Champion Provides Mineral Resource Estimate Update for East and West Deposits at Consolidated Fire Lake North Project

Measured + Indicated Resources Total 693.5 Million tonnes grading 31.5% Total Iron

– Inferred Resources Total 521.6 Million tonnes grading 30.1% Total Iron

TORONTO, ONTARIO–(Marketwire – Jan. 9, 2013) – CHAMPION IRON MINES LIMITED (TSX:CHM)(OTCQX:CPMNF) (FRANKFURT:P02) ("Champion", or the "Company") is pleased to announce the results from its updated Mineral Resource Estimate (MRE) for the East and West deposits underlying the Consolidated Fire Lake North (CFLN) Project (Table 1).

The updated MRE doubles the combined Measured and Indicated Resources in the East and West deposits to 693.5 Million tonnes (Mt) grading 31.5% total Iron (FeT). The Inferred Resources have increased by 10% to 521.6 Mt grading 30.1% FeT at a 15% FeT cut-off grade. Altogether, total resources have increased by 48% in the two deposits.

Thomas Larsen, Champion's President and CEO commented, "Our 2012 drilling campaign was highly successful at upgrading Inferred Resources to Measured and Indicated categories while significantly expanding total resources. The updated resource tonnages position the Fire Lake North deposits among the best in the Labrador Trough in terms of size and grade. The increased resource is close to the tonnage required to double the expected annual concentrate production to 20 Mt, which will have a significant positive impact on the FLN Project economics." Mr. Larsen added, "The new project scope and economics will be presented in the CFLN Project Preliminary Feasibility Study later this month. However, for the Feasibility Study, expected July 2013, we plan additional drilling to further enhance our resource and reserve base to support a 20-year mine plan with 20 Mt of annual concentrate production."

Table 1: Categorized Mineral Resource Estimate at 15% Total Iron Cut-Off1

	West Area		East Area		Total	
	Tonnes (millions)	Grade FeT%	Tonnes (millions)	Grade FeT%	Tonnes (millions)	Grade FeT%
Measured	23.6	35.4	3.0	34.2	26.6	35.2
Indicated	404.9	32.6	262.0	29.6	666.9	31.4
Measured + Indicated	428.5	32.7	265.0	29.6	693.5	31.5
Inferred	329.2	30.9	192.4	28.7	521.6	30.1

Since the effective date of the preceding MRE, which was disseminated in the March 2012 Preliminary Economic Assessment, eighty-nine (89) additional drill holes totalling 33,000 metres have been completed in the West Area (75 holes) and East Area (14 holes). Ten holes did not have assay results available in time to be integrated into the updated MRE.

P&E utilized a 1:1 $CDN:$US exchange rate, a mining cost of $1.84/Tonne, and a charge of $10.03/Tonne for the total processing, G&A, and freight costs. The process recovery, estimated to be 82%, an Iron ore price of $1.77/dmtu, and a 49º overall pit-slope, were used to complete the Whittle pit optimization and estimate the portion of in-situ Mineral Resource within the pit shell. The economic sensitivity of the resource estimates are demonstrated by comparing the proportion of the mineral resources that may be economically exploited within the optimized pit shell to the categorized resource. Results of the In-Pit Optimization at a 15% FeT cut-off grade are presented in Table 2.

Table 2: In-Pit Optimization Results at 15% Total Iron Cut-Off

	West Area		East Area		Total	
	Tonnes (millions)	Grade FeT%	Tonnes (millions)	Grade FeT%	Tonnes (millions)	Grade FeT%
Measured	23.5	35.4	3.0	34.2	26.5	35.2
Indicated	403.6	32.6	261.2	29.6	664.8	31.4
Measured + Indicated	427.1	32.7	264.2	29.6	691.3	31.5
Inferred	301.1	31.2	178.7	29.0	479.8	30.4

Models and results from the current MRE have been provided to BBA Inc. (Montreal, QC) for the open pit mine designs that will be incorporated into the Preliminary Feasibility Study for the Project, which is expected to be published in late January.

The updated Measured and Indicated Resources delineated at the Fire Lake North deposits are near sufficient to support a second concentrator line in the development scenario. Adding a second concentrator line would double concentrate production to an estimated 20 Mt annually and significantly enhance the economics of the Project. With this in mind, Champion is initiating a second additional infill drilling campaign this winter focused primarily within the confines of the proposed East pit, to delineate

sufficient Measured and Indicated Resources from the current Inferred Resources to support the two-line concentrator scenario for 20 years of production.

Champion awaits CN Rail's Feasibility Study expected in June 2013 for a proposed new rail line that would connect the CFLN Project to Port facilities in Pointe Noire. Their report would facilitate completion of Champion's Feasibility Study for the Project expected in July 2013.

In July 2012, the Fire Lake North claims were consolidated with surrounding claims of the Bellechasse, Midway and Oil Can properties and designated the Consolidated Fire Lake North Property. Preliminary study suggests the deposits located within the new Property limits might potentially be developed using common infrastructure planned for the development of the Fire Lake North – East and West deposits.

Table 3 provides the current Mineral Resource Estimates all at the same 15% total Iron cut-off grade for the deposits within the Consolidated Fire Lake North Property

Table 3: Categorized Mineral Resource Estimate at 15% Total Iron Cut-Off1

	Measured		Indicated		Inferred	
Deposit	Tonnes (millions)	Grade FeT%	Tonnes (millions)	Grade FeT%	Tonnes (millions)	Grade FeT%
FLN – West	23.6	35.4	404.9	32.6	329.2	30.9
FLN – East	3.0	34.2	262.0	29.6	192.4	28.7
FLN – Don Lake	0.4	21.4	52.2	26.5	188.2	25.3
Bellechasse					215.1	28.7
Oil Can – Oxide	–	–	–	–	972.0	33.2
Totals	27.0	35.0	719.1	31.0	1,896.9	31.1

Tom Larsen further stated, "Champion's resource base of over 2.6 Billion tonnes within the confines of the Consolidated Fire Lake North Project might ultimately support 30-40 Million tonnes of iron concentrate production annually and could suffice to support an independent rail solution if necessary. Furthermore, we have not yet assessed potential development of the 2.4 Billion tonnes of additional resources that have been delineated within our Fermont Holdings."

1The current Mineral Resource Estimate was calculated by P&E Mining Consultants Ltd. ("P&E") of Brampton, Ontario using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves and Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The mineral resource estimate may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. In addition, the quantity and grade of estimated Inferred Resources reported herein are uncertain and there has been insufficient exploration to categorize them as an Indicated or Measured Resource. Furthermore, it is uncertain whether further exploration will result in reclassification of Inferred Mineral Resources to the Indicated or Measured resource categories. The tonnage numbers are rounded according to NI 43-101 standards. Core samples were analyzed by ALS Minerals using the "High Grade/Ores XRF Method" to determine total Iron (FeT) percentages.

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 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.

The technical information in this news release was prepared, revised and approved by Mr. Bruce Mitton P. Geo., VP Exploration and Mr. Jean-Luc Chouinard, ing. VP Project Development for Champion Iron Mines, Mr. Antoine Yassa, P. Geo and Ms. Tracy Armstrong, P. Geo. for P&E Mining Consultants Ltd. and Mr. Andre Allaire, ing. for BBA Inc. who are Qualified Persons 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 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 Mines Limited and no regulatory authority has approved or disapproved the information contained herein.

Champion Iron Mines Limited
Thomas G. Larsen
President and CEO
(416) 866-2200

Champion Iron Mines Limited
Jorge Estepa
Vice President
(416) 866-2200
www.championironmines.com

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