Champion Moving Forward on Feasibility Study for the Consolidated Fire Lake North Project; Appoints Harry Burgess to its Board of Directors

TORONTO, ONTARIO–(Marketwired – Aug. 27, 2013) – CHAMPION IRON MINES LIMITED (TSX:CHM)(OTCQX:CPMNF) (FRANKFURT:P02) (“Champion”, or the “Company”) is pleased to announce that it is continuing the development of the Fire Lake North project by resuming activities to finalize the Feasibility Study for the Consolidated Fire Lake North (CFLN) project in 2014. The Company is also pleased to announce that Harry Burgess, P. Eng., has joined its Board of Directors.

FEASIBILITY STUDY – CONSOLIDATED FIRE LAKE NORTH

As outlined in the Pre-Feasibility Study (PFS) for the CFLN project that was completed earlier this year, the main variable requiring additional study to bring it to the Feasibility Study level was the railway component, which, at the time, was itself the subject of a feasibility study by CN Rail.

In February 2013, CN Rail announced its decision to suspend their Labrador Trough railway feasibility study, and shortly thereafter Champion curtailed most of the activities it had been directing towards the CFLN Feasibility Study, in order to evaluate its options for an alternative rail solution.

Recent discussions with the Québec government on a railway solution for Northern Québec and the Labrador Trough have been directed towards the initiation and completion of a 2014 railway Feasibility Study for a multi-user southern rail route that would link the CFLN project to the Pointe Noire port area, on the Gulf of St. Lawrence. To prepare for this scenario, Champion has made the decision to resume its Feasibility Study.

Champion’s President and CEO, Tom Larsen, commented, “Despite the very challenging market environment, senior management have been able to find the resources necessary to continue the development of the Consolidated Fire Lake North project. We are focused on completing the Feasibility Study for CFLN and believe the financial metrics will be robust.”

With the recent receipt of an advance of $11 million against the claims for the Québec refundable tax credit on exploration expenditures of $13.5 million for the years ended March 31, 2011 and 2012 (see the Company’s July 17, 2013 Press Release), the Company’s current cash position is approximately $15 million. Subject to the completion of audits in progress, the Company is expecting to receive the remaining $2.5 million of the Québec refundable tax credit and $1 million with respect to Québec credit on duties refundable for losses for the year ended March 31, 2011.

CFLN PROJECT DEVELOPMENT & METRICS

Champion’s PFS indicated the in-pit optimized reserve of 465 million tonnes (MT) grading 32.4% Total Iron (FeT) could yield 9.3 MT of annual concentrate production grading 66% FeT. The study indicated at an 8% discount rate, a Net Present Value of $3.3 Billion, Internal Rate of Return of 30.9% and Pay Back Period of 3.4 years on Capital expenditures of $1.4 Billion excluding the rail component.

Champion believes it has sufficient resources to ultimately increase production capacity to more than 20 MT of annual concentrate production within a few years from initial start of operations at Fire Lake North. The additional reserves required to support the added production capacity could come from expansions to each of the West and East pits or development of the coarse-grained magnetite-rich resources at the Oil Can deposits, especially the South and East zones, which are located only a few kilometres from the proposed FLN processing facilities. The Oil Can deposits could yield low strip ratios as they underlie widely spaced, near-surface, drill-hole intersections.

Champion is proceeding with additional metallurgical testing of Oil Can drill core samples and has laid out a drilling programme designed to delineate sufficient reserves at Oil Can to support a second concentrator production line at Fire Lake North. If realized, this would bring total annual capacity to 20 MT. Champion expects to complete a Preliminary Economic Assessment for the Oil Can deposits that will be incorporated into the Consolidated Fire Lake North feasibility study.

In the event that a positive decision is taken to build the southern rail route from Fire Lake North to Pointe Noire, Champion’s studies of the northern route linking Fire Lake North to Bloom Lake will be integrated and form part of a multi-user railway solution that would service mining operations and development projects in Northern Québec and Labrador.

In conjunction with its Feasibility Study, Champion will revise and complete its environmental and social impact assessment (“ESIA”) related to the first production line. The Company expects to complete the study in early 2014 for its release to the Québec ministry of Sustainable Development, Environment, Fauna and Parks (MDDEFP) and to the Canada Environmental Agency (CEA). Following the public hearing process, the governmental decree required for project construction is anticipated by the end of 2014.

APPOINTMENT OF HARRY BURGESS TO THE COMPANY’S BOARD OF DIRECTORS

The Company is pleased to welcome Mr. Harry Burgess as an independent member of its Board of Directors. As well, Mr. Burgess has been appointed as a member of the Company's Audit Committee. Mr. Burgess is an accomplished professional engineer with global mining experience and is a founder and associate of Micon International Limited, mineral industry consultants whose clients include mining and mineral exploration companies, financial institutions and government agencies from around the world.

ABOUT CHAMPION IRON LIMITED

Champion is an iron exploration and development company with offices in Montréal and Toronto, and is focused on developing its significant iron resources in the provinces of Québec and Newfoundland & Labrador. Champion holds a 100% interest in the Fermont Iron Holdings and a 44% interest in the Attikamagen Iron Project located in both Québec and Labrador. The Attikamagen Project is under option to Labec Century Iron Ore Inc. ("Labec"), a subsidiary of Century Iron Mines Corporation, under which Labec can earn up to a 60% interest.

Champion's Fermont Iron Holdings, including its flagship Consolidated Fire Lake North Project, are located in Canada's major iron ore producing district, in close proximity to five producing iron mines, existing transportation and power infrastructure. Consolidated Fire Lake North is located immediately north of ArcelorMittal's operating Fire Lake Mine and 60 km south of Cliffs Natural Resources Inc.'s Bloom Lake Mine in northeastern Québec. Champion's management and advisory board includes mining and exploration professionals with the mine development and operations experience to build, commission, and operate the future Consolidated Fire Lake North mine.

For additional information on Champion, please visit our website atwww.championiron.com.

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about planned operations at the Company's projects, including its Consolidated Fire Lake North Project. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Champion's annual information forms, management discussion and analysis and other securities regulatory filings by Champion on SEDAR (including under the heading "Risk Factors" therein). 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 forward-looking information contained in this press release is given as of the date hereof 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 forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This press release has been prepared by Champion Iron Limited and no regulatory authority has approved or disapproved the information contained herein.

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