Champion Iron Reports Strong FY2019 Second Quarter Results

Achieved its first quarter of commercial production
Increases Production 20% Over Previous Quarter

MONTREAL, Nov. 08, 2018 (GLOBE NEWSWIRE) -- Champion Iron Limited (TSX: CIA) (ASX: CIA) ("Champion Iron" or "The Company") is pleased to announce strong operational and financial results for the second quarter ended September 30, 2018 of the fiscal year end March 31, 2019.

For complete details of the unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis please refer to the Company's filings on SEDAR (www.sedar.com) or the Company's website (www.championiron.com). All amounts are in Canadian dollars unless otherwise indicated.

HIGHLIGHTS

- Net income of $67.5 million for the quarter ($88.2 million for the first six months);
- Revenues of $174.7 million up 16% from previous quarter ($325.4 million for the first six months);
- Operating cash flow totalling[2] $49.6 million for the six-month period;
- Cash on hand of $115.6 million and trade receivables of $86.4 million at period end, including two shipments totalling approximately $31.0 million (US$24.2 million) received on October 2, 2018;
- Production of 1,858,300 wmt of high-grade 66% iron ore concentrate and 4,024,500 wmt since the mine commenced operations;
- Total cash cost[1] of $45.2 per dmt sold and an all-in sustaining cost[1] of $52.9 per dmt sold;

"Champion Iron has reported a strong second quarter and the Company is extremely pleased to report that it was our first quarter of commercial production and included a record month, with 648,400 wmt of iron ore concentrate produced in September, at name plate capacity," commented Chairman and Chief Executive Officer Michael O'Keeffe. "Going forward, we are encouraged by the outlook for high grade premium iron ore and as such, the Company has commenced work on the Feasibility Study for Phase II of Bloom Lake which has the ability to double capacity and elevate Champion Iron to a leading high-grade iron ore producer." continued Mr. O'Keeffe.

The Company plans to continue on the track that it's been on of implementing operational improvements at the Bloom Lake Mine, while applying cost and capital discipline. With $115,625,000 in cash on hand (at September 30, 2018) Champion Iron is in a position to focus on continuing to strengthen its financial position and pursue further growth opportunities.

1. Bloom Lake Mine Operating Activities

	Commercial Production Three Months Ended September 30 2018	Pre-Commercial Production Three Months Ended June 30 2018	Six Months Ended September 30 2018
Operating Data			
Waste mined (wmt)	2,978,400	3,372,900	6,351,300
Ore mined (wmt)	5,204,900	4,647,900	9,852,800
Strip ratio	0.6	0.7	0.6
Ore milled (wmt)	4,964,200	4,244,000	9,208,200
Head grade (g/t)	32.0	31.1	31.6
Recovery (%)	79.6	77.1	78.5
Iron ore concentrate produced (wmt)	1,858,300	1,542,900	3,401,200
Iron ore concentrate sold (dmt)	1,931,700	1,740,400	3,672,100
Financial Data (in thousands of dollars)			
Sales	174,678	150,741	325,419
Cost of sales	87,265	95,767	183,032
Depreciation	4,084	4,425	8,509

Statistics (in dollars per dmt sold)

Average realized selling price[1]	90.4	86.6	88.6
Total cash cost[1] (C1 cash cost[1])	45.2	55.0	49.8
All-in sustaining cost[1]	52.9	59.9	56.1

A. Operational Performance

The Company's iron ore concentrate production in the second quarter ended September 30, 2018 was driven by improved operating performance in both the mine and processing plant. During the quarter, over 8.2 million tonnes of material were mined compared to 8.0 million tonnes in the first quarter of the year. The ore tonnes mined increase when compared to previous quarter is due to higher productivity since declaring commercial production on June 30th, 2018 combined with a lower strip ratio when compared to the pre-production period.

During the six-month period ended September 30, 2018, 9.8 million tonnes of ore were extracted while the year to date strip ratio totalled 0.6.

The plant processed 4,964,200 tonnes of ore during the second quarter reaching a monthly production record of 648,400 wmt in September at an average head grade of 32.0 g/t Fe in the second quarter of 2018 compared to 4,244,000 tonnes of ore at 31.1 g/t Fe in the previous quarter. This 17% increase is a result of ongoing optimisation at the plant since commissioning. Although, the overall recovery was 79.6% during the quarter compared to 77.1% in the previous quarter, the processing plant reached recovery rates as high as 86% during the period. As a result, Champion Iron produced 1,858,300 tonnes of high-grade iron concentrate of 66.57% during its first quarter of commercial production, a 20% increase since its first full quarter of operations for a total of 3,401,200 tonnes since the beginning of the FYE 2019.

B. Financial Performance

	Commercial Production Three Months Ended September 30 2018	**Pre-Commercial Production Three Months Ended June 30 2018**	**Six Months Ended September 30 2018**	**Six Months Ended September 30 2017**
Iron ore concentrate produced (wmt)	1,858,300	1,542,900	3,401,200	-
Iron ore concentrate sold (dmt)	1,931,700	1,740,400	3,672,100	-
Financial Data (in thousands of dollars, except per share				
Sales	174,678	150,741	325,419	-
Operating income (loss)	77,238	40,517	117,755	(22,907)
Net income	67,497	20,749	88,246	(24,010)
Basic earnings per share attributable to shareholders	0.10	0.03	0.13	(0.04)
Diluted earnings per share attributable to shareholders	0.09	0.02	0.12	(0.04)
Cash and cash equivalent - end of period	97,866	71,679	97,866	1,315
Short-term investments	17,759	17,290	17,759	-
Total assets	582,637	477,513	582,637	196,920
Statistics (in dollars per dmt sold)				
Average realized selling price[1]	90.4	86.6	88.6	-
Total cash cost (C1 cash cost)[1]	45.2	55.0	49.8	-
All-in sustaining cost[1]	52.9	59.9	56.1	-

The Company entered pre-commercial production on April 1, 2018 with the shipment of its first vessel to China and declared commercial production on June 30th, 2018. During its first quarter of commercial production, a total of 1,931,700 tonnes of high-grade iron ore concentrate were sold. During the period, Champion Iron realized net revenues totalling $174,678,000 for high-grade concentrate of 66.57% Fe representing a CFR China net realized price[1] of US$92.5 per tonne before shipping or

US$69.1 per tonne (CA$ 90.4 per tonne[1]) net of sea freight costs. Revenues increased by 16% when compared to the first quarter as the volume sold increased by 11% while the average realized iron ore concentrate price[1] of $90.4 per tonne increased by 5% compared to previous quarter. As a result, the Company generated $325,419,000 of revenue net of sea freight costs for its first six months of operations realizing a net average selling price[1] of $88.6 per tonne.

A photo accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/3914d39d-38c0-4b6f-9bbd-e7dab7894300

Cost of sales represent mining, processing, and mine site-related general and administrative expenses. During the three-month period ended September 30, 2018, the total cash cost or C1 cash cost[1] per tonne totalled $45.2 per tonne, which is well below the $55.0 per tonne processed achieved during the previous quarter. The variation is mainly due to higher head grade, higher recovery rate and higher throughput during the period combined with increased efficiency and fixed costs over higher volume as the operations reached commercial production. Consequently, the Company generated a mining operating margin[1] of $45.2 per tonne up 43% from $31.6 per tonne for the quarter ended June 30, 2018 and $38.8 for the six-month period ended September 30, 2018.

During the quarter ended on September 30 2018, Champion Iron invested $12,875,000 in stripping and sustaining capital expenditures, representing a sustaining capital cost per tonne sold of $6.7 while the Company invested $5,919,000 as sustaining capital cost per tonne sold of $3.4 in the previous quarter. The variation is mainly attributable to the acceleration of the tailings related work before the end of the summer.

Based on the foregoing, the Company generated cash flow from operations[2] totalling $49,607,000 during the six-month period. For the quarter ended on September 30, 2018, the all-in sustaining costs[1] including general and administrative expenses totalled $52.9 per tonne of concentrate sold.

2. Organic Growth

Champion Iron's board of directors has approved a budget to undertake a feasibility study with respect to a potential expansion of the operations at its flagship asset the Bloom Lake mine ("Phase II"). The expansion would mainly involve the completion of construction work on a processing plant and other supporting infrastructure which was interrupted in November 2012 by the previous owner. The expansion aims at doubling the current operational capacity with a production of 7.5 million tonnes of high-grade 66% Fe concentrate. During the quarter ended on September 30, 2018, the Company appointed BBA (Montreal) to lead the study for which results are expected within the second half of 2019. A positive decision resulting from an economical feasibility study could translate in a construction period starting in late 2019 or early 2020 with first production expected in 2021. Phase II would create over 500 jobs during construction and 200 permanent operational jobs.

Expenditures totalling $470,000 were incurred on a year to date basis towards the feasibility study of the Bloom lake mine Phase 2 expansion.

3. Exploration Activities

In addition to the 63.2% interest in the Bloom Lake property, Champion has a 100% interest in the 752 km^2 Fermont property located in the Fermont Iron Ore District of Northeastern Quebec and a 100% interest in the Gullbridge-Powderhorn property ("Powderhorn") in Northern Central Newfoundland. This 63 km^2 property is host to several Copper (Cu) and Zinc (Zn) showings and is at an early exploration stage. The Gullbridge Mine is a past copper producer and is located in the northern part of the property.

Exploration Program for fiscal year ending on March 31, 2019

The 2,887 metres drilling program in the Labrador trough targeted known iron mineralization areas at Peppler Lake ("Peppler") and Jean Lake. The drilling at Peppler will be used for geometallurgical testing of a magnetite-rich iron formation, while the drilling at Jean Lake will help define the extent of the known orebody and its correlation to geophysical data. The campaign started in June 2018 and ended in September 2018. For the three-month period ended September 30th, 2018, $993,000 was incurred in exploration costs for the Labrador trough deposits.

Several zinc-rich zones were intersected during the 4,166 metres drilling program completed in April 2018 at the Powderhorn property. The campaign was aimed at testing major electromagnetic targets to the south of the property. Due to encouraging results, Champion Iron decided to undertake a 12,000 metres drilling program which commenced in September 2018. The new program is designed to test and add geological data and details to the shallow zone to potentially identify a link between the different Zn-rich zones and the distribution of the copper mineralization and to confirm the continuity of the zinc mineralization. The exploration program at Powderhorn targets the same volcanic units that host the Buchans Mine, located 60 km away, a rich volcanogenic massive sulphide deposit. To date approximately 4,500 metres were drilled. For the six-month period ended September 30th, 2018, $170,000 were incurred for Powderhorn property.

About Champion

Champion Iron is a producing iron ore company focused on developing its significant iron resources in the south end of the Labrador Trough in the province of Québec. Following the acquisition of its flagship asset, the Bloom Lake iron ore property, the Corporation's main focus is to implement upgrades to the mine and processing infrastructure it now owns while also advancing projects associated with improving access to global iron markets, including rail and port infrastructure initiatives with government and other key industry and community stakeholders. Champion's management team includes professionals with mine development and operations expertise who also have vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

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*For additional information on Champion Iron Limited, please visit our website at**www.championiron.com***

Forward-Looking information

This news release contains certain information and statements, which may be deemed "forward-looking statements" within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements other than statements of historical fact, that address future events, developments or performance that Champion Iron expects to occur including management's expectations regarding (i) the Company's growth; (ii) the potential expansion of the operations at Champion Iron's flagship asset the Bloom Lake Mine; (iii) the estimated future operation capacity of the Bloom Lake Mine; (iv) the anticipated construction schedule for a potential expansion of the Bloom Lake Mine; (v) the anticipated production schedule for such potential expansion of the Bloom Lake Mine; and (vi) the potential job creation related to the Bloom Lake Mine, are 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", "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 including, without limitation, the results of the feasibility study with regards to the potential expansion of the Bloom Lake Mine. Although Champion Iron believes the expectations expected 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 in forward-looking statements include, without limitation: the results of the feasibility study; 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; 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, as well as those factors discussed in the section entitled "*Risk Factors*" of the Company's 2018 Annual Information Form available on SEDAR atwww.sedar.com. The forward-looking statements in this news release are based on assumptions management believes to be reasonable and speak only as of the date of this news release or as of the date or dates specified in such statements. Champion Iron 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 risk they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Champion Iron undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or 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.

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[1] The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results. Please refer to note 15 "Non-IFRS financial performance measures" of the Company's MD&A dated November 7, 2018, available on the Company's website at www.championiron.com or on SEDAR at www.sedar.com for reconciliation of these measures.

[2] Operating cash flow includes change in non-cash operating working capital.

https://newsroom.championiron.com/index.php?s=2429&item=122543