

MODERN SLAVERY STATEMENT

Fiscal year ended March 31, 2021

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CHAMPION IRON 



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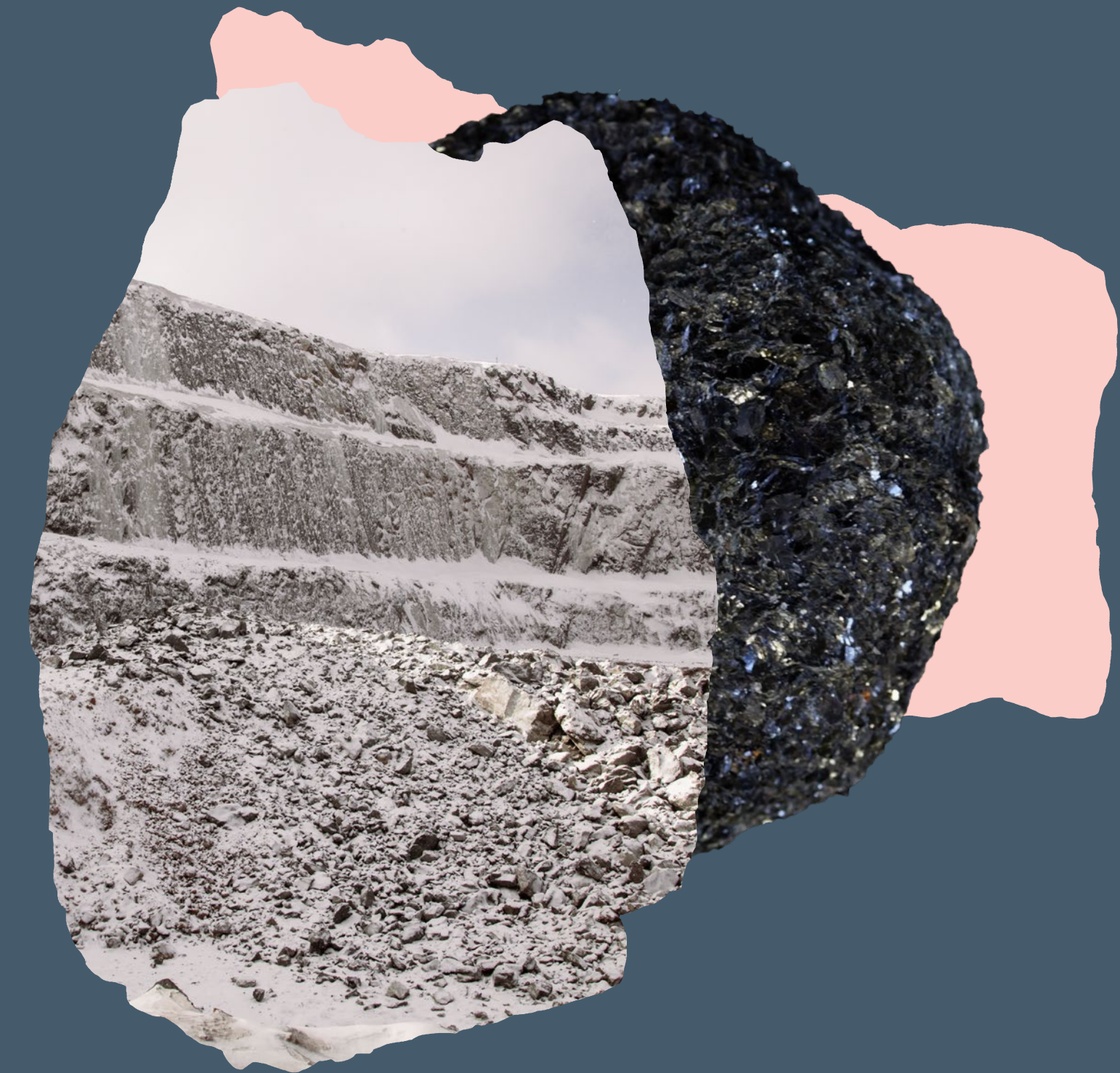
ABOUT THIS STATEMENT

This statement has been prepared by Champion Iron Limited (“Champion Iron”), the parent entity for the Champion Iron Limited group for the reporting period ending March 31, 2021 (“FY21”). This is a joint Modern Slavery Statement covering two reporting entities: Champion Iron Limited, and our subsidiary, Quebec Iron Ore Inc. (“Quebec Iron”, “Quebec Iron Ore” or “QIO”).

It has been prepared in accordance with the Australian Modern Slavery Act 2018 (the Act), which defines “modern slavery” as anything that encompasses the trafficking of persons, slavery and the slave-like practices of servitude, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour. All references to our, we, us, the

Company, and Champion Iron refer to Champion Iron Limited (ABN 34 119 770 142) and Quebec Iron Ore (the “Reporting Entities”), as well as the group’s non-reporting entity subsidiaries. All references to a year are the financial year ended March 31, 2021 unless otherwise stated.

Unless otherwise indicated, all monetary amounts presented are in Canadian dollars established according to the monetary exchange rates in effect for the reporting period. All data has been subject to internal reviews and evaluations. All figures shown in this report represent the latest data available, unless otherwise indicated in the text. Some totals shown may reflect the rounding up or down of totals and subtotals.



This statement is our second Modern Slavery Statement, and forms part of our annual reporting suite, which includes our Annual Report, Sustainability Report and FY21 Corporate Governance Statement. All reports are available on our website at www.championiron.com. This Modern Slavery Statement captures the activities of Champion Iron,

Quebec Iron, our subsidiaries and all entities owned and controlled by our Company. It has been prepared by the Champion Iron executive team of our operating and parent entities.

This statement has been approved for publication by the Board of Directors of Champion Iron Limited on September 29, 2021.

OUR ORGANIZATIONAL STRUCTURE, OPERATIONS AND SUPPLY CHAIN

OUR ORGANIZATIONAL STRUCTURE AND OPERATIONS

Champion Iron is an iron ore exploration and development company with major projects in the southern Labrador Trough, Canada's largest iron ore producing region. The Company was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA), the Australian Securities Exchange (ASX: CIA), and is available to trade on the OTCQX Best Market marketplace of the OTC Markets Group (OTCQX: CIAFF).

Champion Iron is domiciled in Australia at 91 Evans St, Rozelle NSW, with its principal administrative office located at 1100 René-Lévesque Blvd West, Montréal, Québec, Canada. Through its 100%-owned subsidiary, Quebec Iron Ore, Champion Iron owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec, adjacent to established iron ore producers.

Champion Iron annually produces approximately 8 million tons of high-quality iron concentrate. With the completion of its current expansion project at the Bloom Lake Mine, the Company should soon double its production capacity to 15 million tonnes per year. Our target customers are mainly steel producers. Champion's product is sold to 23 different customers, predominantly steel producers located in Asia.

Through its 100%-owned subsidiary Champion Iron Mines Limited, the Company also owns a portfolio of exploration and development projects in the Labrador Trough. The Company also indirectly owns the Kamistiatuset iron ore project (the "Kami Project") located a few kilometres south-east of Bloom Lake, and the Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake. As such, in addition to operating the Bloom Lake Mine, Champion controls several exploration and development properties located less than 60 km from the Bloom Lake Mine, which presents attractive long-term growth opportunities for the Company.



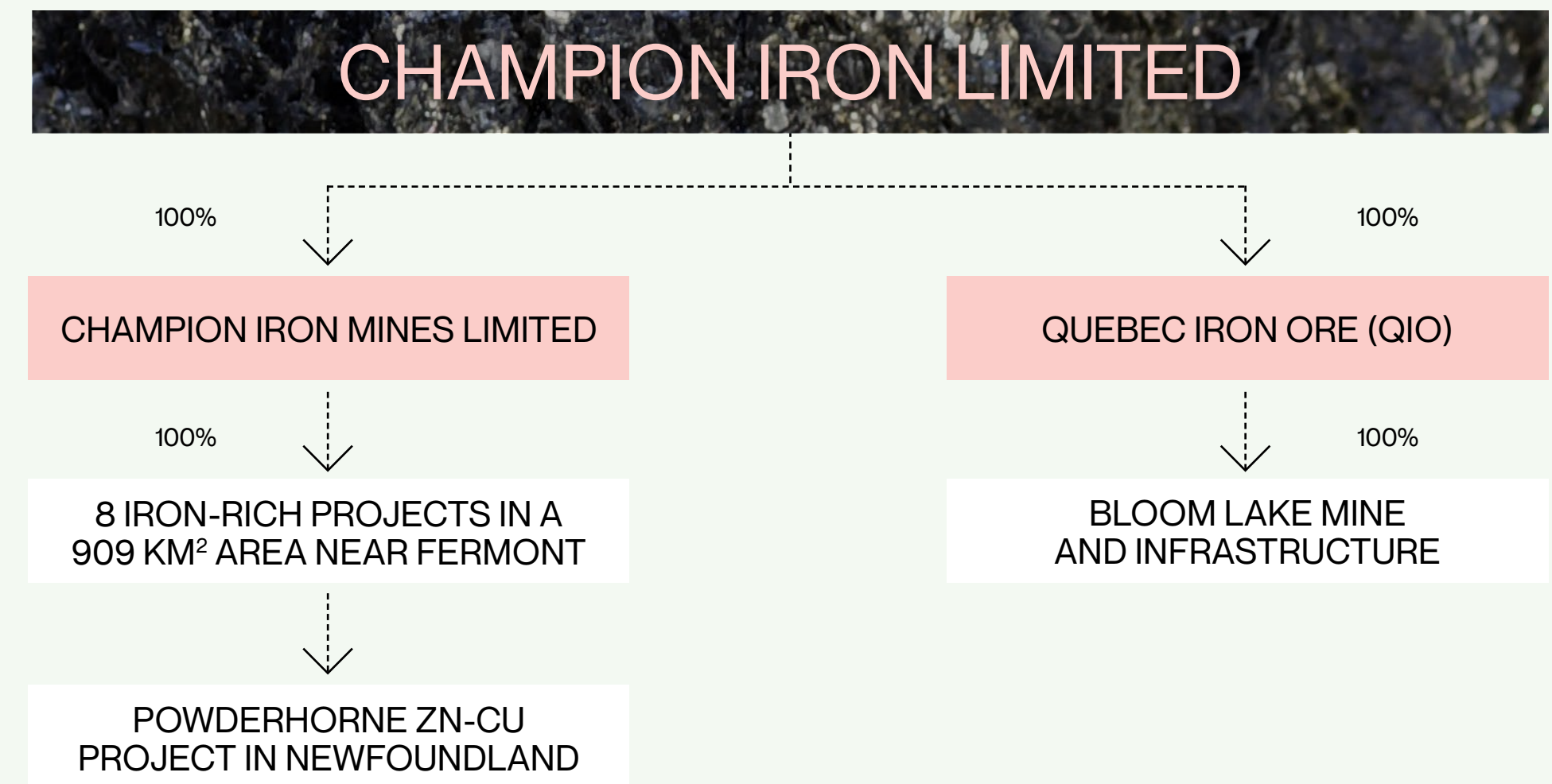


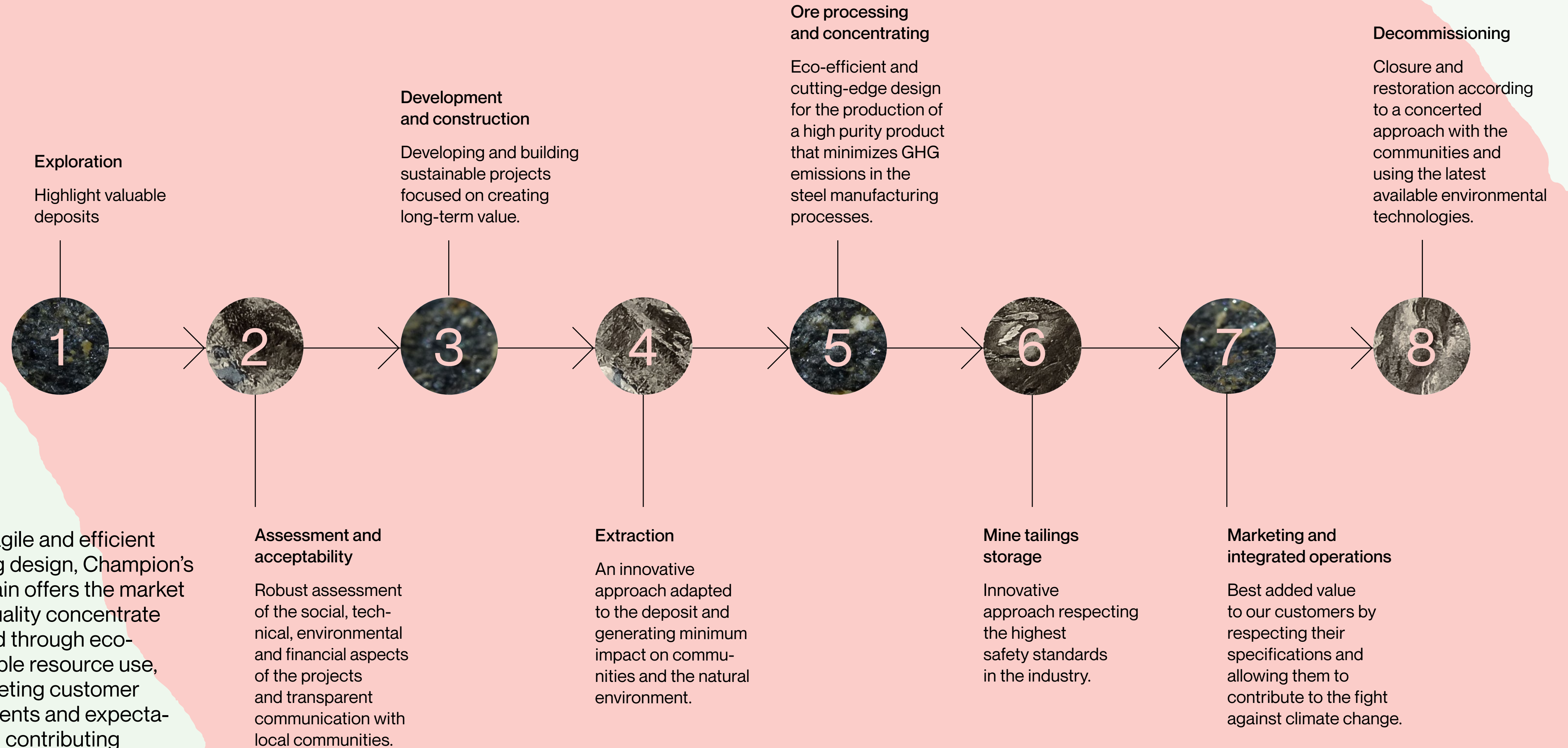
Figure 1. Champion Iron Limited partial structure, including reporting entities, as of March 31, 2021

Champion employs 653 employees across its asset portfolio in Canada. There are 8 people employed through Champion Iron Mines Limited at the Montréal head office or remotely, and 645 for Quebec Iron Ore, working at the mine site. Champion Iron also engages approximately 250/500 contract workers at the mine. During the fiscal year ended March 31, 2021, the Company had over 1,400 registered suppliers, located primarily in Canada.

The Board of Champion Iron is responsible for establishing and maintaining good corporate

governance for the Champion Iron group of companies, including on the subject of modern slavery. In addition to the Board, the CEO is accountable for ensuring that all business practices are in accordance with applicable law, regulations and the group’s Code of Conduct. This includes ensuring proper risk assessment systems are in place to guarantee no individual is forced to perform any work or service against their will throughout Champion Iron’s operations and that the group does not engage in human trafficking.

OUR VALUE CHAIN



With its agile and efficient operating design, Champion's value chain offers the market a high-quality concentrate produced through eco-responsible resource use, while meeting customer requirements and expectations and contributing to the steel industry's fight against climate change.

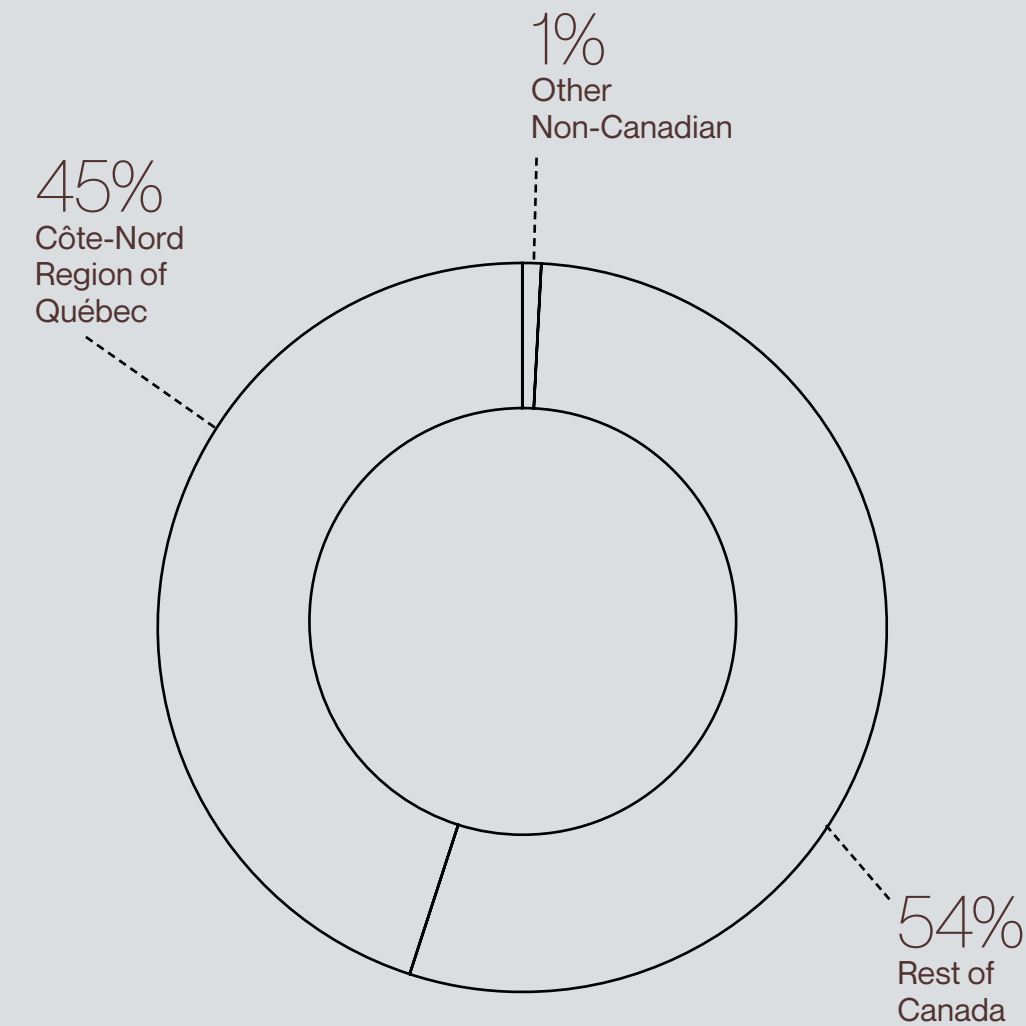
OUR SUPPLY CHAIN



The Champion Iron group's business is supported by a diverse supply chain that provides goods, materials and services required at different stages of its value chain. The group's industrial operations are supported by 93 Tier 1 suppliers, representing \$453 million total spend. 99% of our Tier 1 annual spending is contracted to suppliers located in Canada. As the Company aims to create economic opportunities in the region in which we operate through the procurement of local products and services, during the reporting period, \$204M was spent on companies with a local business

unit in the Côte-Nord du Québec region. Moreover, in an effort to build the capacity of the First Nations in the area of influence of our project, \$23.7M was procured from Indigenous suppliers. The remaining 1% of annual Tier 1 expenditures is sourced from suppliers located in the United States, Australia, China, Lithuania, France, New Zealand, Germany and the Czech Republic (Figure 3.). As part of our risk assessment during this reporting period, we sought to identify both the high-risk countries and categories, in relation to our operations and supply chain.

QIO Procurement Spend Total



Non-Canadian Procurement Spend

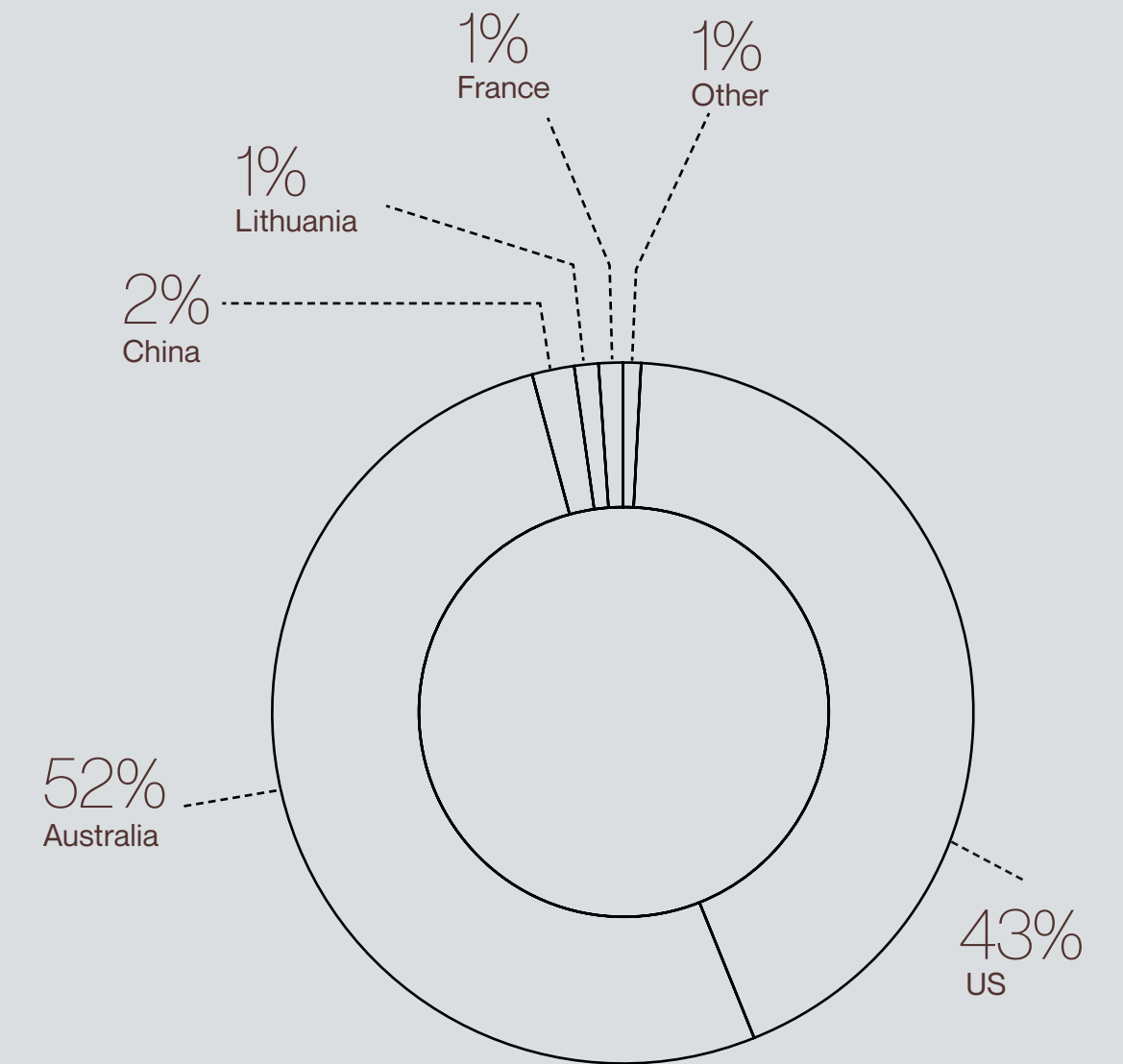


Figure 3. Champion Iron's Tier 1 Supplier Locations

Our direct supply chain costs for the reporting period consist primarily of expenditure supporting our mining and exploration activities. This involved transportation (land and rail), contract labour (e.g., maintenance and drilling services), mining equipment, mining supplies, equipment rentals, fuel and spare

parts and consumables for our onsite operations. Smaller expenditure categories arose from our non-mining support supplies, such as electricity, travel, professional services (e.g., consultants and engineering), and other staff costs (e.g., COVID-19 testing).

OUR APPROACH



IDENTIFYING OPERATIONAL RISKS

Champion has a single operational site and various exploration sites, all located in Canada. We comply with all labour, employment, and immigration laws of Québec and Canada. 100% of our labour force – employed, contracted and subcontracted – are employed and protected under Canada and Québec employment laws. Canada is one of few countries that has enacted labour laws that protect all workers across all sectors, therefore not excluding domestic or international workers.

Although the mining industry is considered high risk for instances of modern slavery, Champion Iron's mining operations are currently solely based in Canada. According to the Global Slavery Index 2018, Canada has both a very low prevalence of, and vulnerability to, modern slavery. Furthermore, Canada is deemed a Designated Country by the Equator Principles Association. According to this framework, designated countries are deemed to have robust

environmental and social governance, legislation systems and institutional capacity designed to protect their people. As such, we believe that there is minimal risk of causing, contributing or being directly linked to instances of modern slavery within our operations. Nonetheless, as our growth continues, we will re-evaluate human right risks as needed.

To identify and mitigate modern slavery risks within our workforce and operations, in the FY21 reporting period Champion Iron undertook an initial human rights impact assessment across our business, covering thirty-two internationally recognized human rights and guided by the United Nations Guiding Principles Reporting Framework. We are also focusing on training our people to ensure they are sensitive to these risks, as well as on strengthening our existing partnerships to better mitigate the risks of all potential human rights impact.

IDENTIFYING SUPPLY CHAIN RISKS

All procurement undertaken by Champion Iron and its controlled subsidiaries is required to be conducted in accordance with our Responsible Procurement Policy. Nonetheless, Champion Iron recognizes the risks of modern slavery within our supply chain, in particular from suppliers outside of Canada. Although such sourcing represented only 1% of our total Tier 1 annual purchases during the FY21 reporting year, we use external references and publications, such as the Global Slavery Index, to identify and better understand the risks associated with modern slavery in the countries that directly provide us with goods and services.

We did not identify any modern slavery practices at our operations or within our supply chain during the reporting period. However, we have identified a number of higher risk categories where there is the potential for us to cause, contribute or be directly linked to modern slavery. The Australian Council of Superannuation Investors lists

sector-specific high-risk product and service categories. These include, but are not limited to, cleaning, security, maintenance, labour hire/contract labour, logistics/transport, IT hardware, and consumables/materials.

Based on such sources, we have assessed which product or service categories could contribute to, or be linked to incidences of modern slavery in our context, and therefore be considered as potentially high-risk categories within our Tier 1 supplier categories (Figure 4). Those identified as having the potential for us to cause, contribute or be directly linked to modern slavery are:

→ Transportation (21%)

→ Contract labour (20%)

Our transportation costs relate primarily to land and rail transportation. These forms of transportation have a recognized lower risk to modern slavery compared other transportation methods, such as marine transportation.

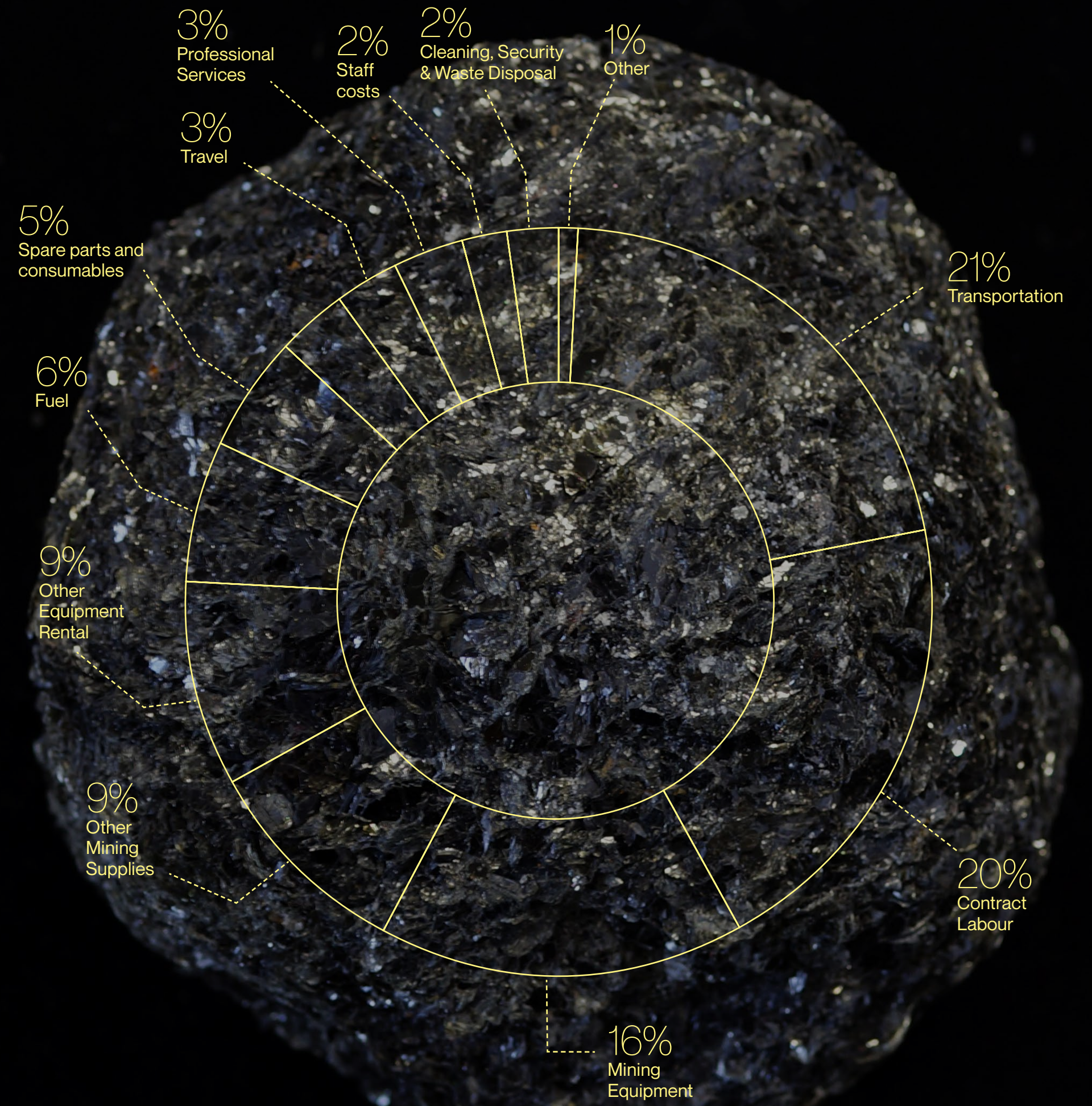


Figure 4: Sector Analysis of Tier 1 Suppliers

IDENTIFYING SUPPLY CHAIN RISKS (CONT'D)

All our contract labour is hired under Québec and Canadian employment laws. In addition to the Responsible Procurement Policy, suppliers providing contract labour are held accountable to the Company's Code of Ethics, and our Human Rights Policy, which has been developed in line with the UN Guiding Principles of Business and Human Rights.

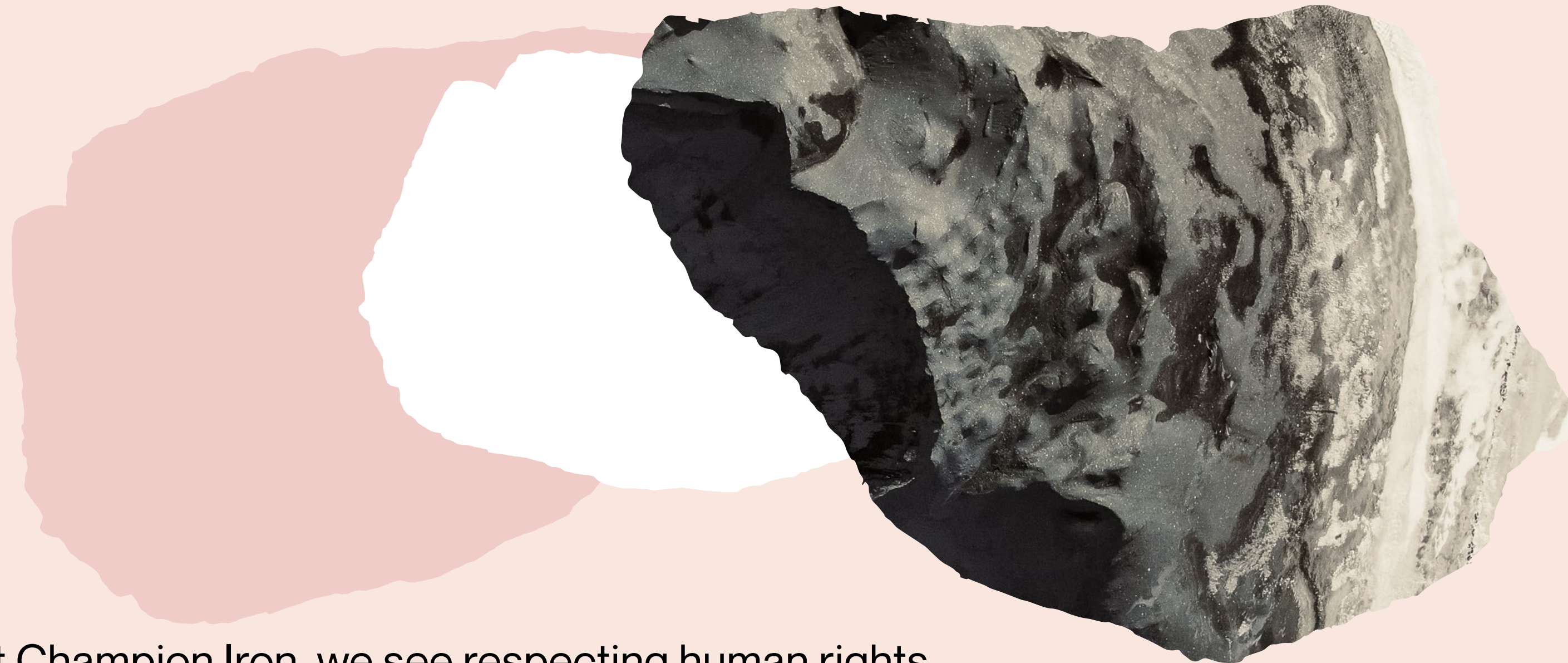
Other relevant industries we have identified as potentially being at risk for modern slavery include Tier 2 contexts, an analysis of which has not yet been undertaken, where manufacturing processes or third-party raw material sourcing occur in countries with less stringent government oversight and due diligence processes than in Canada, or where the complexity of supply chains makes visibility

beyond Tier 1 challenging. These may include garments (such as Protective Personal Equipment and uniforms, and the raw materials used to make them); electronics components, technology and hardware (including computers and mobile phones which may contain conflict minerals); rubber products (including tires, conveyor belts and rubber gloves, the rubber for which is sourced from third party suppliers, where child or forced labour are a risk) and sea freight (given the international shipping industry is challenging for regulators to oversee, known risks of exploitative labour practices include poor living and working conditions, remuneration below minimum wage, withholding of crew wages, lack of access to grievance mechanisms and the right to freedom of association).



MANAGING MODERN SLAVERY RISKS

POLICIES AND PROCEDURES



At Champion Iron, we see respecting human rights as core to contributing meaningful and ongoing social value to our stakeholders and we expect that the businesses we work with respect human rights throughout their supply chain. We believe we have a responsibility to work collaboratively with our workforce, suppliers, customers, communities, Indigenous partners and external stakeholders, to increase our understanding of modern slavery risks and the role we can play in managing them.

We have implemented a number of policies and procedures to ensure we are consistently addressing modern slavery risks throughout our business, in our operations and supply chain. Champion's policies and procedures relating to human rights and modern slavery apply to all subsidiaries that are part of the group, and are highlighted below.

Code of Conduct

The Code of Conduct (the "Code") includes our approach to respect and protect human rights in all of our assets and operations. All employees are required to complete an online training certification of the Code upon their hiring. All employees and management are also required to undertake a human rights training in parallel with the Code training, upon the start of their employment with Champion Iron and its controlled entities. All employees are required to recertify, including a mandatory test, every year in which they are working for Champion Iron and its controlled entities. In addition, employees are asked to confirm electronically their commitment to abide by the Code.



Human Rights Policy

Based on the United Nations Guiding Principles of Business and Human Rights, the International Bill of Human Rights and the International Labour Organization (ILO) Core Conventions, the Policy ensures occupational health and safety procedures are aligned with human rights principles and that no one is forced to perform work in unsafe conditions. It also sets out a clear statement of our prohibition of the use of all forms of slavery, child or forced labour within our operations and the operations of our suppliers. The Policy has been implemented in line with ILO Conventions 29, 138 and 182. In the event that Champion causes or contributes to adverse human rights impacts, the Company is committed to contribute to their remedy as appropriate.

Responsible Procurement Policy

Introduced in February 2021, the Company's Responsible Procurement Policy seeks to ensure respect for human rights within the Company's supply chain. Champion Iron does not tolerate nor facilitate any form of modern slavery, including forced, compulsory or child labour. This policy aims to provide guidelines promoting sustainable development in the purchasing, leasing and contract award practices of Champion Iron.

The Company recognizes that its activities may impact human rights throughout its supply chain, especially internationally. However, it seeks to avoid being complicit in or facilitating all forms of human rights violations in its supply chain, and is committed to zero-tolerance for any form of modern slavery from its suppliers.

Suppliers are required to not engage in any form or practice of modern slavery as described in Australia's *Modern Slavery Act 2018*, and in compliance with the ILO Forced Labour Convention (No. 29).

Whistleblower Policy

The Board of Directors adopted this policy during the last reporting period, in order to establish procedures for the confidential and anonymous submission, receipt, retention and treatment of complaints received regarding any reportable conduct for the confidential, anonymous submission for any complaint or concern. Complaints and concerns regarding reportable conduct are reported anonymously and confidentially through a third-party reporting system provided by Deloitte.

Employee Grievance Mechanism

All and any employees can report an issue in which human rights appear to have been violated to their immediate supervisor, a representative of Human Capital, their Union representative, or to a designated independent third party, without fear of reprisals, if the report is made in good faith. Champion Iron is committed to addressing and remedying human rights violations within its operations.

All of these documents are publicly available with the exception of the Employee Grievance Mechanism which has been developed as an internal mechanism. The Code of Conduct, Human Rights policy, Procurement policy and Whistleblower policy can all be viewed on our website at www.championiron.com.

TRAINING

All new employees are required to undertake a Code of Conduct training. Given the Code's requirement for all employees and third parties providing us with goods or services to respect human rights at all times, this training includes content on human rights and discrimination. An annual renewal

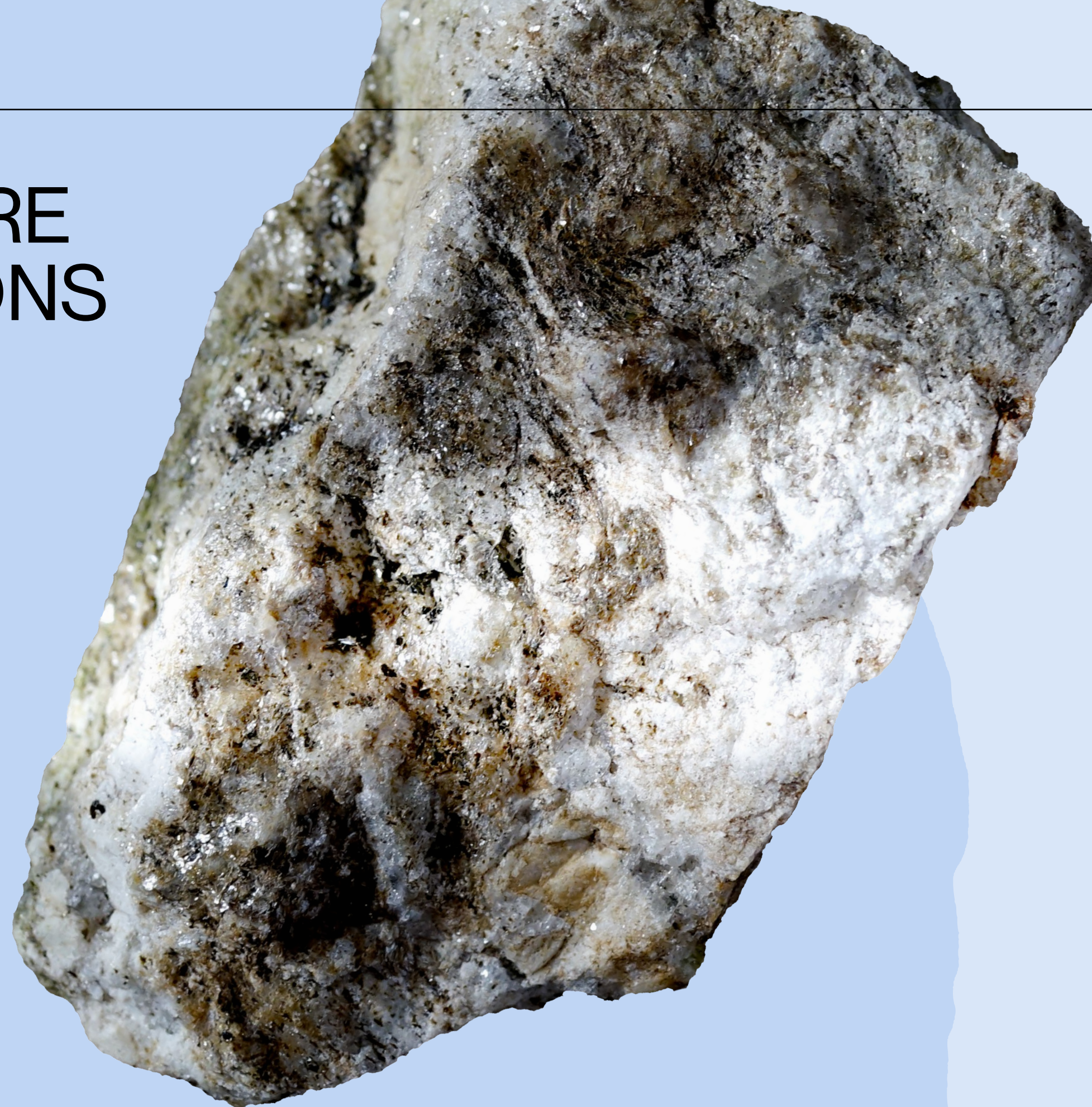
of the training is required of all employees, every year in which they are working for Champion Iron or its controlled entities, including a mandatory test, to ensure compliance and consistent understanding of the respective policies throughout the Company's workforce.

SUPPLIER QUESTIONNAIRES

To support effective policy implementation, during the reporting period, the Company began developing and piloting a supplier questionnaire to use in internal auditing processes, which includes investigating whether suppliers have processes in place to guarantee the respect of human rights, including forced labour and child labour, as well as specific

labour rights such as minimum wage, working hours and personal protective equipment. It also examines whether companies have risk assessments and KPIs in place, operate in any high-risk operating jurisdictions (e.g. conflict zones, certain developing countries) or apply any Fair-Trade considerations in their purchasing processes.

FUTURE ACTIONS



Our aim is to work with our stakeholders to ensure no individual is subjected to modern slavery from our operations or within our supply chain. Looking forward, as part of our commitment to continuous improvement, we will focus our efforts on further identifying, assessing, addressing, and remedying our modern slavery and human rights risks through the following initiatives:

→ Supplier Engagement

- Further implement and monitor the effectiveness of our Responsible Procurement Policy.
- Finalize and implement the new supplier self-assessment questionnaires for all new Quebec Iron Ore supplier contracts, and review annually.
- Integrate human rights and modern slavery provisions in vendor pre-qualification and/or onboarding processes.

→ Training

- Build internal capacity by implementing additional employee human rights training in accordance with international human rights standards, to better support risk and violation identification.

→ Risk Assessment and Management

- Undertake a gap assessment of our modern slavery approach, policies, and processes against industry leading practice and stakeholder expectations.
- Continue to assess the risks and performance of Tier 1 suppliers identified as high risk, including through annual supplier risk assessment.

→ Due Diligence

- Conduct an annual review of our Human Rights Impact Assessment.
- Mature our due diligence processes to identify, prevent, and mitigate modern slavery risks.

ASSESSING OUR EFFECTIVENESS

CONSULTATION WITH OWNED AND CONTROLLED ENTITIES

As this is our second Modern Slavery Statement, our focus during the FY21 period was on further understanding the requirements of the Act, identifying potential new modern slavery risks associated with our operations and supply chain, and implementing new targeted policies such as the Responsible Procurement Policy. We believe that the Company and its controlled entities are addressing our modern slavery risks in line with industry and government standards, and we are meeting the expectations of our stakeholders.

In future years, Champion Iron will continue to assess its performance, and that of its controlled entities, through both existing and new measures such as the Responsible Procurement Policy, human rights training, supplier questionnaires and due diligence, improved grievance mechanisms and gap assessments, as detailed in our Future Actions section.

Champion Iron Limited developed this statement in consultation with its operating subsidiary, Quebec Iron Ore Inc., also a reporting entity for the purposes of this statement. We consulted with key areas of our business to prepare this statement, including Legal, Procurement and Human Capital. These teams operate across all business

functions for both Champion Iron Limited and Quebec Iron Ore Inc. The Senior Leadership members for both entities also reviewed the statement. It should be noted that the signatory of this statement, Mr. David Cataford, is CEO and Director of Champion Iron Limited, as well as CEO and Director of Quebec Iron Ore Inc, and all controlled entities for the two reporting entities.

APPROVALS AND OTHER INFORMATION

FEEDBACK

Champion values its stakeholder relationships and welcomes feedback as part of our commitment to maintaining open and transparent communications.

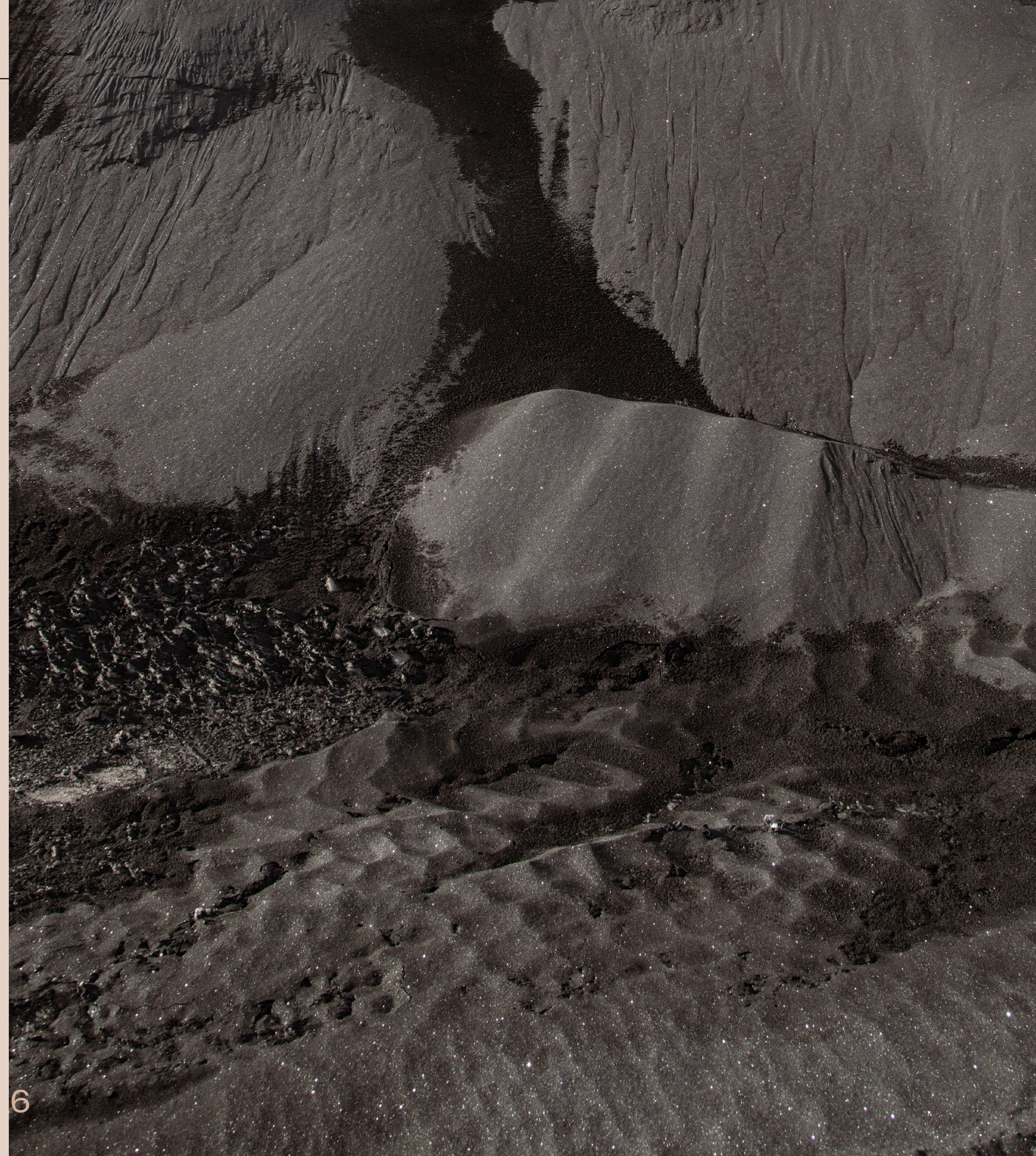
Please direct any comments on this statement or requests for additional information to DDSD@mineraiferquebec.com

Read more about our approach to Human Rights at <https://www.championiron.com/sustainable-development/our-sustainable-development-policies/>. You can access our previously reported modern slavery statements here at: <https://www.championiron.com/sustainable-development/>

APPROVALS

This statement was approved by the Board of Champion Iron Limited on September 29, 2021.

David Cataford
Chief Executive Officer,
Champion Iron Limited



IMPORTANT NOTICE

This document includes certain information and statements that may constitute “forward-looking information” under applicable Canadian and Australian securities legislation. All statements other than statements of historical facts included in this document that address future events, developments or performance that Champion Iron expects to occur, including expectations regarding (i) the completion of the current expansion project at the Bloom Lake Mine; (ii) Champion Iron’s future production capacity; (iii) the risk of causing, contributing or being directly linked to instances of modern slavery; and (iv) the result of Champion Iron’s efforts on further identifying, assessing, addressing, and remedying our modern slavery and human rights risks through our initiatives. 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”, “aims”, “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. Although Champion Iron believes the expectations expressed 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 expressed in forward-looking

statements include those factors discussed in the section entitled “Risk Factors” of the Company’s 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company’s website at www.championiron.com. 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 of Champion Iron’s forward-looking information contained in this document is given as of the date hereof and is based upon the opinions and estimates of Champion Iron’s Management and information available to Management as at the date hereof. Champion Iron disclaims any intention or obligation

to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as 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. Champion Iron cautions that the aforementioned 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 risks 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.

REFERENCES

Australian Council of Superannuation Investors. 2019. Modern Slavery Risks, Rights and Responsibilities; A Guide for Companies and Investors.

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