

# CONFERENCE PRESENTATION

SEPTEMBER 2023



A RARE SOLUTION TO DECARBONIZE STEELMAKING

CHAMPION IRON 

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In particular, but without limiting the foregoing, this Presentation contains forward-looking information and statements pertaining to Champion's and management's expectations, including, without limitation, with respect to: the Company's Phase II expansion project, its expected economic benefits, nameplate capacity and milestones; the project to upgrade the Bloom Lake iron ore concentrate to a Direct Reduction ("DR") Pellet Feed quality iron ore, expected project timeline, economics, capex, budget and financing, production metrics and benefits; the increase in carbon emission forward prices; the Kami Project's feasibility study and its anticipated completion date; the study to produce DR grade pellets in Pointe-Noire and its anticipated completion date; Bloom Lake's optimized reserves and resources, life of mine and nameplate capacity; Champion's positioning to service the transitioning steel industry and focus on DR quality products; the shift in steel industry production methods and expected rising carbon costs, the industry's focus on reducing emissions and decarbonisation, demand for higher-grade iron ore products and related market deficit and higher premiums, including using reduction technologies and the Company's potential in connection therewith and related projects; GHG and CO<sub>2</sub> emission reduction initiatives, objectives, targets and expectations; Champion's financial outlook; optimization work programs and their expected results and impact on production; return of the railway to normal capacity following damage caused by forest fires; shipping and sales of accumulated concentrate inventories; the Company's capital return strategy; "Cluster II" opportunities; and the Company's growth opportunities generally.

Accordingly, undue reliance should not be placed on such statements or information. In addition, forward-looking statements or information are based on a number of factors, expectations or assumptions of Champion which have been used to develop such statements and information but which may prove to be incorrect.

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Mr. Vincent Blanchet (P.Eng) Director of resource and planification at Quebec Iron Ore Inc., a wholly-owned subsidiary of the Company is a "qualified person" as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* and has reviewed and approved the disclosure of the scientific and technical information contained in this Presentation. Mr. Blanchet is a member of the *Ordre des Ingénieurs du Québec*.

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

This Presentation has been authorized for release to the market by the CEO of Champion, David Cataford.

All amounts are in Canadian dollars unless otherwise stated.



### LARGEST PUBLICLY LISTED PURE-PLAY HIGH-GRADE IRON ORE PRODUCER GLOBALLY



→ 2nd largest hub of high-grade exports globally



→ 9.3% management ownership<sup>1</sup>



→ Cumulative investments at Bloom Lake >US\$4.5B



→ Committed to GHG reduction of 40% by 2030 and carbon neutrality by 2050

BLOOM LAKE 



*Note: 1. Management ownership including board of directors as of September 4, 2023*

*Source: Champion Iron Limited*



# A GLOBAL SOLUTION FOR THE TRANSITIONING STEEL INDUSTRY

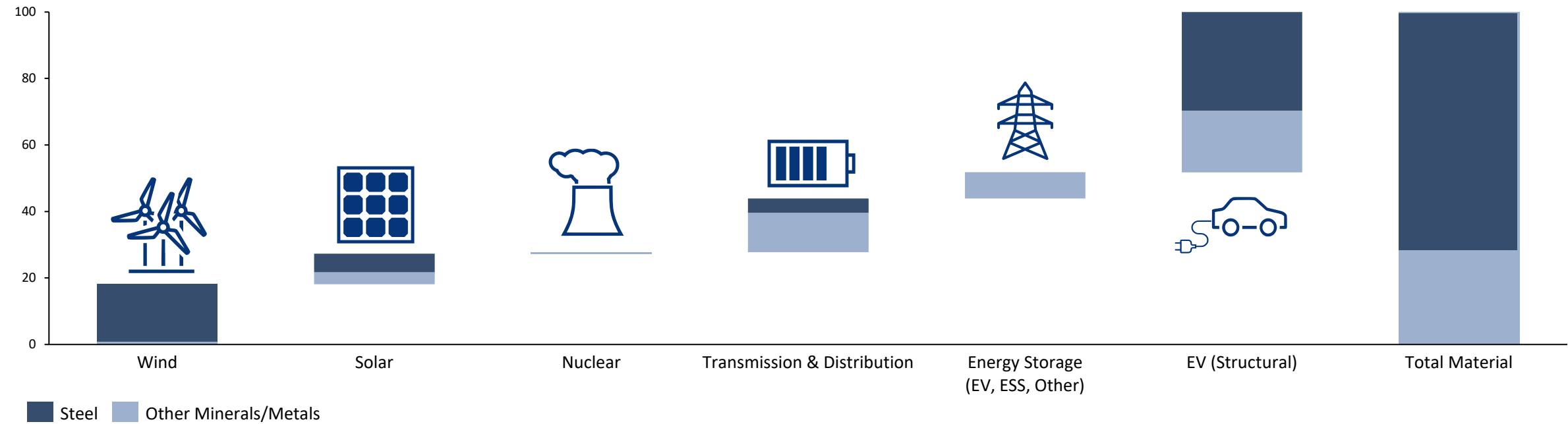
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# STEEL IS CRITICAL TO DECARBONIZE

- Steel will have a critical role for the required infrastructure and applications to decarbonize our economies
- Under the Accelerated Energy Transition (AET) of 1.5°C, over 3.5 billion additional tonnes of steel will be required by 2050, representing over 50% of total material used across infrastructure and applications

GLOBAL VOLUME OF MATERIAL REQUIRED TO REACH AET 1.5 ACROSS SELECT ENERGY TRANSITION APPLICATIONS  
(% VOLUME CONTRIBUTION)

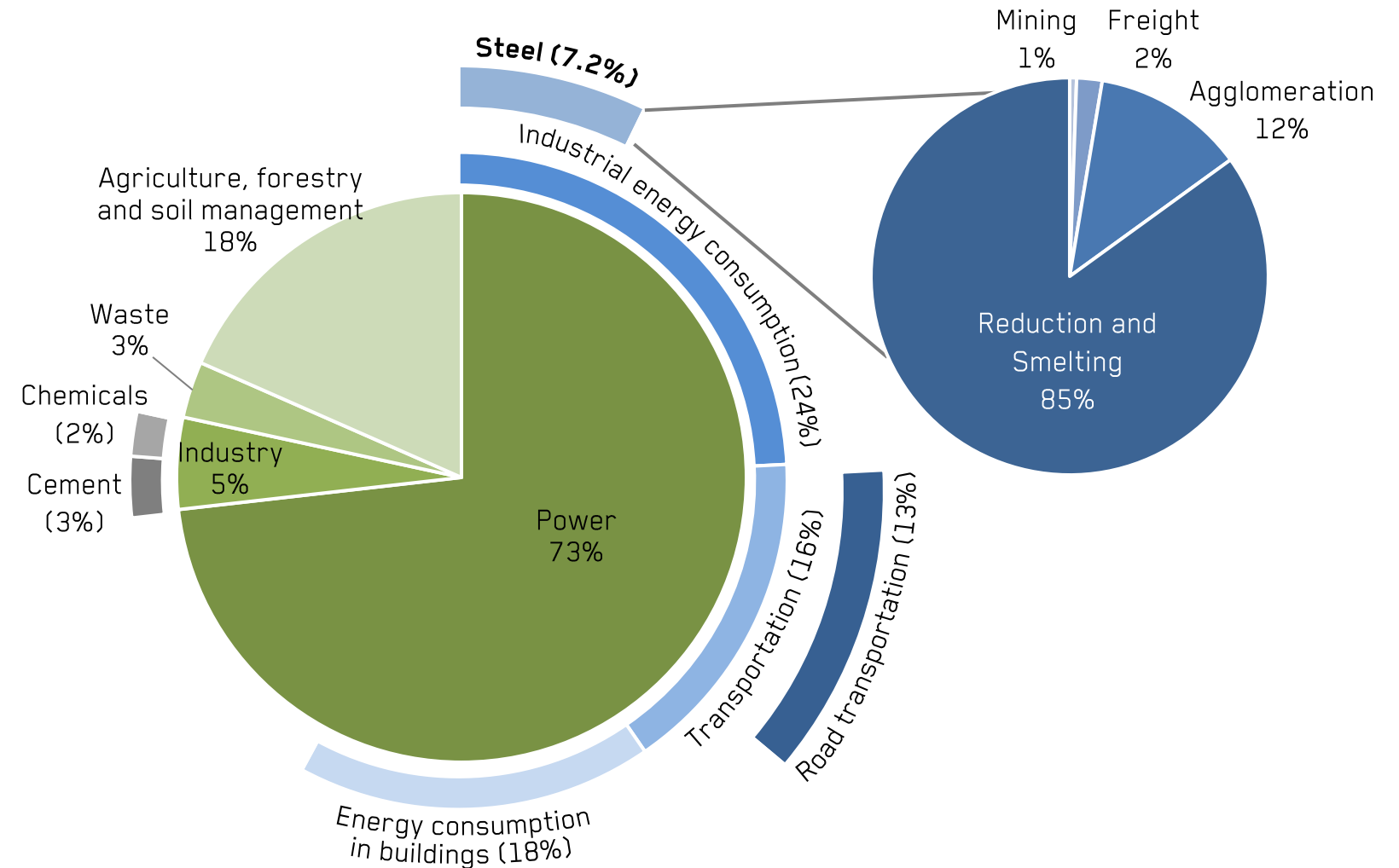


Source: Champion Iron Limited, Wood Mackenzie  
Note: Only includes other minerals/metals associated with this study. Structural EV = automotive frames/bodies. Volume estimates are subject to change based on intensity and technology assumptions which will change over time.

# HIGH PURITY IRON ORE → A SOLUTION FOR GREEN STEEL

## THE STEEL INDUSTRY WILL NEED TO ADAPT TO LIMIT EMISSIONS

→ The steel industry produces more than 7.2% of global CO<sub>2</sub> emissions<sup>1</sup>





STEEL MAKING  
METHOD & EMISSIONS



PRIMARY  
RAW MATERIALS

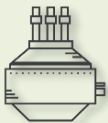


Blast Furnace (BF) /  
Basic Oxygen Furnace (BOF)  
2.01 tCO<sub>2</sub> eq/t steel<sup>1</sup>

Iron Ore  
Coal

66.2%  
Fe

Champion's 66.2% iron ore  
reduces emissions by  
~10% in the BF/BOF



Direct Reduced Iron (DRI) /  
Electric Arc Furnace (EAF)  
1.04 tCO<sub>2</sub> eq/t steel<sup>1</sup>

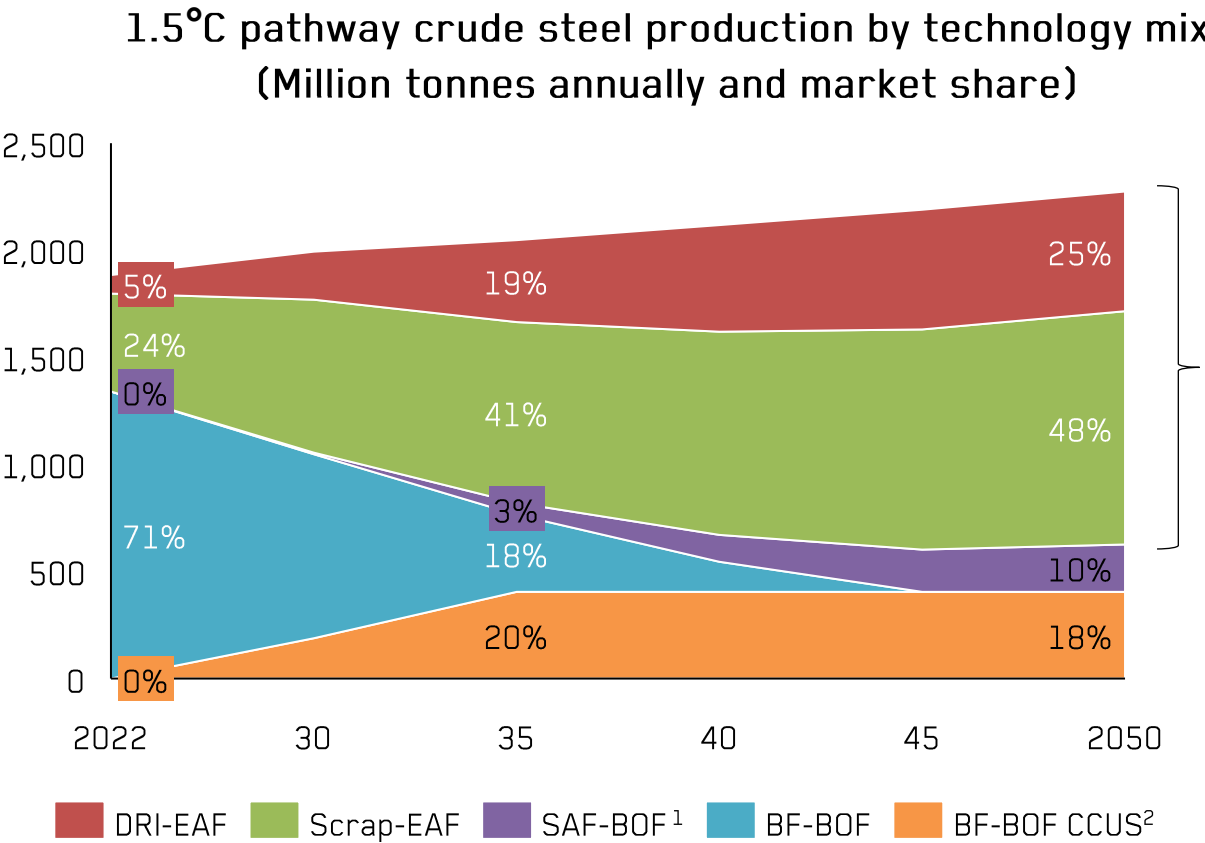
Recycled Steel  
Direct Reduced (DR) Iron  
Pig Iron

DRPF  
Project  
69% Fe

Champion's Direct Reduction  
Pellet Feed (DRPF) Project to  
produce 69% Fe can  
contribute to reduce  
emissions by ~ 50% vs BF/BOF

Source: Champion Iron Limited | 1 Wood Mackenzie data

# HIGH PURITY IRON IS CRITICAL FOR THE ENERGY TRANSITION

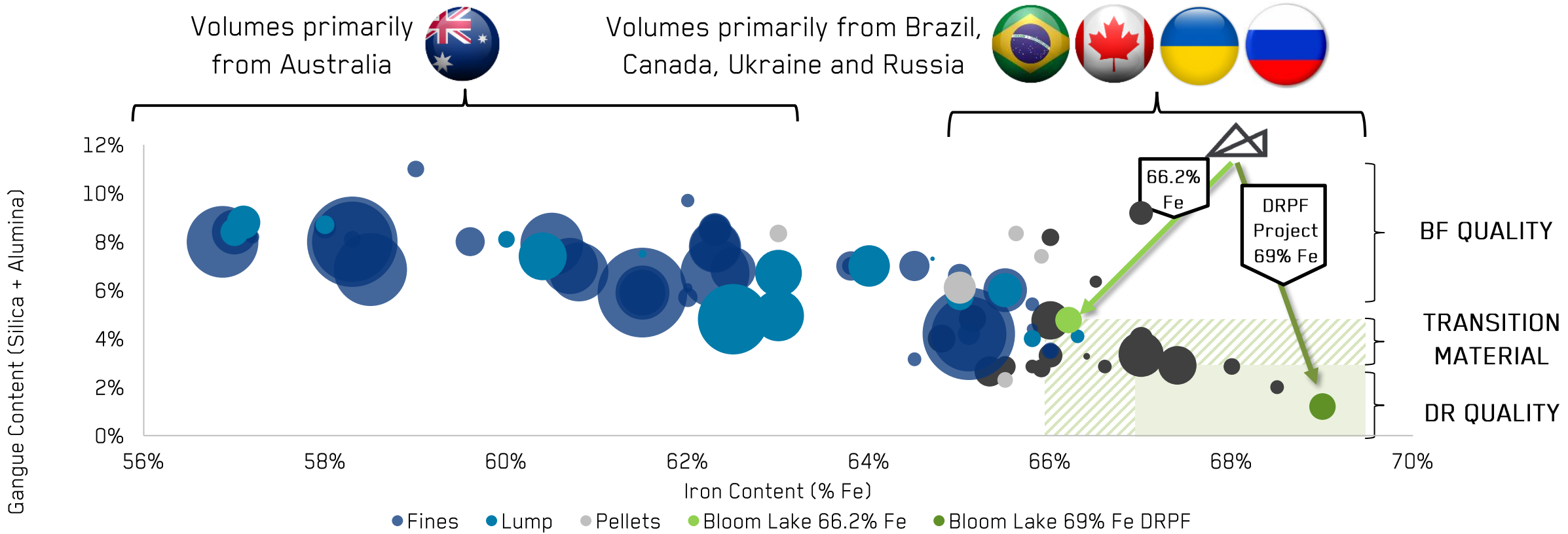


- To decarbonize the steel industry, a material transition away from BF-BOF, utilizing coal, to EAF is to occur by 2050
- Due to limited availability of scrap steel, traditionally used in EAFs, high-quality DRI will be required to complement and supplement the industry’s supply chain to achieve the emission reduction targets in line with the 1.5°C pathway
- **DRI-EAF steelmaking is expected to increase in market share from 5% to 25% by 2050**
- High purity iron ore is to be required across all other steelmaking methods



# 69% FE DRPF: PRIME PRODUCT IN A NICHE MARKET

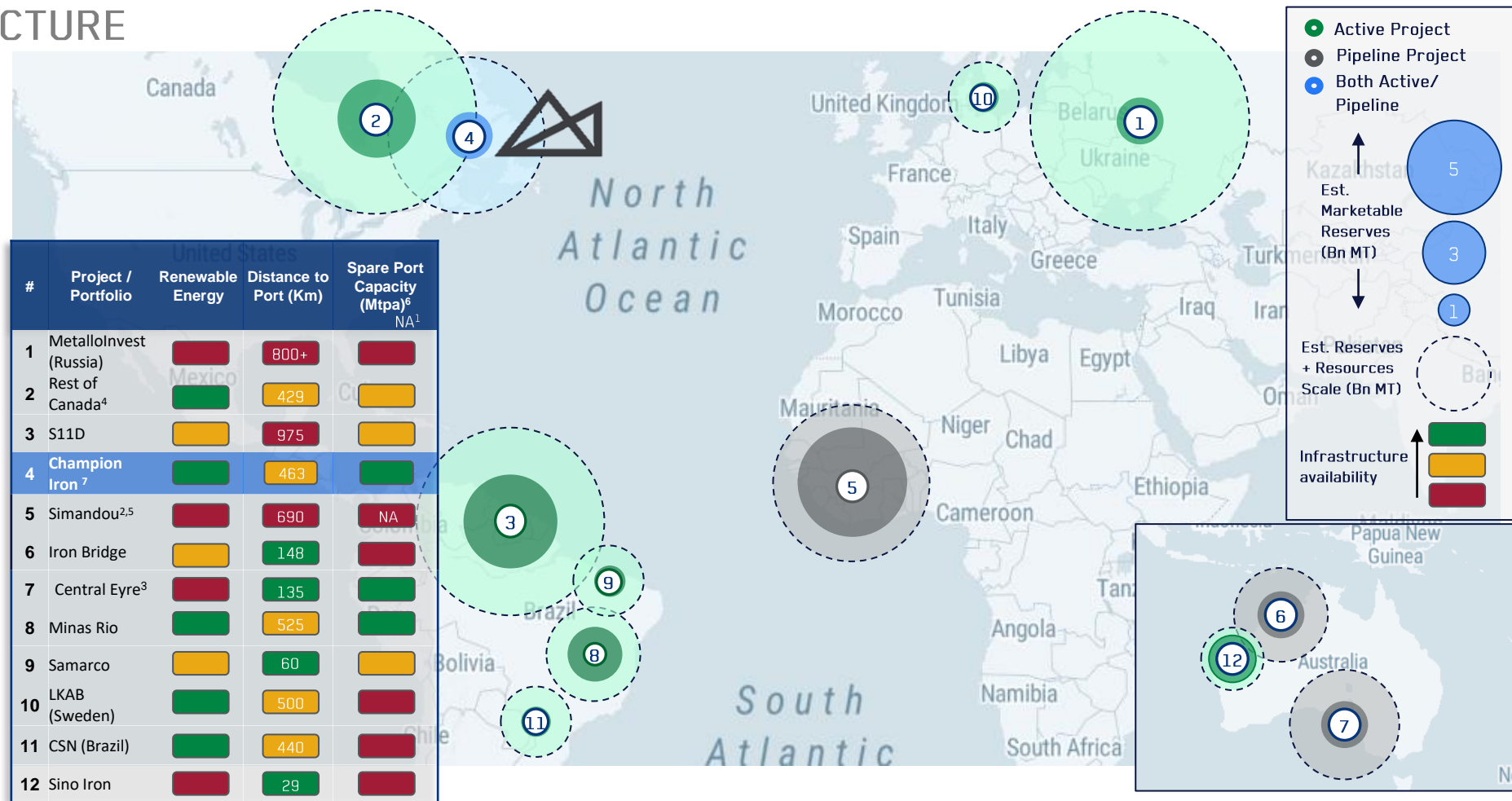
## SUMMARY OF IRON CONTENT AND GANGUE CONTENT



Source: Champion Iron Limited, Wood Mackenzie 2022 data

# PROVIDING A GLOBAL SCALE SOLUTION

CHAMPION CONTROLS ONE OF THE LARGEST RESERVES AND RESOURCES CAPABLE OF PRODUCING HIGH-GRADE IRON ORE, INCLUDING POTENTIAL ACCESS TO RENEWABLE POWER AND AVAILABLE INFRASTRUCTURE

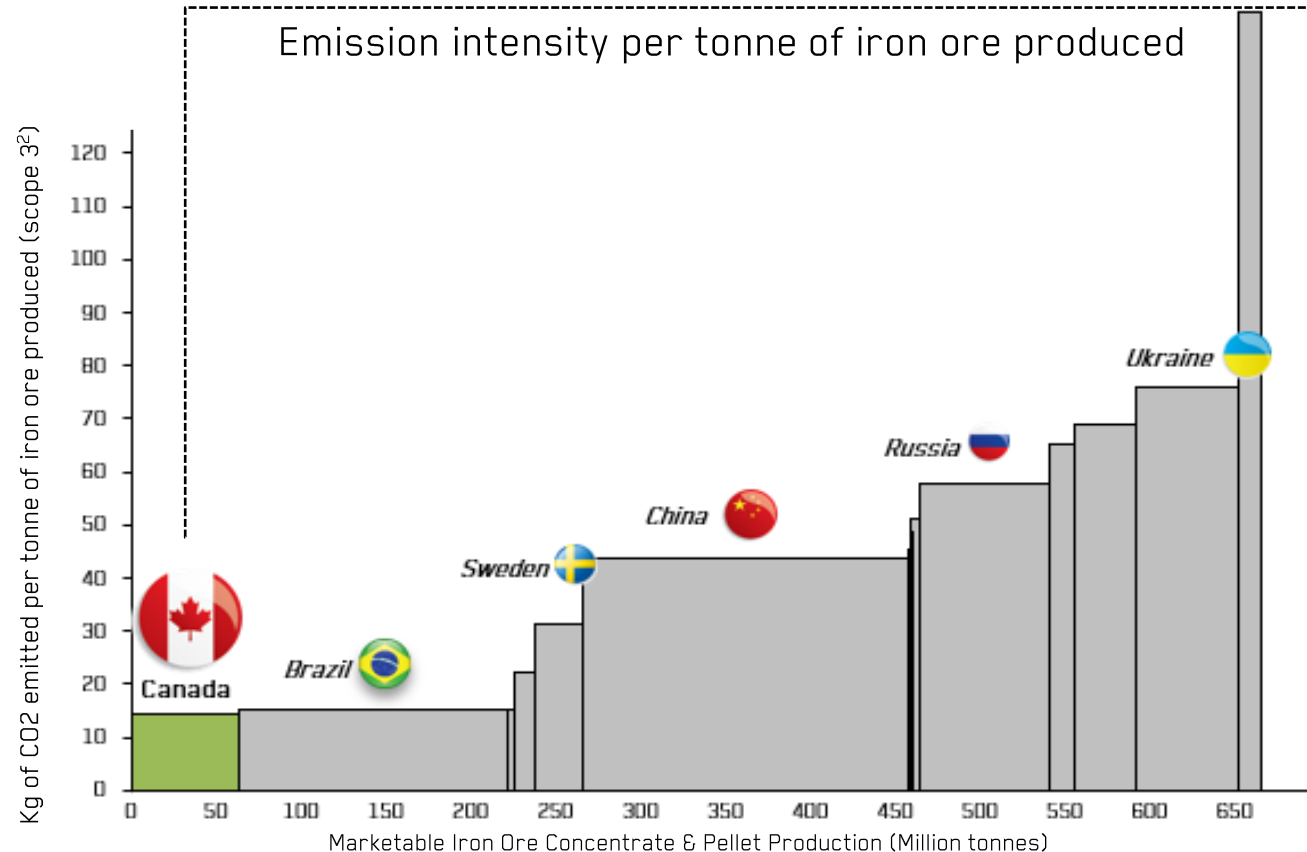



Source: Wood Mackenzie, Corporate Reports, PFS Studies, Public Information (can include estimates).

Note: Billion Metric tonne reserves; Resources are estimated on a Measured, Indicated, and Inferred Basis. Global snapshot is not exhaustive, (1) Port capacity estimate could not be reasonably identified, (2) Port not yet constructed, (3) Port not yet constructed, (4) Rest of Canada data is not exhaustive (Mont Wright, Carol Lake, Fire Lake, Baffinland...), (5) Simandou includes Blocks 1-4 (6) Spare port capacity estimated; Green-40+, Yellow-20-39, Red-0-19, (7) Champion Iron reported distance from Bloom Lake to Pointe Noire.

# LOW IMPACT LOCALLY & SCALEABLE POSITIVE IMPACT GLOBALLY

- Canadian high-purity iron ore is produced with one of the lowest carbon intensities globally
- A complete transition of Bloom Lake's 15Mtpa nameplate capacity to DRPF quality iron ore could reduce nearly 9.7Mt of CO<sub>2</sub> eq/year in the steelmaking process, representing over 100 times the emissions generated by our Company



- 
- Benefiting from hydropower generation capacity, Champion has an **industry leading position in emission intensity** per tonne of high-purity iron ore produced of 9.8 Kg of CO<sub>2</sub>/t
  - **29.3% Reduction in emissions intensity** per tonne of iron ore concentrate produced compared to the 2014 reference year under previous ownership<sup>1</sup>

Source: Champion Iron Limited, Wood Mackenzie 2020 data

Note: 1. Scope 1 emission reduction based on calendar year 2022 results / 2. Scope 3 stops at Third Party Port and Transport Fees Downstream but excludes BOF supply / Iron ore supply;



# CHAMPION IRON RECENT RESULTS

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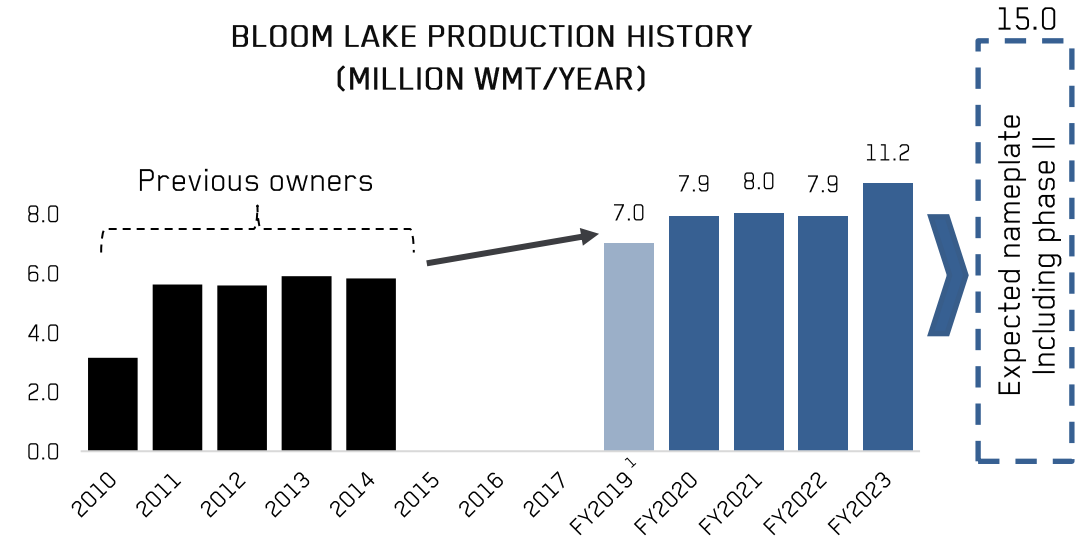
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# SETTING NEW PRODUCTION RECORDS AT BLOOM LAKE

- Facilities reached expanded designed nameplate capacity of 15M tpa on several operating days in Q1/FY24
- Q1/FY24 quarterly production of 3.4M wmt, representing 90% of Bloom Lake expanded nameplate capacity
- Recent commissioning of the remaining mining equipment and ongoing optimization will enable Bloom Lake reach its expanded nameplate capacity of 15M tpa in the near term



Recent mining equipment delivery and assembly



Proven and completed processing plant



Progress on third-party infrastructure



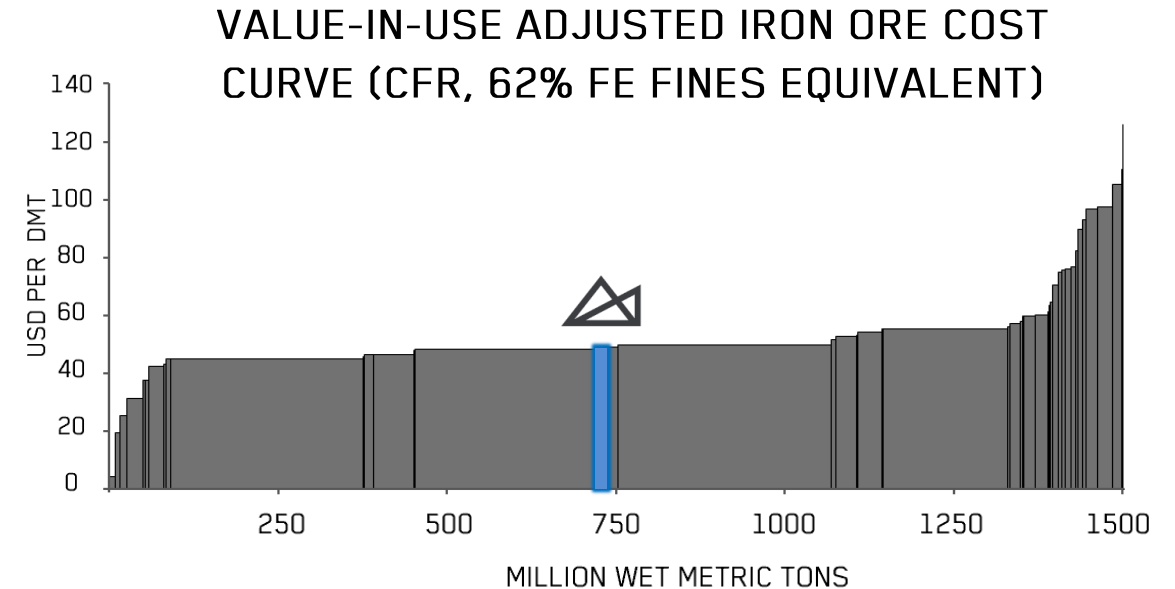
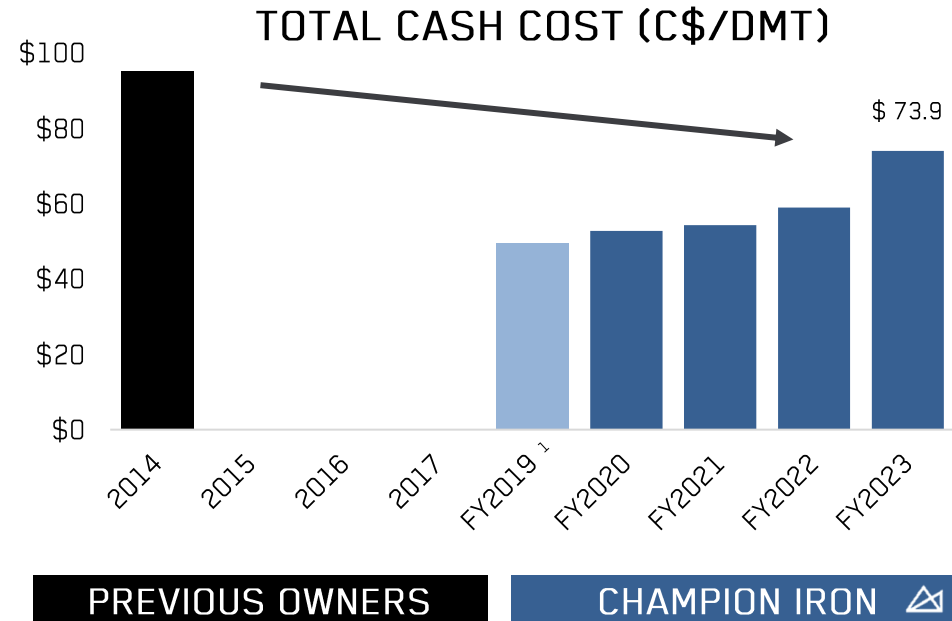
# IMPACT OF RECENT FOREST FIRES

- Recent forest fires near Sept-Îles, Québec, approximately 300 kilometres south of Bloom Lake, resulted in interruptions to railway services between May 30 and June 10, 2023
- As forest fires subsided, railway services resumed gradually in the period and are expected to return to normal capacity in the near term
- Despite operational impacts, 1.3M wmt of iron ore concentrate were stockpiled at the mining complex as of June 30, 2023



- The Company expects to gradually ship and sell the stockpiled iron ore concentrate as rollingstock capacity increases in the upcoming quarters

# PROVEN COST STRUCTURE



- Proven and competitive cost profile
- FY2023 results: Total cash costs<sup>2</sup> of \$73.9/t, negatively impacted by several factors including fixed costs incurred to support higher anticipated production, inflationary pressures on fuel, explosives and site-related G&A

# ROBUST FINANCIAL RESULTS AND BALANCE SHEET

→ Significant investments at Bloom Lake produced robust financial results, positioning the Company to diligently consider growth opportunities while continuing its capital return strategy

## BALANCE SHEET AS AT JUNE 30, 2023



**\$250.3M Cash**

**\$238.7M Working capital** <sup>2,3</sup>



**\$479.8M Short-term & Long-term debt** <sup>4</sup>



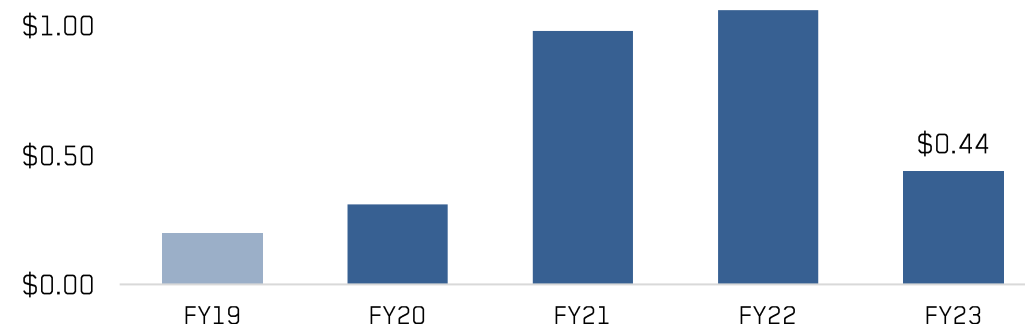
**Cash net of debt of \$9.2M** <sup>3</sup>

**\$328.8M Available & undrawn loans** <sup>5</sup>

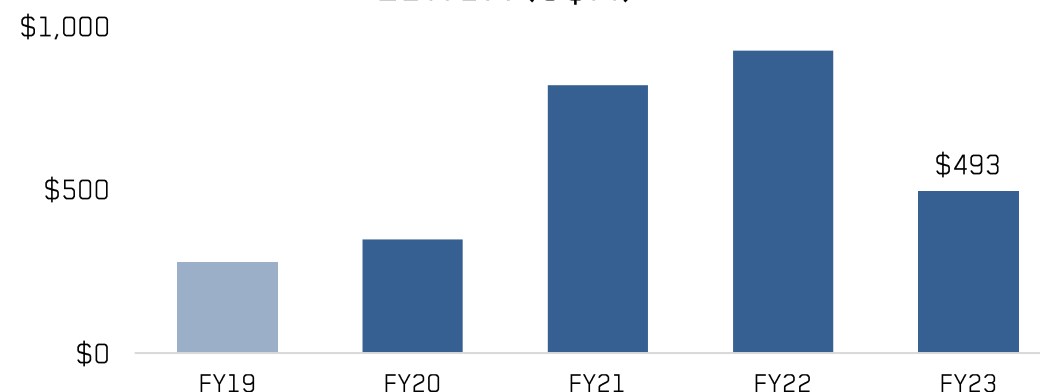


**Four semi-annual dividends of \$0.10 declared to date**

## ADJUSTED EPS (C\$) <sup>1</sup>



## EBITDA (C\$M) <sup>1</sup>



Notes: <sup>1</sup>Non-IFRS financial measure, ratio or other financial measure. Refer to the disclaimer at the p.2 | <sup>2</sup>Receivables: \$108.3M; Income and mining taxes receivables: \$31.9M; Prepaid expenses and advances: \$64.4M; Inventories: \$211.6M; accounts payable and other: (\$174.8M); Income tax payable: (\$2.7M) | <sup>3</sup> including working capital; Excluding the cash withdraw of \$51.7M in anticipation of the dividend payment completed on July 5, 2023 | <sup>4</sup> Short-term and long-term debt face value include US\$180M Revolving Facility, \$75M from FTQ, \$57.6M from Investissement Québec and US\$82.2M from Caterpillar Financial Services | <sup>5</sup> Undrawn loans included US\$220M Revolving Facility and US\$28.4M from Caterpillar Financial Services.





# PRODUCT DEVELOPMENT AND GROWTH INITIATIVES

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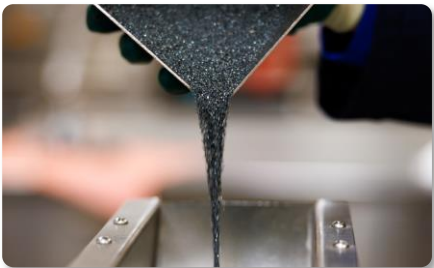
# GREEN STEEL SUPPLY CHAIN SOLUTIONS

→ In keeping with its diligent approach towards growth and its vision to be a leader in the green steel supply chain, Champion's projects are strategically positioned to sustainably address the supply deficit of high purity iron required to reduce emissions in steelmaking

## PRODUCTS OPTIMIZATION OPPORTUNITIES



Advancing the study evaluating the investments required to re-commission the Pointe-Noire pellet plant and produce DR grade pellets *(expected to be completed by the end of calendar 2023)*



Opportunity to upgrade both Bloom Lake concentrators to Direct Reduction Pellet Feed (DRPF) quality iron ore

## VOLUME INCREASE OPPORTUNITIES



Advancing the Kami project's feasibility study, including its capability to produce DR grade pellet feed *(expected to be completed by the end of calendar 2023)*



Recently announced significant increase in mineral resources, creating opportunities to optimize Bloom Lake beyond the life of mine, including investing to de-bottleneck facilities and produce beyond its expanded nameplate capacity of 15M tpa



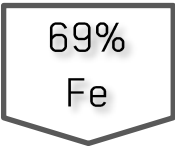
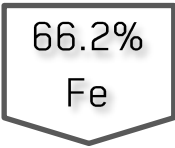
Sizeable opportunity with 'Cluster II', within 60 kilometres of Bloom Lake, comparable in scale to Guinea's Simandou Block 3 & 4<sup>1</sup>



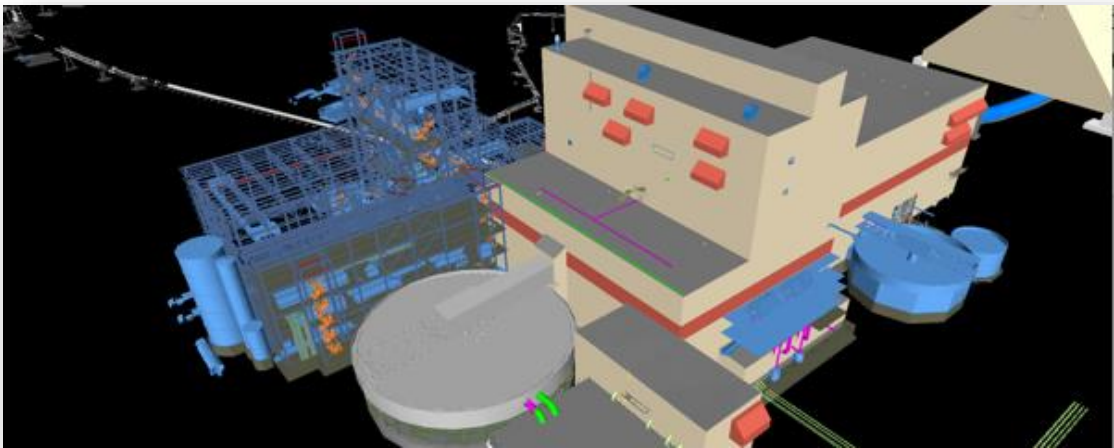
Project to upgrade the Phase II plant, from 66.2% to a 69% Fe, to produce 7.5M tpa of DRPF quality iron ore, expected to attract significant additional pricing premium

## PROJECT MILESTONES

- In connection with the positive findings of the DRPF Project study released on January 26, 2023, the Company approved and advanced work programs with an initial budget of \$62M
- Project advancing as planned for a potential commissioning in calendar H2/2025
- Project milestones to date include:
  - ✓ Initiated procurement activities for long lead items
  - ✓ Initiated on-site activities in preparation of upcoming civil work programs
  - ✓ Advanced detailed engineering
- The Board of Directors expects to review the Project’s final investment decision pending securing additional power and non-dilutive funding



	C\$	US\$
Capex	\$470.7M	\$351.3M
Net Present Value ("NPV")	Pre-tax NPV <sub>8%</sub> of \$1230.1M After-tax NPV <sub>8%</sub> of \$738.2M	Pre-tax NPV <sub>8%</sub> of \$918.0M After-tax NPV <sub>8%</sub> of \$550.9M
Internal Rate of Return ("IRR")	Pre-tax IRR of 30.1% After-tax IRR of 24.0%	



# THANK YOU!

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## Contact us for more information

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