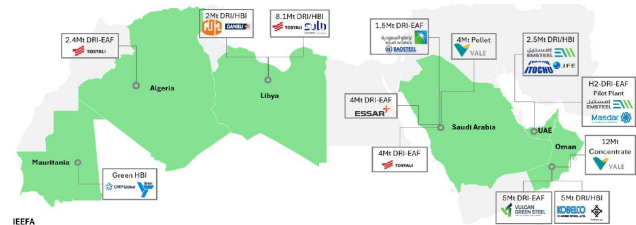
In the past six months, European state grants for decarbonization projects in the steel industry have increased by €4B, now cumulating €14.6B to support 15 projects¹¹. Most of the initiatives receiving state aid focus on transitioning from the BF-BQF process to the DRI-EAF route, a shift that supports increased demand for DR quality iron ore.

STEEL INDUSTRY SUPPORT IN EUROPE (Source: GMK Center)



Several major projects have been announced in the Middle East and North Africa (“MENA”) region. This region is expected to become a significant global player in green steel production, with clear implications for DR quality iron ore demand. The region’s abundant and relatively inexpensive natural gas reserves make it an ideal location for DR pelletizing and DRI-based steelmaking. Approximately 50 Mt of DR quality iron ore could be required to support the additional DRI capacity expected in MENA in the near-term¹². This capacity supports the continued growth in DRI output, which is expected to reach 175Mt by 2030, nearly 29% higher than the level in 2023^{13,14}.

MENA GREEN IRON AND STEEL INITIATIVES



Source: IEEFA

Carbon pricing mechanisms are playing an increasingly important role in driving investment in green technologies. While such mechanisms are already implemented in several regions, the EU’s system stands out as the most advanced. Beginning in January 2026, the EU’s Carbon Border Adjustment Mechanism (“CBAM”) will require importers to not only report emissions embedded in their products as they are currently doing, but financial obligations will also come into effect. Consequently, both domestic and international steel producers selling in the EU will face greater pressure to adopt low-emission technologies. More recently, India’s Union Ministry of Steel introduced a green steel taxonomy in December 2024, marking a significant milestone in the decarbonization of India’s steel industry. This taxonomy categorizes steel products based on their carbon emissions per ton of finished steel, setting clear benchmarks to promote cleaner production practices¹⁵.

THANK YOU TO OUR STAFF & PARTNERS

Our employees and partners are our greatest assets. Their dedication and agility have been instrumental in driving key growth initiatives that will pave the way for industry-wide decarbonization. We extend our gratitude to our staff and all stakeholders for their collective support, enabling us to deploy our vision and execute our growth strategy to create positive impacts both locally and globally.



David Cataford
Chief Executive Officer



Michael O'Keeffe
Executive Chairman of the Board



Michael Marcotte
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All amounts are in Canadian dollars unless otherwise stated.

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FORWARD-LOOKING STATEMENTS

This newsletter contains certain information and statements, which may be deemed "forward-looking information" within the meaning of applicable securities laws (collectively referred to herein as "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. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

SPECIFIC FORWARD-LOOKING STATEMENTS

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) Bloom Lake's production, expanded nameplate capacity, potential opportunities and related investments, and operational maintenance and improvements; (ii) the DRPF Project and its expected

production metrics, timeline, budget, economics, financing and benefits, including future pricing and contractual discussions with new and existing customers; (iii) the Kami Project's study, the project's potential to produce a DR grade product and governmental support; (iv) the partnership among the Company, Nippon Steel Corporation and Sojitz Corporation and the financial commitments thereof, interim and final investment decisions, the completion of the feasibility study and its timing, the timing and ability of the relevant partners to fund cash calls to advance the development of the Kami Project and pursue its development; (v) the shift in the steel industry to transition to green steel and to reduce emissions, announcements to address elevated emissions embedded in steel, increase in DRI demand and EAF capacities and related supply deficit and higher premiums, and the Company's positioning in connection therewith and expected benefits thereof for the Company; (vi) global macroeconomic conditions and factors that could influence the steel market and iron ore production (including supply, demand and premiums) and expected benefits thereof for the Company; (vii) shipping and sales of accumulated concentrate inventories; (viii) carbon costs reduction; and (ix) the Company's growth, opportunities and vision generally, are forward-looking statements.

RISKS

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: project delays; the results of feasibility and other studies; changes in the assumptions used to prepare feasibility and other studies; continued availability of capital and financing and general economic, market and business conditions; general economic, competitive, political and social uncertainties; market disruptions, including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises, war and other military conflicts (including the ongoing military conflicts between Russia and Ukraine and in the Middle East), or other major events, or the prospect of these events; future prices of iron ore; increased public concern about the environmental impact of the Company's products or their perceived safety; decreased social acceptance and increased social action to reduce the use of fossil fuels, which may negatively impact consumer perception; cyber events or attacks (including ransomware, state sponsored and other cyberattacks); 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 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 2024 Annual Information Form and the risks and uncertainties discussed in the Company's Management's Discussion and Analysis for the year ended March 31, 2024 and the risks discussed in other reports Champion files with the Canadian Securities Administrators ("CSA") and the Australian Securities and Investments Commission ("ASIC"), all of which are available 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 such information 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.

ADDITIONAL UPDATES

The forward-looking statements contained in this newsletter are based on assumptions Management believes to be reasonable and speak only as of the date of this newsletter or as of the date or dates specified in such statements. Champion undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

P62: Platts TSI IODEX 62% Fe CFR China; P65: Platts IO Fines 65% Fe CFR China; C3: Freight rate Tubarao-Qingdao

1 Minespans, December 2024
 2 Kaunis Iron, January 11, 2024; Mineral Resources, October 31, 2024; Baffinland, October 19, 2024
 3 Bloomberg, December 9, 2024
 4 Wood Mackenzie, January 9, 2025
 5 Bloomberg, February 5, 2025
 6 Ministry of Steel India (PIB), July 31, 2023
 7 Reuters, January 9, 2025
 8 Mysteel, December 5, 2024
 9 Ifchor galbraiths, December 4, 2024
 10 Our World in data, 2020
 11 GMK Center, December 10, 2024
 12 Wood Mackenzie data, Midrex and public announcements. Assumes 1.4 tons iron ore feed required per ton DRI capacity.
 13 Fastmarkets, November 5, 2024
 14 Midrex, September 3, 2024
 15 Press Information Bureau Government of India, December 12, 2024