

CHAMPION IRON

Champion Iron subsidiary Quebec Iron Ore Inc. Signs Off-Take Agreement with Sojitz Corporation and Announces \$40 Million Bridge Financing in Connection with the Bloom Lake Iron Mine Restart

Sydney (NSW), Australia; Montréal (Québec), Canada, May 18, 2017: Champion Iron Limited (ASX: CIA, TSX: CIA) (“Champion” or the “Company”), is pleased to announce that its subsidiary, Quebec Iron Ore Inc. (“QIO”), has signed a Framework Off-Take Agreement (the “Agreement”) with Sojitz Corporation (“Sojitz”), a major trading company based in Tokyo, Japan, pursuant to which Sojitz would purchase up to 3,000,000 DMT per annum from QIO after the re-commencement of commercial operations at the Bloom Lake Iron Mine (“Bloom Lake”) located near Fermont, Quebec. Champion is also pleased to announce that it has arranged a \$40 million debt and equity bridge financing for Quebec Iron Ore Inc. in order to restart operations at Bloom Lake.

QIO \$40 Million Bridge Financing

In connection with the Bloom Lake restart and in order to beneficially utilize the summer construction season for required upgrades to the Bloom Lake tailings management system and other process plant upgrades and long-lead items, CIA has arranged, on behalf of QIO, a \$40 million bridge financing, comprised of \$26 million in debt and \$14 million in equity. The debt component consists of a \$20 million loan from Sojitz, together with a \$6 million loan from Ressources Québec Inc. (“Ressources Québec”), a 36.8% equity shareholder in QIO, both of which are *pari-passu* one-year term loans secured against the Bloom Lake fixed assets and large scale mining equipment.

The \$14 million equity investment in QIO consists of a proportionate contribution from QIO’s two shareholders, namely Champion, a 63.2% equity shareholder, and the government of Québec, who have committed to invest \$8.8 million and \$5.2 million, respectively, into QIO.

In connection with its \$8.8 million financing into QIO, Champion is proceeding with the non-brokered sale of \$10 million in unsecured subordinated convertible debentures (the “Debentures”), convertible at the option of the holder at any time into Champion Ordinary Shares (“Shares”) at a conversion price of \$1.00 per Share. Should Champion and QIO not complete the master financing (“Master Financing”) of a minimum of \$212 million to finance the Bloom Lake feasibility capital expenditures by November 30, 2017, then the conversion price will be adjusted to the lesser of \$1.00 or to the five-day weighted average trading price of the Shares on the TSX determined as of the date of conversion. The Debentures will have a term to maturity of 12 months and bear interest at a rate of 8%.

Off-Take Agreement

Pursuant to the Agreement, Sojitz will purchase up to 3,000,000 DMT per annum from QIO, upon re-commencement of commercial operations at Bloom Lake. The Agreement is for an initial five-year

term from the date that commercial operations commence at Bloom Lake and shall automatically extend for successive terms of five-years.

“We are extremely pleased to have signed an off-take agreement with an exceptional and highly-reputed partner such as Sojitz, which predominantly serves the Japanese market and selected Asian steel mills,” stated Michael O’Keeffe, Champion and QIO’s Chairman and CEO. “This agreement marks a significant milestone for Bloom Lake and will ensure effective long-term access for our future high quality product to some of the world’s largest consumers of iron ore.”

Bloom Lake Restart and Master Financing

Following the recent completion of the Bloom Lake Feasibility Study, which demonstrates that recommencing iron ore mining operations at Bloom Lake is financially viable, QIO and Champion are proceeding with securing financing for the restart. In addition to the \$40 million dollar financing described above, QIO and Champion are proceeding expeditiously and are in advanced discussions to obtain the necessary financing to fund the costs detailed in the “*Capital Expenditures Including Working Capital*” component of the Bloom Lake Feasibility Study. Details of the Master Financing will be announced when the terms and conditions are finalized with the lenders and investors.

About Bloom Lake

On April 11, 2016, the Company, through its subsidiary QIO, acquired the Bloom Lake assets from affiliates of Cliffs Natural Resources Inc. that were subject to restructuring proceedings under the Companies’ Creditors Arrangement Act (Canada). Québec Iron Ore Inc. is 63.2% owned by the Company, with the remaining 36.8% equity interest owned by Ressources Québec, acting as a mandatory of the Government of Quebec.

The Bloom Lake property is located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Quebec, and 10 km north of the Mount-Wright iron ore mining operation of ArcelorMittal Mines Canada. The Bloom Lake Mine is an open pit truck and shovel operation, with a concentrator. From the site, iron concentrate can be transported by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Iles, Québec.

The Bloom Lake Mine has already been authorized for operation under the federal and provincial environmental authorities. The project was subject to an environmental impact assessment process under Section 31.1 of the Québec Environment Quality Act, which led to the first decree issued by the Quebec government in 2008 authorizing mining activities at the Bloom Lake site. An updated positive Feasibility Study on Bloom Lake has been completed and is available under the Company’s profile on SEDAR (www.sedar.com).

The results of the Feasibility Study were announced by Champion on February 16, 2017 (the Release). The Company is not aware of any new information or data that materially affects the information included in the Release and confirms that all material assumptions and technical parameters underpinning the estimates in the Release continue to apply and have not materially changed.

About Champion

Champion is an iron development and exploration 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 Company’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

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