Champion Provides Year-End Review of the Consolidated Fire Lake North Project and Update on Feasibility Study Work

TORONTO, ONTARIO–(Marketwire – Jan. 3, 2013) – CHAMPION IRON MINES LIMITED (TSX:CHM) (FRANKFURT:P02) ("Champion", or the "Company") is pleased to update the development and status of its 100% owned Consolidated Fire Lake North Project ("FLN Project"). The Company made substantial progress during 2012 in advancing major elements of the FLN Project including increasing and upgrading the mineral resources on the property, confirming the metallurgical profile and marketability of the concentrate product, negotiating port access at Sept Îles/Pointe Noire, developing rail transportation options and other project infrastructure.

Champion expects to release a preliminary feasibility study in January 2013 further refining the project operating assumptions and economics. This study is the culmination of two years of exploration and development during which Champion's project team has demonstrated the unique profile and viability of the FLN Project. However, the Company will continue to assess its options and key elements of the FLN Project, particularly rail transportation alternatives to further enhance the mine plan, operating parameters, and capital and operating cost estimates. The results of this work and the ongoing Canadian National Railway ("CN")/La Caisse de dépôt et placement du Quebec ("Caisse") North Shore rail feasibility study (see the Company's press release dated August 29, 2012) are expected to be included in a FLN Project feasibility study in July 2013.

Thomas Larsen, Champion's President and CEO commented, "During this past year, our project team successfully advanced the Fire Lake North Project on a number of fronts. We confirmed our Fermont iron ore deposits can compete globally in terms of resource size, product quality and demonstrated the potential for a world class mine at Fire Lake North. I look forward to 2013 with confidence that we will further advance Fire Lake North and move the project closer to operation. He added, "recent investment by major Asian steel producers in the Fermont area of the Labrador Trough are very encouraging and confirm the attractiveness and value of these iron ore deposits."

In 2012, following two successful Preliminary Economic Assessment studies (see press releases dated November 3, 2010 and January 6, 2012, respectively) that confirmed the technical and economic viability of the iron resources at the FLN Project, the Company proceeded with several initiatives to advance the project to the feasibility study stage.

Metallurgical Testing and Product Marketing

Metallurgical test results on various samples from the Fire Lake North deposit confirmed that an excellent grade and superior quality of sinter concentrate can be produced from the FLN Project. A highly saleable sinter-feed product, produced from mainly hematite ore, can be processed using a conventional Autogenous Grinding mill with standard three-stage gravity spiral beneficiation process. The sinter-feed product has been generated both from both heavy-liquid separation Wilfley tables and from pilot-plant testing. Confirmatory tests on the metallurgy and product specification conducted at a second laboratory closely duplicated results from the first laboratory.

Initial market analysis and discussions with global iron marketers and consumers confirm that the sinter-feed product will be suitable for various steel-making processes. The purity and composition of the iron ore concentrate from the Fermont district, and in particular, from Champion's FLN Project is attractive to a wide range of end-users and is expected to command a premium over the Platt's sinter feed product reference price.

Rail Transportation Options

As part of the feasibility study process, the Company received positive results from its 2012 Rail Cantech Feasibility Study on an independent rail transportation solution for a haulage route from the FLN Project to the Pointe Noire port facilities. Subsequently, as announced on August 29, 2012, Champion joined a multi-user railway consortium consisting of CN and Caisse, and five other mining companies. The CN/Caisse-led consortium's feasibility study due by mid-2013 will evaluate a proposed new railway from the port facilities at Pointe Noire to Schefferville, running adjacent to the FLN Project.

Champion believes the proposed railway will help "unlock" the inherent value of the substantial iron ore deposits in the Labrador Trough, which hosts all current iron-ore production in Canada.

Port Access and Material Handling

The Company has secured port access and loading capacity at Sept-Îles/Pointe Noire, the second largest natural port in North America, for the FLN Project's life-of-mine concentrate production. The agreement allows for a guaranteed annual ship-loading capacity of 10 million tonnes of iron ore concentrate at very competitive commercial rates, with an option to increase the annual tonnage capacity. The agreement has a 20-year term and includes multiple 5-year extension options totalling an additional 20 years.

Champion, along with four other future users, are participating in and financing their pro-rata share of the construction costs for a new, multi-user, ship-loading system being built by the Port Authority of Sept-Îles, and which is on-schedule for completion by

March 31, 2014, roughly a year and half ahead of FLN's anticipated start-up.

Environmental Baseline Studies

On November 21, 2012, Champion announced that future mining operations at the FLN Project will not impact water quality in the area. Sample tests confirmed neither the Run of Mine (ROM) iron ore concentrate or waste rock materials are acid generating, nor do they represent a risk with respect to heavy-metal liberation. On this basis, no special groundwater protection measures (i.e., geo-membrane) will be required for the tailings impoundment area. Moreover, no waste-water treatment will be necessary to control dissolved metals: a sedimentation pond will be sufficient to control the water effluent quality.

The completed Environmental Study or Environmental Impact Statement (EIS) will be submitted to the Ministère du Développement Durable, de l'Environnement, de la Faune et des Parcs (MDDEFP) and Canadian Environmental Assessment Agency (CEAA) in late February 2013.

Additional investigations are underway to evaluate minimizing water transfer between the concentrator and tailings pond by transferring partially dewatered tailings to the impoundment area.

Project Infrastructure and Permitting

The all-season Trans-Québec-Labrador Highway (Route 389 in Québec), which is being upgraded by the Québec Ministry of Transportation, transects north-south through the western part of the FLN Project claim group. Within the FLN Project planned mine-site area, a network of over 15 km of roads were built in order to allow access to the East and West pit areas from and provide direct access to Route 389. An additional 14 km extension was added to allow access to the Oil Can Project where Champion delineated close to 2 billion tonnes of inferred iron resources in 2012.

Advanced, electrical-power rate discussions with the Québec government are ongoing and anticipated to be finalized by the end of January 2013. Champion has recently received a contract proposal from Hydro-Québec regarding linking the FLN Project to the provincial power grid. Tender documents were issued and bids were received for the construction of the 161/34.5 kV (kiloVolt) electrical substation components, which will feed the construction camp and eventually the construction site.

Champion has received three (3) land lease agreements from the Ministère des Ressources Naturelles pertaining to the campsite construction, the 161/34.5 kV substation and a 34.5 kV power line. The wood-cutting permits for campsite construction, the 161/34.5 kV substation and the 34.5 kV power line, are also in-hand.

The application for a Certificat d'Autorisation (CA) required for camp construction and for the 161/34.5 kV electrical substation have been submitted to the MDDEFP. Once the CA is available, the Company will have the final approval to proceed with building the construction camp, the 161/34.5 kV substation and the 34.5 kV power line.

Detailed Engineering

Champion is pleased to announce that a contract has been recently awarded to BBA Engineering of Montreal for all the pre-construction engineering work relating to the FLN Project.

Champion is currently reviewing bids received in response to a tender that was issued for the building of the construction camp and the 161/34.5 kV substation required for the project.

About Champion Iron Mines Limited

Champion is an iron exploration and development company with offices in Montreal 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 team and advisory board includes mining and exploration professionals with the mine operations experience to build, commission, and operate the future Consolidated Fire Lake North mine.

The technical information in this news release was prepared, revised and approved by Mr. Jean-Luc Chouinard P. Eng. M. Sc., VP Project Development for Champion Iron Mines who is a Qualified Person under NI 43-101 standards.

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 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 Mines Limited and no regulatory authority has approved or disapproved the information contained herein.

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