

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and such securities may not be offered or sold in the “United States” (as defined in Regulation S promulgated under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary (Canada) of Champion Iron Limited at 20 Adelaide Street East, Suite 200, Toronto, Ontario, Canada, M5C 2T6 (telephone: (416) 866-2200), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

August 1, 2017

# CHAMPION IRON

## CHAMPION IRON LIMITED

Approximately \$50 million

### ● Subscription Receipts, each representing the right to receive one Ordinary Share

This short form prospectus qualifies the distribution (the “**Offering**”) of ● subscription receipts (the “**Base Subscription Receipts**”) of Champion Iron Limited (“**Champion**” or the “**Corporation**”) at a price of \$● per Base Subscription Receipt (the “**Offering Price**”). If the Over-Allotment Option (as defined below) is exercised in full, an additional ● subscription receipts (the “**Over-Allotment Subscription Receipts**”) or ● ordinary shares of the Corporation (the “**Over-Allotment Underlying Shares**”), as applicable, will be offered by the Corporation.

The Subscription Receipts (as defined below) will be issued and sold in each of the Provinces of Canada pursuant to an underwriting agreement (the “**Underwriting Agreement**”) to be entered into between the Corporation, RBC Dominion Securities Inc. (“**RBC**”), as sole bookrunner, Sprott Private Wealth LP, as co-lead underwriter (together with RBC and any underwriters that sign the Underwriting Agreement, collectively, the “**Underwriters**”). The Offering Price will be determined by arm’s length negotiations between the Corporation and the Underwriters. Concurrently with the Offering, the Subscription Receipts may be offered and sold in the United States in reliance on applicable private placement exemptions under United States federal and state securities laws. See “*Plan of Distribution*”.

Each Subscription Receipt will entitle the holder thereof to receive, if the Escrow Release Conditions (as defined below) are satisfied prior to the occurrence of a Termination Event (as defined below) and without any further action on the part of the holder thereof or payment of any additional consideration, one ordinary share of the Corporation (each, an “**Underlying Share**”). See “*Description of the Securities Being Distributed*”.

In 2017, Champion has focused on securing the financing required for the restart of the Bloom Lake Property (as defined below) mine. In that context, the Corporation and its subsidiary, Québec Iron Ore Inc. (“**QIO**”) are entering into a series of financing transactions (collectively, the “**Financing Transactions**”) to finance the restart of the Bloom Lake Property mine estimated at an aggregate amount of approximately \$326.8 million. See “*Use of Proceeds*”. In addition to this Offering of Subscription Receipts, the Financing Transactions include the Bridge Equity Financing, the Bridge Debt Financing, the QIO Debt Financing and the CMH Investment (as each of these terms is defined below).

**The Financing Transactions, including the Offering, are intended to provide a near-comprehensive financing package for the restart of the Bloom Lake Property mine and, as such, the completion, effectiveness or availability, as the case may require, of certain of the Financing Transactions is conditional upon the completion, effectiveness or availability, as the case may require, of other Financing Transactions. See “Recent Developments - Financing Transactions”.**

The Gross Proceeds (as defined below) of the Offering, less 50% of the Underwriters’ Commission (the “**Escrowed Proceeds**”) will be delivered to and held by TSX Trust Company (the “**Subscription Receipt Agent**”), as agent and bailee on behalf of the holders of Subscription Receipts, and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments, herein the “**Other Investments**”), provided that such short-term obligations or Other Investments are qualified investments within the meaning of the Tax Act (as defined below), approved in writing by the Corporation and RBC, on its own behalf and on behalf of the other Underwriters, pending the earlier of the delivery of the Escrow Release Notice (as defined below) and the Termination Date (as defined below), the whole pursuant to the terms of a subscription receipt agreement (the “**Subscription Receipt Agreement**”) to be entered into on the Offering Closing Date (as defined below) among the Corporation, the Subscription Receipt Agent and RBC, on behalf of the Underwriters. See “*Description of the Securities Being Distributed – Subscription Receipts – Escrowed Proceeds*”.

Upon satisfaction or waiver of certain conditions, being: (a) the execution of definitive documentation in connection with the QIO Debt Financing and the satisfaction of all conditions precedent to the availability of the funds thereunder (other than such condition precedents that by their nature are to be satisfied upon closing of the QIO Debt Financing); and (b) the funding of the CMH Investment (the “**Escrow Release Conditions**”), prior to the occurrence of a Termination Event, and upon execution and delivery of the Escrow Release Notice (as defined below) to the Subscription Receipt Agent: (i) the Subscription Receipt Agent will (A) release the Escrowed Proceeds to the Corporation, together with the Earned Interest (as defined below), less the remaining 50% of the Underwriters’ Commission (as defined below) (the “**Net Proceeds**”), and (B) remit to the Underwriters the remaining 50% of the Underwriters’ Commission; and (ii) the holders of Subscription Receipts will automatically receive, without payment of additional consideration or further action, one Underlying Share for each Subscription Receipt held. See “*Description of the Securities Being Distributed – Subscription Receipts – Terms of Subscription Receipts*”.

In the event (a) the Escrow Release Conditions are not satisfied or waived by September 29, 2017, or (b) any of the parties to the QIO Debt Financing decides not to proceed with the QIO Debt Financing (in each case, a “**Termination Event**”), each Subscription Receipt shall be automatically cancelled without any further action. Holders of the Subscription Receipts shall, no later than on the second (2<sup>nd</sup>) Business Day following the date on which a Termination Event occurs (the “**Termination Date**”), be entitled to receive from the Subscription Receipt Agent, and the Corporation where applicable, a repayment of an amount equal to the Offering Price multiplied by the number of Subscription Receipts held by such holder, plus the holder’s pro rata entitlement to the Earned Interest and Deemed Interest (as defined below), less any applicable withholding taxes. See “*Description of the Securities Being Distributed – Subscription Receipts – Terms of Subscription Receipts*”.

**Price: \$● per Subscription Receipt**

	<b>Price to the Public</b>	<b>Underwriters' Commission<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
Per Subscription Receipt .....	\$●	\$●	\$●
Total <sup>(3)</sup> .....	\$●	\$●	\$●

**Notes:**

- (1) The Underwriters will receive a commission (the “**Underwriters’ Commission**”) equal to ●% of the Gross Proceeds of the Offering. 50% of the Underwriters’ Commission will be payable upon closing of the Offering (and, as applicable, upon the closing of the exercise of the Over-Allotment Option). The remaining 50% of the Underwriters’ Commission will be deposited into escrow with the Subscription Receipt Agent and will be payable only upon satisfaction of the Escrow Release Conditions. If a Termination Event occurs, the Underwriters will not be entitled to receive the remaining 50% of the Underwriters’ Commission. See “*Plan of Distribution*”.
- (2) Before deducting the expenses of the Offering, estimated to be \$1,000,000.
- (3) The Corporation has also granted the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable, in whole or in part, in the sole discretion of the Underwriters until the earlier of (i) 30 days after the closing of the Offering and (ii) the Termination Date, to purchase up to ● Over-Allotment Subscription Receipts at the Offering Price. In the event that the Over-Allotment Option is exercised following the conversion of the Base Subscription Receipts into ordinary shares (the “**Base Underlying Shares**”), the Corporation will issue the appropriate number of Over-Allotment Underlying Shares in lieu of Over-Allotment Subscription Receipts. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Subscription Receipts and Over-Allotment Underlying Shares. See “*Plan of Distribution*”. If the Over-Allotment Option is exercised in full, the total price to the public will be \$●, the total Underwriters’ Commission will be \$●, and the net proceeds to the Corporation, after deducting the Underwriters’ Commission but before deducting the estimated expenses of the Offering, will be \$●.

All references to “Subscription Receipts” in this short form prospectus include the Base Subscription Receipts and the Over-Allotment Subscription Receipts, and all references to “Underlying Shares” in this short form prospectus include the Base Underlying Shares and the Over-Allotment Underlying Shares, as the context permits or requires.

A purchaser who acquires Subscription Receipts or Underlying Shares forming part of the Underwriters’ over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases.

**An investment in the Subscription Receipts involves a high degree of risk. Prospective investors should carefully consider the risk factors described in and/or incorporated by reference in this short form prospectus. See “*Cautionary Statement regarding Forward Looking Information*” and “*Risk Factors*”.**

The ordinary shares of the Corporation (the “**Ordinary Shares**”) are traded on the Toronto Stock Exchange (the “**TSX**”) and on the Australian Securities Exchange (“**ASX**”). On August ●, 2017, the last trading day of the Ordinary Shares on the TSX and on August ●, 2017, the last trading day of the Ordinary Shares on the ASX before the date hereof, the closing prices of the Ordinary Shares were, respectively, \$● and A\$●. The Corporation will apply to list the Subscription Receipts and the Underlying Shares on the TSX. Listing of the Subscription Receipts and the Underlying Shares will be subject to the Corporation fulfilling the listing requirements of the TSX. The Corporation will also apply for quotation of the Underlying Shares on the ASX. Closing of the Offering is subject to receipt of the prior approval of the Offering by the TSX and other customary closing conditions.

**There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts, and the extent of issuer regulation. See “*Risk Factors*”.**

The Underwriters, as principals, conditionally offer the Subscription Receipts and, subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by McCarthy Tétrault LLP, and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. **After the Underwriters have made reasonable efforts to sell all of the Subscription Receipts at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and**

**the compensation realized by the Underwriters in respect of the Subscription Receipts will be decreased by the amount that the aggregate price paid by purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Corporation. See “Plan of Distribution”.**

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about August 1, 2017 or such other date as the Corporation and the Underwriters may agree upon, but in any event not later than September 29, 2017 (the “Offering Closing Date”).

It is anticipated that the Subscription Receipts and the Underlying Shares will be issued, registered and deposited in electronic form with CDS Clearing and Depositary Services Inc. (“CDS”) or its nominee pursuant to the book-based system. Except in limited circumstances, no beneficial holder of Subscription Receipts or Underlying Shares will receive definitive certificates representing their interest in the Subscription Receipts or Underlying Shares and beneficial holders of Subscription Receipts or Underlying Shares will receive only a customary confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts or Underlying Shares is acquired.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Ordinary Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

**One of the Underwriters, Sprott Private Wealth LP, is an affiliate of Sprott Resource Lending, which has made a conditional commitment to provide a US\$80 million 5-year senior secured loan to QIO. Consequently, the Corporation may be considered to be a connected issuer to Sprott Private Wealth LP. See “Relationship between the Corporation and Certain Underwriters”.**

In the event that the Offering Closing Date occurs concurrently with the delivery of the Escrow Release Notice, investors in the Offering will receive Underlying Shares instead of Subscription Receipts.

Underwriters’ Position	Maximum Size or Number of Securities Available	Exercise Period or Acquisition Date	Exercise Price or Average Acquisition Price
Over-Allotment Option <sup>(1)</sup>	• Over-Allotment Subscription Receipts or Over-Allotment Underlying Shares	30 days from the Offering Closing Date	\$• per Over-Allotment Subscription Receipt or Over-Allotment Underlying Share

**Notes:**

- (1) This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Subscription Receipts or Over-Allotment Underlying Shares, as the context may require. See “Plan of Distribution”.

The Subscription Receipts may only be sold in those jurisdictions where offers and sales are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Subscription Receipts in any jurisdiction in which it is unlawful. Prospective investors should be aware that the acquisition or disposition of the Subscription Receipts described in this short form prospectus may have tax consequences in Canada or elsewhere, depending on each particular existing or prospective investor’s specific circumstances. This short form prospectus may not describe these tax consequences fully. Prospective investors should read the tax discussion in this short form prospectus and consult with a tax advisor. See “Certain Canadian Federal Income Tax Considerations”.

The Corporation is a company formed and existing under the laws of Australia. Each of the Corporation, W. Michael O’Keeffe, Chief Executive Officer and director of the Corporation, Andrew J. Love, director of the Corporation and Gary Lawler, director of the Corporation is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, as the case may be, and has appointed J. Estepa Consulting Inc., 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6 as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated,

continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Corporation's head office, registered office and mailing address is Level 1, 91 Evans Street, Rozelle, New South Wales 2039, Australia. The Corporation also has two offices in Canada, with one located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6 and the other at 1100 René Lévesque West, Suite 610, Montréal, Québec H3B 4N4.

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## GENERAL MATTERS

Purchasers of Subscription Receipts should rely only on the information contained in or incorporated by reference into this short form prospectus. The Corporation has not authorized anyone to provide purchasers with different or additional information. If anyone provides purchasers with different or additional information, purchasers should not rely on it. Neither the Corporation nor the Underwriters are making an offer to sell or seeking an offer to buy Subscription Receipts in any jurisdiction where the offer or sale is not permitted. Purchasers should assume that the information contained in this short form prospectus is accurate only as of the date on the front of this document and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this short form prospectus or of any sale of the Subscription Receipts. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.

**The corporate website of the Corporation is [www.championiron.com](http://www.championiron.com). The information on the Corporation's website is not intended to be included or incorporated by reference into this short form prospectus and prospective purchasers should not rely on such information when deciding whether or not to invest in the Subscription Receipts.**

In this short form prospectus, unless otherwise noted, all dollar amounts are expressed in Canadian dollars. References to "US\$" and "A\$" in this short form prospectus refer to United States dollars and Australian dollars, respectively.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated by reference herein include certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than regarding historical facts, included in this short form prospectus and the documents incorporated by reference herein that address activities, events or developments that Champion Iron Limited and its subsidiaries (including Champion Iron Mines Limited ("**CIML**") and QIO) expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's businesses, operations, plans and other such matters is forward-looking information.

When used in this short form prospectus and the documents incorporated by reference herein, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "will", "should", "could", "may" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such forward-looking information include information regarding financial results and expectations for fiscal year 2018, such as, but not limited to, the potential of the Corporation's properties, availability of financing, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, metal prices, demand for metals, currency exchange rates, cash operating margins, expenditures on property, plant and equipment, increases and decreases in exploration activity, changes in project parameters, joint venture operations, resources and anticipated grades and recovery rates, are or may be based on assumptions and/or estimates related to future economic, market and other factors and conditions.

Forward looking information is based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Corporation's ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to: (i) the nature of mineral exploration and mining; (ii) potential land claims relating to First Nations groups; (iii) financing risks; (iv) infrastructure; (v) the absence of significant revenues; (vi) current global

financial conditions; (vii) dilution and future sales of capital of the Corporation; (viii) Champion being primarily focused on the Bloom Lake project; (ix) joint ventures and option agreements; (x) going concern considerations; (xi) dependence on key personnel; (xii) no assurance of titles; (xiii) permits and licences; (xiv) fluctuating prices for iron; (xv) estimates of mineral resources and mineral reserves; (xvi) foreign exchange; (xvii) dependence on outside parties; (xviii) reduced global demand for steel or interruptions in steel production; (xix) availability of reasonably priced raw materials and mining equipment; (xx) volatility of stock price; (xxi) extensive governmental regulation of Champion's activities; (xxii) environmental regulations; (xxiii) conflicts of interest; (xxiv) competition; (xxv) parameters and assumptions underlying future mine plans; (xxvi) completion of purchase contracts, orders or agreements with the Corporation to date; (xxvii) ability to realize estimated mineral reserves and convert mineral resources into reserves; (xxviii) success of exploration activities; (xxix) timing and amount of any estimated future production and the related potential costs; (xxx) mining or processing issues; (xxxi) required capital expenditures and operating costs; and (xxxii) labour, equipment failure or other disruptions.

Should one or more of these risks or uncertainties materialize, or should the assumptions set out in the section titled "*Risk Factors*" or in the documents incorporated by reference underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this short form prospectus or, in the case of documents incorporated by reference in this short form prospectus, as of the date of such documents, and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. There is no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Purchasers are cautioned that forward-looking statements are not guarantees of future performance and accordingly purchasers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. New factors emerge from time to time, and it is not possible for management of the Corporation to predict all of these factors or to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

**The forward-looking statements contained in this short form prospectus are expressly qualified by the foregoing cautionary statements and are made as of the date of this short form prospectus. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws. Purchasers should read this short form prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Subscription Receipts.**

## MINERAL DISCLOSURE

In this short form prospectus and the documents incorporated by reference herein, any statement regarding the potential quantity and grade (expressed as ranges) of a potential mineral deposit is conceptual in nature. Historical estimates of mineral resources, if any, referred to in this short form prospectus and the documents incorporated by reference herein are not compliant with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") standards, and should therefore not be relied upon. No "qualified person" (as such term is defined in NI 43-101) has done sufficient work to classify such historical estimates as current "mineral resources" (as such term is defined in NI 43-101). The Corporation is not treating any such historical estimates as current Mineral Resources. In this short form prospectus and the documents incorporated by reference herein, Mineral Resource estimates have been calculated using the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") "Standards on Mineral Resources and Reserves, Definitions and Guidelines" prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM, as amended.



## SELECTED TECHNICAL TERMS

<b>“dm tu”</b>	means dry metric tonne unit.
<b>“Feasibility Study”</b>	means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable modifying factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project..
<b>“Indicated Mineral Resource”</b>	means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
<b>“Inferred Mineral Resource”</b>	means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
<b>“m”</b>	means metre.
<b>“Mtpa”</b>	means million tonnes per annum.
<b>“Measured Mineral Resource”</b>	means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
<b>“Mineral Reserve”</b>	is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
<b>“Mineral Resource”</b>	means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
<b>“Preliminary Feasibility Study” or “PFS”</b>	means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.
<b>“t” or “tonne”</b>	means a measure of weight equal to 1,000 kilograms or 2,204 pounds.
<b>“waste”</b>	means barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary (Canada) of the Corporation at 20 Adelaide Street East, Suite 200, Toronto, Ontario, Canada, M5C 2T6 (telephone: (416) 866-2200), and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents filed with the securities commissions or similar authorities in all of the provinces of Canada are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (i) the annual information form of the Corporation dated June 28, 2017 for the year ended March 31, 2017 (the “**AIF**”);
- (ii) the audited annual consolidated financial statements of the Corporation and the notes thereto for the years ended March 31, 2017 and 2016, together with the auditor’s report thereon (the “**Annual Financial Statements**”), except for the Independent Auditor’s Report to the Members of Champion Iron Limited dated June 28, 2017, which is specifically excluded and is not incorporated by reference herein;
- (iii) the management’s discussion and analysis of the Corporation for the year ended March 31, 2017 (the “**Annual MD&A**”);
- (iv) the unaudited condensed interim consolidated financial statements of the Corporation and the notes thereto for the three months ended June 30, 2017;
- (v) the management’s discussion and analysis of the Corporation for the three months ended June 30, 2017;
- (vi) the management information circular dated June 6, 2017 relating to the extraordinary general meeting of shareholders of the Corporation held on July 10, 2017;
- (vii) the management information circular dated July 17, 2017 relating to the annual and special meeting of shareholders of the Corporation to be held on August 18, 2017; and
- (viii) the material change report dated May 28, 2017 relating to the framework off-take agreement (the “**Off-Take Agreement**”) with Sojitz Corporation (“**Sojitz**”) and \$40 million bridge financing.

**Any documents of the Corporation of the type referred to in the preceding paragraph and any material change reports (excluding any confidential material change reports) filed by the Corporation with a securities commission or similar regulatory authority in Canada on or after the date of short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.**

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference in this short form prospectus shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this short form prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Any statement so modified or superseded shall not be deemed to constitute a part of this short form prospectus, except as so modified or superseded.

## SUMMARY OF THE OFFERING

The following is only a brief summary of the principal features of the Offering and is qualified in its entirety by the more detailed information appearing elsewhere in, or incorporated by reference in, this short form prospectus.

<b>Issuer:</b>	Champion Iron Limited
<b>Offering:</b>	● Subscription Receipts (● Subscription Receipts assuming the exercise in full of the Over-Allotment Option) for gross proceeds (the “ <b>Gross Proceeds</b> ”) of \$● (\$● assuming the exercise in full of the Over-Allotment Option).
<b>Offering Price:</b>	\$● per Subscription Receipt.
<b>Use of Proceeds:</b>	<p>The estimated Net Proceeds from the Offering, after deducting the Underwriters’ Commission and the expenses of the Offering payable by the Corporation, will be approximately \$● assuming no exercise of the Over-Allotment Option (\$● assuming the exercise in full of the Over-Allotment Option). The Escrowed Proceeds and the interest or other income actually earned on the investment of the Escrowed Proceeds from, and including, the Offering Closing Date to, but excluding, the earlier to occur of the satisfaction of the Escrow Release Conditions and the Termination Date (the “<b>Earned Interest</b>”) will be held in escrow by the Subscription Receipt Agent until the earlier of the satisfaction or waiver of the Escrow Release Conditions and the occurrence of a Termination Event. See “<i>Description of the Securities Being Distributed – Subscription Receipts</i>”. The Underwriters’ Commission will be paid by the Corporation out of the Gross Proceeds.</p> <p>Immediately following the closing of the Offering, the Escrowed Proceeds will be held by the Subscription Receipt Agent and invested as described in “<i>Description of the Securities Being Distributed – Subscription Receipts</i>”. If the Escrow Release Conditions are satisfied or waived prior to the occurrence of a Termination Event, upon release of the Escrowed Proceeds and the Earned Interest by the Subscription Receipt Agent, the Corporation intends to use the Net Proceeds to make a capital contribution to QIO who in turn will use such capital contribution to fund a portion of the restart of the Bloom Lake Property mine and for general corporate purposes. See “<i>Use of Proceeds</i>”.</p>
<b>Listing and Trading:</b>	The Corporation will apply to list the Subscription Receipts and the Underlying Shares on the TSX. Listing of the Subscription Receipts and of the Underlying Shares will be subject to the Corporation fulfilling the listing requirements of the TSX. The Corporation will also apply for quotation of the Underlying Shares on the ASX. See “ <i>Plan of Distribution</i> ”.
<b>Closing:</b>	On or about August ●, 2017, or such other date as the Corporation and the Underwriters may agree.
<b>Investment of Escrowed Proceeds:</b>	The Escrowed Proceeds will be delivered to and held by the Subscription Receipt Agent as agent and bailee on behalf of the holders of Subscription Receipts and invested in short-term obligations of, or guaranteed by, the Government of Canada or Other Investments approved in writing by the Corporation and RBC, on its own behalf and on behalf of the other Underwriters, pending the earlier of the date of satisfaction of the Escrow Release Conditions and the Termination Date. See “ <i>Description of the Securities Being Distributed – Subscription Receipts – Escrowed Proceeds</i> ”.

<b>Escrow Release Conditions:</b>	Satisfaction or waiver of certain conditions, being: (a) the execution of definitive documentation in connection with the QIO Debt Financing and the satisfaction of all conditions precedent to the availability of the funds thereunder (other than such condition precedents that by their nature are to be satisfied upon closing of the QIO Debt Financing); and (b) the funding of the CMH Investment, prior to the occurrence of a Termination Event.
<b>Release of Escrowed Proceeds:</b>	<p>If the Escrow Release Conditions are satisfied or waived prior to the occurrence of a Termination Event, upon execution and delivery of the Escrow Release Notice to the Subscription Receipt Agent: (a) the Subscription Receipt Agent will (i) release the Escrowed Proceeds to the Corporation, together with the Earned Interest and (ii) remit to the Underwriters the remaining 50% of the Underwriters' Commission; and (b) the holders of Subscription Receipts will automatically receive, without payment of additional consideration or further action, one Underlying Share for each Subscription Receipt held.</p> <p>If a Termination Event occurs, each Subscription Receipt shall be automatically cancelled without any further action. Holders of the Subscription Receipts shall, no later than on the second (2<sup>nd</sup>) Business Day following the Termination Date, be entitled to receive from the Subscription Receipt Agent, and the Corporation where applicable, a repayment of an amount equal to the Offering Price multiplied by the number of Subscription Receipts held by such holder, plus the holder's pro rata entitlement to the Earned Interest and an amount equal to the interest and other income that would have otherwise been earned on the 50% of the Underwriters' Commission paid to the Underwriters on the Offering Closing Date if such fee had been held in escrow as part of the Escrowed Proceeds and not paid to the Underwriters, less any applicable withholding taxes (the "<b>Deemed Interest</b>"). See "<i>Description of the Securities Being Distributed – Subscription Receipts – Terms of Subscription Receipts</i>".</p>
<b>Risk Factors:</b>	Investors should carefully review and consider certain risk factors before investing in Subscription Receipts or the Underlying Shares. See " <i>Risk Factors</i> " and " <i>Cautionary Statement Regarding Forward-Looking Information</i> ".

## THE CORPORATION

The full corporate name of the Corporation is Champion Iron Limited. Champion is an exploration and development corporation focused on discovering and developing significant iron ore resources in eastern Canada, particularly in Québec. The Corporation is one of the largest stakeholders of mineral concessions in the Fermont Iron Ore District of Québec with its Bloom Lake iron ore property (the “**Bloom Lake Property**”), the Quinto claims which encompass the Peppler Property, Lamelee Property and Hobdad Property (“**Quinto Claims**”), and the wholly-owned Fermont Property Holdings (“**Fermont Property Holdings**”), which encompasses the Consolidated Fire Lake North Project.

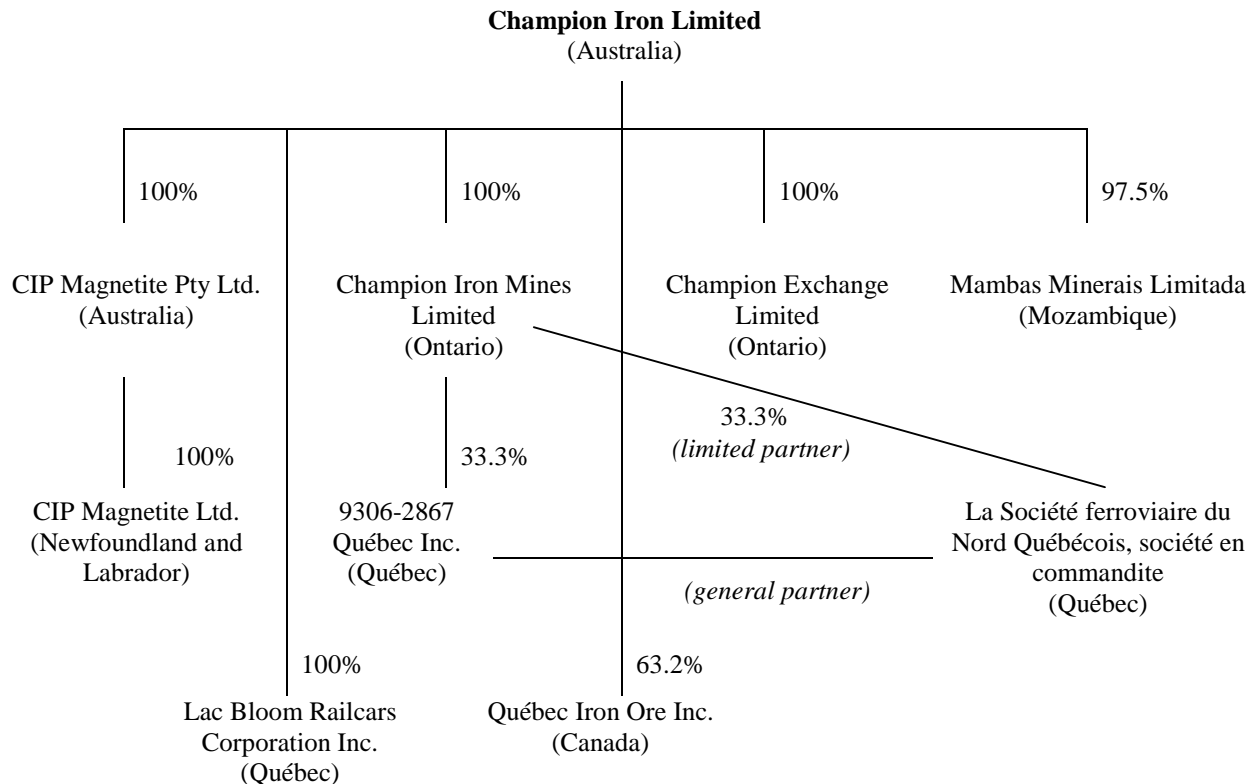
### *Head Office and Other Offices*

The Corporation’s head office, registered office and mailing address is Level 1, 91 Evans Street, Rozelle, New South Wales 2039, Australia. The Corporation also has two offices in Canada, with one located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6 and the other at 1100 René Lévesque West, Suite 610, Montréal, Québec H3B 4N4.

### *Legal Matters*

Champion Iron Limited was incorporated in Australia (Australian Company Number - CAN - 119 770 142) on May 18, 2006. Champion Iron Limited is registered in Western Australia under the Corporations Act 2001 (“**Corporations Act**”). The Constitution of Champion Iron Limited was amended to comply with TSX requirements relating to the retirement and re-election of directors at the Corporation’s annual general meetings on March 20, 2014.

### *Corporate Structure*



CIML is incorporated in Canada under the *Business Corporations Act* (Ontario). QIO is incorporated in Canada under the *Canada Business Corporations Act* and is 63.2% owned by the Corporation. 9306-2867 Québec Inc. is incorporated in the Province of Québec and is 33.3% owned by CIML. 9306-2867 Québec Inc. is the general partner of La Société ferroviaire du Nord Québécois, société en commandite, of which CIML is a limited partner owning 33.3%. CIP

Magnetite Pty Ltd is registered under the Corporations Act in Australia. CIP Magnetite Ltd is incorporated in Canada under the *Corporations Act of Newfoundland and Labrador*. Mambas Minerais Limitada is incorporated in Mozambique and is 97.5% owned by the Corporation and is currently being liquidated. Champion Exchange Limited is wholly-owned by the Corporation and is incorporated in Canada under the *Business Corporations Act* (Ontario). Lac Bloom Railcars Corporation Inc. is wholly-owned by the Corporation and is incorporated in the Province of Québec.

### *Historical Information*

On December 6, 2013, the Corporation, then named Mamba Minerals Limited, announced that it had entered into a definitive arrangement agreement to effect a business combination of the Corporation and CIML, a Canadian iron ore developer. On March 31, 2014, the business combination was completed pursuant to which the Corporation and a wholly-owned subsidiary, Champion Exchange Limited, acquired all 137,895,609 outstanding common shares of CIML under a court-approved plan of arrangement (the “**Arrangement**”). Under the Arrangement, each CIML shareholder became entitled to receive 0.7333333 of an Ordinary Share for each CIML common share held (the “**Exchange Ratio**”). Certain eligible CIML shareholders elected to receive all or part of their consideration in the form of exchangeable shares of Champion Exchange Limited. The Arrangement also resulted in the issuance of replacement stock options for Ordinary Shares to holders of outstanding CIML options (as adjusted by the Exchange Ratio).

CIML holds 100% of the Fermont Property Holdings, including the Consolidated Fire Lake North Property, which is located in Canada’s major iron ore producing district in the Labrador Trough in the Province of Québec.

## **BUSINESS OF THE CORPORATION**

### **Description of the Business**

The Corporation is a mineral exploration and development company focused on the acquisition, exploration and development of iron ore deposits. Since its adoption of a business strategy to carry on business as a resource exploration company, the Corporation has acquired a number of significant mining exploration properties, primarily in North-Eastern Québec and Newfoundland and Labrador.

The Corporation has interests in numerous mineral property claims located in two distinct areas of North-Eastern Québec and Newfoundland and Labrador as follows:

- the “Bloom Lake Assets” or “Bloom Lake Property” located in the Fermont area, Québec;
- the “Quinto Claims” located in the Fermont area, Québec;
- the “Fermont Property Holdings” located in the Fermont area, Québec; and
- the “Powderhorn Property” and “Gullbridge Property”, each located in Newfoundland.

At this time, the Corporation is focusing on its Fermont area properties, primarily the Bloom Lake Property, which is the only project which the Corporation considers material in respect of NI 43-101.

The Fermont Property Holdings are owned by CIML, the Corporation’s fully-owned subsidiary, and consist of 8 properties covering approximately 700 square kilometres located in the Fermont Iron Ore District of North-Eastern Québec, ranging from 6 to 80 km southwest of Fermont.

The Fermont Property Holdings are located in proximity to and locally contiguous to an operating iron mine and a number of former operating iron mines and projects currently being developed for iron mining.

The Quinto Claims (447 claims), which encompass the Peppler Property (118 claims) and the Lamelee Property (236 claims) and the Hobdad Property (93 claims), are located approximately 50 km southwest of the Bloom Lake Property mine.

The Corporation is not in commercial production on any of its mineral resource properties and, accordingly, the Corporation has no revenues. The Corporation finances its operations by raising capital in equity markets.

### **The Bloom Lake Property Mine**

On April 11, 2016, the Corporation, through QIO, acquired the Bloom Lake Assets. Although Bloom Lake had mining operations for several years, mining operations at Bloom Lake were suspended in December 2014 and the mine was transitioned to care and maintenance mode in January 2015. The Bloom Lake Assets were acquired through a *Companies' Creditors Arrangement Act* (CCAA) process and significant analysis and other work was required for the Corporation to better determine the optimal approach for potential future operations and to procure a NI 43-101 compliant technical report, which is effective as of March 17, 2017 (the “**Feasibility Study**”).

Stéphane Rivard, Eng., Robin Jones, Eng., and Michel Bilodeau, Eng., of Ausenco Canada Inc. (“**Ausenco**”), Louis-Pierre Gignac Eng., Rejean Sirois, Eng., and Etienne Bernier, Eng. of G Mining Services Inc. (“**G Mining**”), Ryan Cunningham, Eng., of Met-Chem, a division of DRA Americas Inc. and Philippe Rio Roberge, Eng. of WSP Canada Inc. (“**WSP**”) (collectively the “**Feasibility Study Authors**”), prepared the Feasibility Study. Each of the Feasibility Study Authors is a qualified person under NI 43-101 and is independent of the Corporation. The Feasibility Study was prepared for the Corporation and QIO to provide an independent, NI 43-101 compliant technical report on the Bloom Lake Property project.

The information in the following section has been derived from and based on the assumptions, qualifications and procedures set out in the Feasibility Study. Portions of the following section are extracts of the Feasibility Study. Readers should consult the Feasibility Study, which can be found at [www.sedar.com](http://www.sedar.com), to obtain further particulars regarding the Bloom Lake project. Figures or charts referred to in this summary but not reproduced herein may be viewed in the Feasibility Study. Table references are to the tables in the Feasibility Study certain of which are reproduced herein. Technical information in this short form prospectus regarding the Bloom Lake Property should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Feasibility Study and the summary provided herein is qualified in its entirety by the Feasibility Study. Capitalized and abbreviated terms appearing in the following summary shall have the meaning ascribed to such terms in the Feasibility Study.

#### *Property Description and Location*

The Bloom Lake Property rail assets consist of the provincially regulated short-line railway comprising a 32 km rail spur contained wholly within Newfoundland and Labrador that connects the Bloom Lake Property mine to the railway owned by Northern Land Company.

The Bloom Lake Property is located approximately 13 km north of Fermont, Québec, in the Labrador Trough and consists of Mining Lease BM877 and 69 mining claims. The Bloom Lake Property was an open pit truck and shovel mine, with a concentrator that utilized single-stage crushing and an autogenous mill and gravity separation to produce iron concentrate. From the site, concentrate can be transported by rail, initially on the Bloom Lake Property railway, to a ship loading port in Sept-Iles, Québec.

There are several iron ore mines in the area including Mont-Wright owned by ArcelorMittal and Carol Lake owned by Iron Ore Company of Canada (IOC). Wabush Mines, located in Labrador and once owned by Cliffs Natural Resources (“**Cliffs**”), ended its activities in 2014.

In 2016, QIO was holding 100% of 114 active claims outside of the Mining Lease (BM 877) which has a total of 6857.7 ha. QIO requested the renewal of 69 claims in October 2016. Those claims outside the mining lease remain active. There are no royalties, agreements or encumbrances on the mining site.

#### *Update on Mineral Resource and Mineral Reserve Estimates*

G Mining Services Inc. (“**GMS**”) was mandated to produce the mineral resource estimate for the Bloom Lake Project. The mineral resource estimate was prepared in accordance with CIM Standards for Mineral Resource and Mineral Reserves (2014) as incorporated in NI 43-101. The 2016 Bloom Lake Mineral Resource presented therein was prepared

under the supervision and approved by Réjean Sirois, Eng., from GMS and the 2016 Bloom Lake Mineral Reserves presented therein was prepared under the supervision and approved by Louis-Pierre Gignac, Eng., from GMS. Mr. Sirois and Mr. Gignac are independent “Qualified Person” as defined in NI 43-101.

In November 2014, Dassault Systemes, Geovia (“**Geovia**”) prepared a resource estimate for the Bloom Lake deposit for Cliffs Natural Resources and the results were published internally in the company. GMS reviewed and approved the geology and mineralization model, the geostatistical studies, the variography analysis, the interpolation assumptions and estimation procedure developed by Geovia in 2014.

Geovia® GEMS software was used to facilitate the resource estimation process including geological modelling review, geostatistical and variography analysis, and grade interpolation. The resource model was prepared in November 2016, using all of the drill holes available in the zone of interest as of that date.

Eight geological units were modelled on cross-sections which interpretations were transferred to plan sections through the use of traverses (or horizontal holes). The final geological model, including mineralized and non-mineralized units, was based on wireframes extruded every 14 m bench level. Because of the folded nature of the Bloom Lake deposit, the geological model was divided into multiple structural domains, each of which outlines a single mineralization continuity orientation.

The raw-assays were composited into regular 7.0 m run lengths within each mineralized unit. Grade variography analyses were completed on the 7.0 m composites, grouped by litho-structural domains. Large search ellipsoids and one pass run strategy were used to perform the ordinary kriging grade interpolation inside the block model. The dimensions of the blocks in the block model are (X)10 m by (Y)10 m by (Z)14 m. The interpolation was done strictly within the mineralization wireframes, using various search ellipsoid orientations, according to the structural domains defined in the deposit. The mineral resource estimate was classified into measured, indicated and inferred categories according to the CIM Definition Standards on Mineral Resources and Mineral Reserves.

The table below presents the Mineral Resource for the Bloom Lake Project as of November 15, 2016, estimated at a cut-off grade of 15% Fe, inside an optimized Whittle open pit shell based on a long-term iron price of US\$60/dmt concentrate. The Measured and Indicated Mineral Resource for the Bloom Lake Project is estimated at 911.6 Mt at an average grade of 29.7% Fe, and Inferred Mineral Resource at 80.4 Mt at an average grade of 25.6% Fe.

The mineral reserves as listed in the table below and in Table 15.1 of the Feasibility Study are included in the mineral resources listed in Table 14-35 from the same document and also reproduced below.



### Mineral Resource Estimate for the Bloom Lake Project

Classification	Tonnage (dry)	Fe	CaO	Sat	MgO	Al <sub>2</sub> O <sub>3</sub>
	kt	%	%	%	%	%
Measured	439,700	31.0	0.6	3.0	0.7	0.3
Indicated	471,900	28.5	2.5	6.8	2.3	0.4
Total M&I	911,600	29.7	1.6	5.0	1.5	0.4
Inferred	80,400	25.6	1.9	7.9	1.7	0.3

#### Notes on Mineral Resources:

1. The mineral resources were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.
2. The independent and qualified person for the 2016 Bloom Lake resource estimate, as defined by NI 43-101, is Réjean Sirois, P. Eng., from G Mining. The effective date of the estimate is November 15, 2016.
3. The mineral resources are estimated at a cut-off grade of 15% Fe.
4. The mineral resources are estimated using a long-term iron price of US\$60/dmt con and an exchange rate of 1.30 CAD/USD.
5. The mineral resources are reported within an optimized Whittle open pit shell.
6. The average strip ratio is 0.97:1 (w:o).
7. "Sat" stands for Satmagan or Saturation Magnetization Analyser, an instrument which measures magnetite in ores.
8. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserves. Measured and indicated resources are inclusive of proven and probable reserves.
9. The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.

### Mineral Reserve Estimate

Classification	Diluted Ore Tonnage (dry)	Fe	CaO	SAT	MgO	Al <sub>2</sub> O <sub>3</sub>
	kt	%	%	%	%	%
Proven	264,160	30.73	0.48	2.98	0.56	0.32
Probable	147,554	28.71	2.84	6.68	2.72	0.40
<b>Total P&amp;P</b>	<b>411,713</b>	<b>30.01</b>	<b>1.33</b>	<b>4.30</b>	<b>1.33</b>	<b>0.35</b>

#### **Notes:**

- (1) CIM definitions were followed for mineral reserves.
- (2) Mineral reserves based on September 28, 2016 LIDAR survey
- (3) Mineral reserves are estimated at a cut-off grade of 15% Fe.
- (4) Mineral reserves are estimated using a long-term iron price reference price (Platt's 62%) of \$50/dmt and an exchange rate of 1.30 CAD/USD. An Fe concentrate price adjustment of \$4.00/dmt was added.
- (5) Bulk density of ore is variable but averages 3.63 t/m<sup>3</sup>.
- (6) The average strip ratio is 0.48:1.
- (7) The mining dilution factor is 4.3%.
- (8) Numbers may not add due to rounding.

The mine design and mineral reserve estimate have been completed to a level appropriate for feasibility studies. The mineral reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the mineral reserves are based on measured and indicated ("M&I") mineral resources, and do not include any inferred

mineral resources. The inferred resources contained within the mine design are classified as waste. The mineral reserve includes a 4.3% mining dilution at an average grade of 10.34% Fe.

### *Mining Operations*

The Bloom Lake Property was previously owned by Cliffs and was closed and placed on care in maintenance in January 2015. The restart of the operation is based on different operating assumptions which consist of an upgrade to the Phase I plant with a mineral reserve and mining scenario updated for the current iron ore market.

The operation consists of a conventional surface mining method using an owner mining approach with electric hydraulic shovels and mine trucks. All major mine equipment required for the restart of the project is present on site as this equipment was among the assets purchased by QIO from Cliffs. The study consists of resizing the open pit and producing a life-of-mine (LOM) plan to feed a plant at a nominal rate of 20 Mtpa.

The entire mine infrastructure which was being used by Cliffs will be available for the mining operations.

Mining of the Bloom Lake Project is planned in four phases with a starter phase and a final pushback in both the east and west pits. Waste rock will be disposed of in two distinct waste dumps. The original northern location used by the previous owner and a new location to the south. From year 5 onwards, in-pit dumping will occur whenever possible, once a phase gets fully depleted. The open pit generates 198.9 Mt of overburden and waste rock for a strip ratio of 0.48:1.

### *Processing and Recovery Operations*

As part of an expansion plan to increase the mine production prior to the Bloom Lake Property being put on care and maintenance, the design and constructions of a second concentrator plant (phase II) was initiated to increase nominal capacity to approximately 15 Mtpa. QIO intends to use the crushing and storage facilities of the Phase II operation along with the mill and the rail load-out facilities from the Phase I operation to produce 7.4 Mtpa of concentrate, with a recovery of 83.3% from the ore mined from the main pit.

The phase I and phase II facilities currently exist; however, prior to the start-up, refurbishments and improvements as described in the AIF will be made to improve the iron ore recovery, operational reliability, and fugitive dust control.

### **Iron Ore Market Information**

Metalytics was engaged by Ausenco to provide an iron ore market study covering the period to 2035 for use in the Feasibility Study.

Metalytics has derived base case projections, based on an integrated range of assumptions relating to the steel and iron ore industries. Among these is the key premise that the global steel industry is in a post-boom era which will see continued slowing of steel consumption growth over the timeframe of this study. Metalytics' thesis is that the maturing and then decline of China's steel usage will not be fully offset by growing demand elsewhere, including in other emerging economies. Nevertheless, annual global finished steel usage are expected to still rise from around 1.5 to 2.0 billion tonnes between 2016 and 2035.

Another important assumption is that constraints on building new plant and infrastructure globally will mean that China's massive installed production capacity will be required to contribute to meeting projected world steel demand, while its own requirements decline. As a result, it is assumed that China's steel production would plateau in the 2020s.

Iron ore consumption will grow more slowly than steel production because scrap generation and usage will increase. Thus, annual iron ore consumption is projected to rise by 475 Mt by 2035. Global iron ore supply and trade projections suggest that while globally, supply will expand more slowly than demand, Australia will remain the predominant producer and exporter, with Brazil remaining the next largest. Further, seaborne trade will continue to dominate in the world market, with China remaining the largest importer as its domestic supply declines. The net result is that the current production surplus will be absorbed and the market will start to come into balance in 2018, after which the post-boom

legacy of investment caution, mine depletion, and development constraints should keep the supply and demand broadly in equilibrium, albeit with periodic imbalances.

Under this scenario, the Corporation expects the Bloom Lake concentrate to be positioned as a high-grade sinter feed, based on sample analysis made available to QIO. At 66.2% Fe, its iron content compares well with other high-grade products and against price index and trading platform specifications. Its other main chemical attributes are similar to long-established Labrador Trough products.

The primary reference for pricing internationally-traded iron ore is the price of 62% Fe fines delivered to China. Several publications compile an index of these prices, with Platts' IODEX being the most commonly cited. Based on the projections provided in this study, prices should range sideways over the next two years before lifting towards a higher equilibrium level in 2019 and beyond. Metalytics' price profile assumes there is mostly a lagged response by suppliers to improving prices until another period of investment emerges late in the next decade, which results in a price correction and rebalancing.

For Bloom Lake concentrate, a convenient and appropriate reference for price projections is a 65% Fe fines index, as this already incorporates assumptions about future premiums for high-grade products. While actual contract pricing terms may use a different methodology, Metalytics has derived Bloom Lake prices by a pro-rata escalation of 65% Fe prices to arrive at Cost and Freight ("CFR") China prices.

The iron ore market is dominated by medium-grade products, mainly from Australia and Brazil. High-grade products play an important role in improving the chemistry of steel mill iron ore blends, improving blast furnace productivity and efficiency. The price premiums they command depends on pricing of other raw materials (especially coal), as well as on steel market fundamentals and other considerations including product supply/demand factors. Vale's Carajás S11D mine (due to start commercial production in 2017) could significantly increase the supply of high-grade material into the market over the next few years. This could be expected to have both positive and negative consequences for other high-grade iron producers – positive in that Vale would lead pricing, but negative in terms of market balances.

### *Iron Ore Supply and Demand*

Metalytics' projections for future iron ore consumption are driven by the steel and iron production projections derived above. As a result, the growth rates shown in the table below follow a similar pattern to those for steel and iron, with China's demand falling in the 2020s and global growth rates moderating.

**Iron Ore Consumption Growth (5-year CAGRs)**

Period	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030	2030-2035
World	6.1%	3.4%	1.7%	1.1%	0.9%	0.4%
China	14.7%	5.4%	0.2%	-0.1%	-0.4%	-1.5%

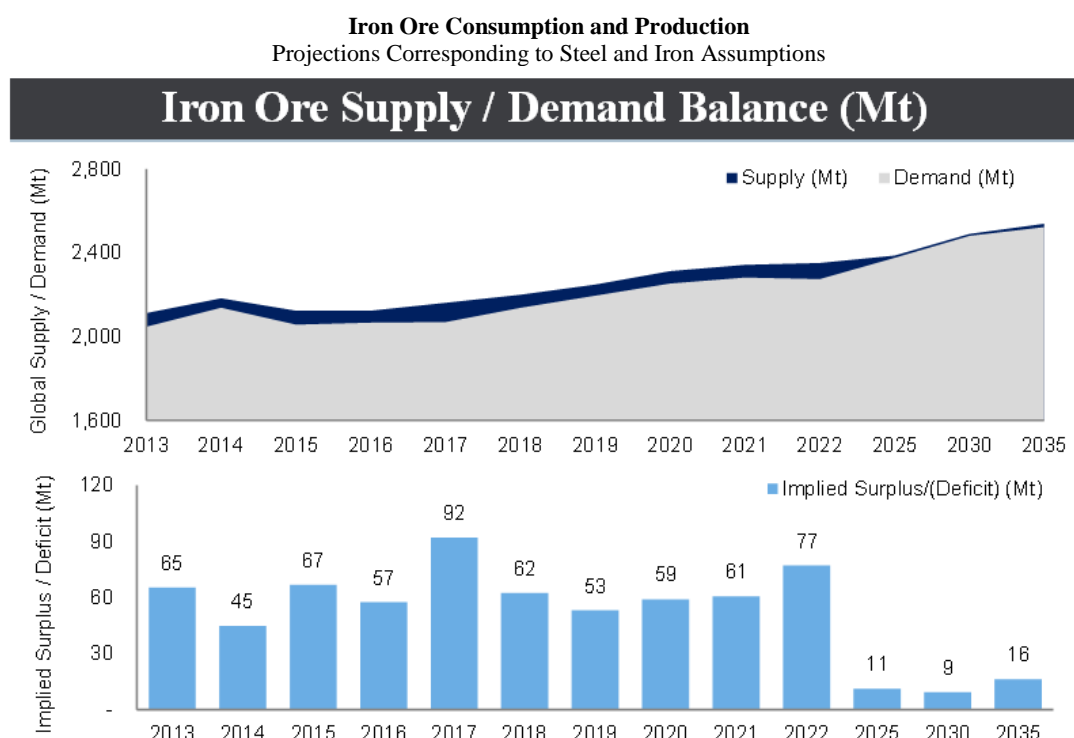
*Source: Metalytics December 2016*

Overall, these assumptions would result in annual world consumption increasing by 10% over the remainder of the decade and then a further 12% over the next 15 years to 2035. This requires an increase of almost 200 Mt over the four years to 2020 – more than twice the planned output of Vale's Carajás S11D project due to start commercial production in 2017. Over the following 15 years, annual demand would grow by around a further 275 Mt – in other words, by the end of that period, additional supply equivalent to BHP Billiton's current output from its Western Australian operations would be required. From a global perspective, this appears to be a modest target spread over that time frame; however, it will not be without challenges owing to competition for land and water use, infrastructure and investment requirements, regulatory and financing hurdles, and sovereign risk considerations.

Over the long term, Metalytics has assumed that developing countries outside of China will drive iron ore demand as China's consumption begins to decline in the 2020s. Further, India should display strong growth rates, but will not be 'another China'. Rather, by 2035, India's iron ore demand would be just below the level China reached in 2004. It should be noted that demand in other growth regions – including the Middle East, Africa, and South America – carries the risk of political instability, which may see it fall short of the projections shown in the graph below.

Metalytics' global iron ore balances are built up from country and regional analyses, with production based on producer and mine-by-mine estimates considering project plans and considerations of market effects on output levels.

In the short term, supply has overtaken demand, leading to a structural surplus. However, producers tend to focus on cost control and sustaining production and quality levels rather than expansion. Metalytics has assumed that the high-cost end of marginal production, particularly in China, will be progressively displaced by lower-cost supply to the seaborne market – especially from Australia and Brazil. Nevertheless, Metalytics has also assumed that a substantial tonnage of moderate-cost Chinese domestic production will remain over the forecast timeframe.



**Notes:**

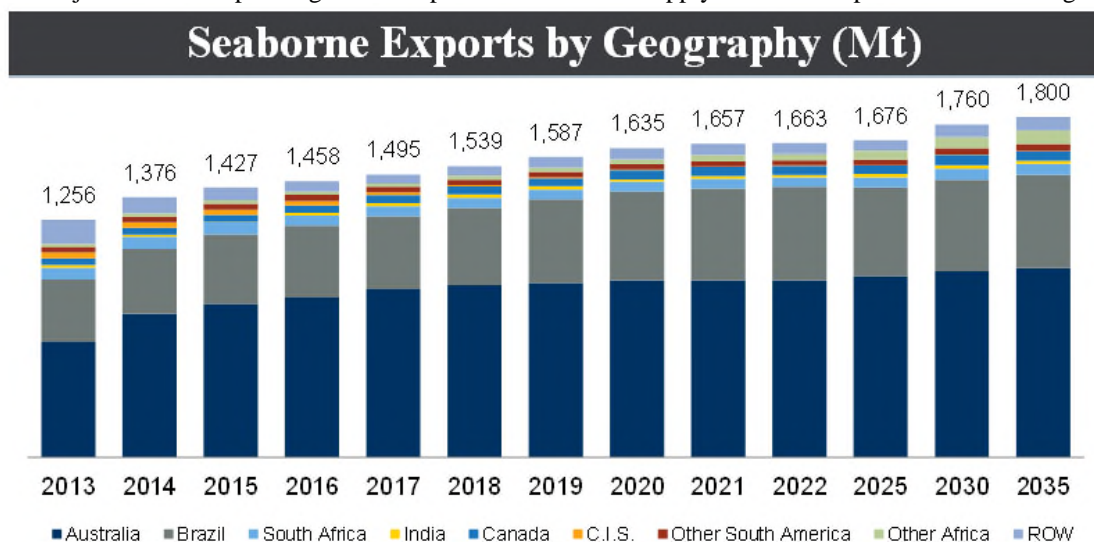
- (1) "Total Demand" accounts for stock in transit. This requirement increases or reduces as imports rise or fall, which can amplify the effect of changes in consumption.
- (2) China's iron ore production is estimated on a saleable product basis. Official statistics are reported on a raw ore or ROM basis.

*Source: Metalytics December 2016*

*Seaborne Iron Ore Trade*

Seaborne trade accounts for around 95% of current world iron ore trade and its share should rise further as the major exporting nations – Australia, Brazil, and (in a distant third place) South Africa – are separated by the world's oceans from the major iron ore markets in Asia and Europe. Some localised trade occurs around the CIS and Eastern Europe, there is cross-border trade in North America, and there is some land-based trade between China and neighbouring countries. Even so, those trade flows are influenced by the seaborne market from which they take their lead on pricing.

**Seaborne Imports and Exports**  
Projections Corresponding to Assumptions for Iron Ore Supply and Consumption in Steelmaking



**Notes:**

- (1) China excludes land-based imports from neighbouring countries
- (2) Total Seaborne Demand includes allowance for stock in transit

*Source: Metalytics December 2016*

Seaborne export projections reflect the trends in production. An exception is India, where Metalytics has assumed that production increases will mainly be directed to the domestic market, as demand outgrows local supply and the country follows China in becoming dependent on imports, owing to constraints on iron ore mining development as well as to ore quality issues. The overall projected balance for seaborne trade reflects global supply and demand differences. Surpluses below about 5% generally indicate a closely balanced market, at risk of short-term tightness if supply disruptions or surges in demand occur. Metalytics' assumptions yield a scenario (as shown above) which projects that the current surplus will be absorbed and the market then starts to come into balance by 2018, after which it remains at a balanced-to-tight level.

Longer-term, Metalytics has assumed that the legacy of cautious post-boom investment, declining reserves, and constraints on new mining development should keep the market broadly in balance (on average), although it is unlikely that supply and demand will always be synchronised – short-term disequilibria are to be expected.

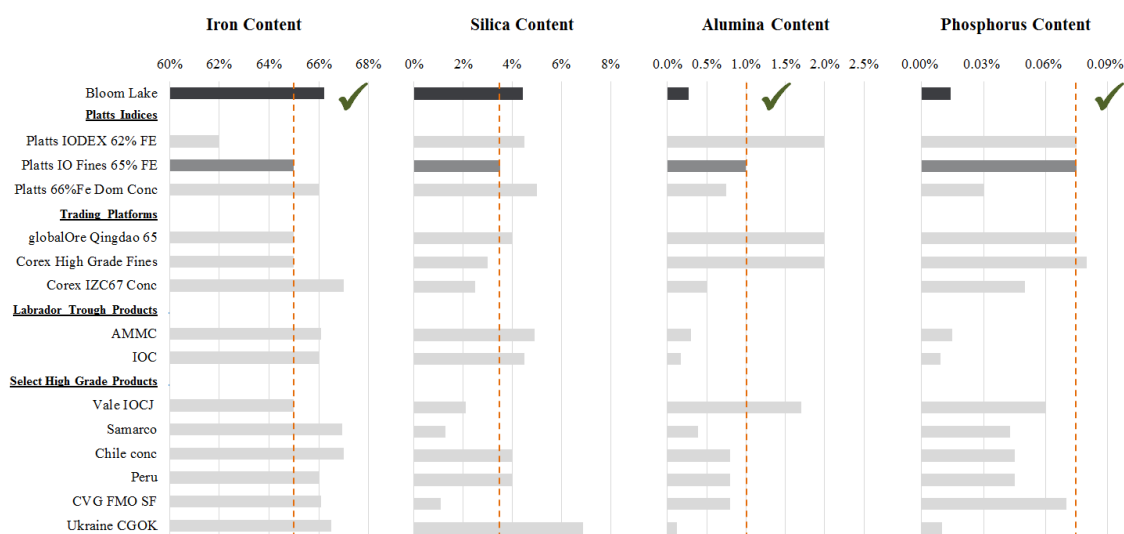
Metalytics' supply growth assumptions suggest that Australia will remain the predominant seaborne supplier, adding more than 150 Mt to annual seaborne exports by 2035, compared with over 110 Mt for Brazil. Further, that Brazil's exports would be limited by constraints on mining and infrastructure development, as well as more feed being required by the domestic steel industry over that timeframe.

While the previously touted new iron ore frontier of West Africa has failed to live up to projections, over the next 20 years there may be time for some projects to gain traction. Shipping distances from West Africa to Asia are similar to those from Brazil to Asia and, in that sense, West African projects directly compete with Brazilian supply in terms of delivered costs to Asia.

*Bloom Lake Property Market Positioning*

In the context of the Feasibility Study, the specifications for Bloom Lake iron ore concentrate were compiled and described as "typical". Iron ore producers commonly quote "typical" of "expected" specifications for their products; guaranteed or minimum/maximum levels of various components are also separately specified in sales contracts.

The following figure compares the Bloom Lake concentrate analysis with the chemistries of some reference index and trading platform specifications, along with those of some potentially competing high-grade products. Note that this is only a generalised comparison as some product specifications may have been superseded and, if current, may change. Moreover, producers often offer variations on product specifications at different times as operational and market circumstances change. Within those limitations, Metalytics considers the Bloom Lake product's iron content to be competitive in the high-grade fines market.



At 4.44%, the silica level is similar to other Canadian (Labrador Through) concentrates, higher than Brazilian and other South American products, but lower than competing products from CIS sources. It also sits below the Platts index base specification for Chinese domestic concentrate. The decline in China's iron ore production – which is generally characterised by higher silica levels – has to some extent required a rebalancing of silica in sinter feed blends, but is generally the role of low to medium grade products.

Bloom Lake concentrate has a very low alumina level, also characteristic of traditional Canadian concentrates. It could therefore be used in a blend to correct for high alumina in lower-priced ores. Phosphorus and sulphur, which are generally deleterious contaminants, are also present at very low levels – this can be quite beneficial in reducing the total load of those elements in a blast furnace raw material mix.

Geographically, Eastern Canada is at a logistical disadvantage to Brazil, the main source of high-grade products into Asian markets. On the other hand, it is well-placed to supply Europe and other Atlantic markets. Prior to Bloom Lake's shutdown in 2014, it mainly supplied China and so has a previously-established position in that market. The typically low Canadian concentrate moisture level in the Bloom Lake product is a benefit in reducing effective transport costs, when considered on a dry basis.

#### *Bloom Lake Base Case Price Estimates – CFR China Basis*

Iron ore is commonly sold on a CFR or Fee on Board (“**FOB**”) basis. Under a CFR sale, the product changes hands as it is unloaded at the arrival port and the pricing includes shipping costs. In recent years, there has been a strong trend to CFR sales, as this gives sellers control over shipping. An FOB sale is for iron ore delivered on board a vessel at the loading port, and the price is usually determined by netting back the cost of ocean freight (to China) from the CFR China price.

Shipping costs for Bloom Lake was not part of Metalytics' mandate, but the subject of a separately commissioned study. As this information is necessary for analyzing FOB netback prices, the scope of Metalytic's report is confined to pricing on a CFR (China) basis – China being where global reference prices are set.

The following represents the base case price forecasts as at December 2016 for the period to 2035 for medium grade (62% Fe) and high-grade (65% Fe) iron ore fines on a CFR China basis and corresponding estimates for 66.2% Fe Bloom Lake concentrate, also on a CFR China basis. All prices are in real 2016 terms. The inflators, based on World Bank projections, are shown with the prices.

Bloom Lake Concentrate Base Case Price Estimates Prices in US\$/dry metric ton and in Real 2016 Terms						
Year	62%Fe Index CFR China	Mid- Range Premium Per	65%Fe Index CFR China	65%Fe Index Additional High- Grade Premium	Bloom Lake Concentrate 66.2% Fe CFR China	Total Premium over Reference 62% Fe CFR China
2016	57.47	1.01	64.15	3.65	65.34	7.87
2017	55.47	0.97	62.24	3.85	63.38	7.91
2018	56.17	0.99	62.72	3.59	63.88	7.71
2019	64.81	1.15	71.13	2.87	72.44	7.63
2020	68.05	1.32	74.82	2.81	76.20	8.15
2021	68.39	1.38	75.25	2.72	76.64	8.24
2022	69.76	1.46	76.76	2.61	78.18	8.42
2023	69.76	1.46	76.78	2.63	78.20	8.44
2024	69.76	1.46	76.82	2.67	78.24	8.47
2025	70.81	1.48	77.94	2.68	79.38	8.58
2026	74.35	1.56	81.71	2.68	83.21	8.87
2027	78.06	1.64	85.65	2.68	87.24	9.17
2028	80.41	1.69	88.15	2.69	89.78	9.37
2029	80.30	1.68	88.06	2.71	89.68	9.38
2030	76.90	1.61	84.49	2.75	86.05	9.15
2031	73.83	1.55	81.26	2.79	82.76	8.93
2032	70.14	1.47	77.38	2.83	78.81	8.67
2033	63.12	1.32	69.99	2.89	71.28	8.16
2034	64.71	1.36	71.69	2.91	73.01	8.30
2035	70.30	1.47	77.62	2.90	79.05	8.75

Source: Metalitics December 2016 (Index price forecasts); Metalitics January 2017 (Bloom Lake 66.2% Fe Concentrate prices)

**Note:**

- (1) US\$/dry metric ton Per 1% Fe is an equivalent unit to US\$ per dry metric ton unit (US\$/dmu)

Metalitics' study derived the Bloom Lake concentrate prices by escalating the projected 65% Fe CFR Index prices to 66.2% Fe on a linear or *pro-rata* basis to arrive at a CFR China price. Technically, it would also be possible to consider alternative pricing adjustments using price differentials to account for the difference in silica levels (4.44% in the Bloom Lake concentrate as against 3.5% in the Platts 65% Index specification), alumina levels (0.27% for Bloom Lake concentrate versus 1.0% for the Platts 65% Index), and phosphorus (Bloom Lake at 0.014% versus Platts 65% Fe at 0.075%). Platts publishes differential price indices for all of these, however they are assessed at higher content levels than contained in the specifications for Bloom Lake concentrate and the Platts 65% Fe index. Similarly, the per 1% Fe differential could be used to adjust the index price for iron grade rather than by *pro-rata* escalation. Both methods are used in international trade.

In the case of Bloom Lake concentrate at the given specification, Metalitics concludes that there would be only small differences between adjusting the 65% Fe index using differentials and using the simple *pro-rata* method shown in Table 19-12. The results on average differed by 0.3% over the period (given assumptions about future differentials levels), which does not justify the extra complication and hypotheses required for the differential adjustment method. It mainly is reflective of the higher silica of Bloom Lake concentrate being significantly offset by lower alumina and phosphorus. In practice, there are many pricing parameters that are far more significant, including actual delivered grade variation and precision of the forecast. Projecting future chemistry differentials is especially problematic as they influenced by many factors that are difficult to predict. While silica and alumina play important roles in the sintering process and the removal of phosphorus and sulphur add to steel plant operating costs, iron content is clearly the primary driver of value as iron is the principal ingredient required to make steel. The *pro-rata* adjustment is identical to the long-practiced industry method of adjusting sales prices on a US\$/dmu (dry metric ton unit) basis. A dmu is 1% Fe per dry tonne.

The following graph presents price trends and forecasts for different grade scenarios on a CFR China basis:



## RECENT DEVELOPMENTS

With the completion and filing of the Bloom Lake Property feasibility study earlier in 2017, demonstrating that mining operations at the Bloom Lake Property are financially viable, Champion has focused on securing the financing required for the restart of the Bloom Lake Property mine.

### *Financing Transactions*

On May 17, 2017, to finance required upgrades to the tailings management system, other process plant upgrades and long-lead items in connection with the recommencement of operations at the Bloom Lake Property mine, the Corporation arranged, on behalf of QIO, a \$40,000,000 bridge financing, comprised of debt of \$26,000,000 (the “**Bridge Debt Financing**”) and equity of \$14,000,000 (the “**Bridge Equity Financing**”). The Bridge Debt Financing consists of a one-year term loan, with Sojitz providing \$20,000,000 and Ressources Québec Inc. (“**RQ**”), acting as a mandatory of the Government of Québec and the current holder of approximately 9.7% of the Ordinary Shares, providing \$6,000,000. The Bridge Equity Financing consists of a proportionate contribution of \$8,848,000 and \$5,152,000 from the Corporation and RQ (acting as a mandatory of the Government of Québec), respectively, as shareholders of QIO. Any amount outstanding under the Bridge Debt Financing is expected to be reimbursed concurrently with the closing of the QIO Debt Financing.

In connection with its \$8,848,000 equity contribution into QIO, the Corporation completed the sale of a \$10,000,000 unsecured convertible debenture bearing interest at the rate of 8% payable quarterly and maturing on June 1, 2018 (“**Debenture**”). The Debenture is convertible at the option of the holder at any time into Ordinary Shares at a conversion price of \$1.00 per Ordinary Share. Should the Corporation not complete a master financing of a minimum of \$212,000,000 (“**Master Financing**”) by November 30, 2017, the conversion price will be adjusted to the lesser of \$1.00 or the 5-day volume-weighted average trading price of Ordinary Shares on the TSX determined as of the date of conversion. The maximum number of Ordinary Shares that may be issued upon conversion of the Debenture is 50,000,000 Ordinary Shares, with the balance of the unconverted principal amount of the Debenture to be repaid in cash or converted into a proportion of the Royalty (as defined hereinafter) at the option of the Corporation. If the principal amount is not repaid in full on or before June 1, 2019, the holder will have the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on the Bloom Lake Property (the “**Royalty**”). Following completion of the Master Financing, the principal amount of the Debenture may be prepaid in whole or in part by the Corporation subject to a minimum payment representing 6 months of interest.

Following the completion of the bridge financing, QIO and Champion announced, on July 12, 2017, that they have obtained further debt financing conditional commitments for up to US\$180 million to partially fund the costs of resuming the operations of the Bloom Lake Property. The US\$180 million total debt financing conditional commitments (the “**QIO Debt Financing**”) are comprised of two tranches: (i) a US\$80 million 5-year senior secured loan to be



provided by Sprott Private Resource Lending (Collector), LP (“**Sprott Resource Lending**”), carrying interest at a rate of 7.5% plus the greater of US\$ 3 month LIBOR and 1% per annum; and (ii) a US\$100 million 7-year subordinated loan to be provided by the Caisse de dépôt et placement du Québec (“**Caisse**”) or one of its subsidiaries, carrying interest at a rate of 12% for the first year and thereafter at an interest rate linked to the price of iron ore for subsequent years. The QIO Debt Financing is conditional upon the execution of definitive documentation, the Corporation and QIO securing all financing requirements for the restart of the Bloom Lake Property mine, of which the Offering is a component, and the satisfaction of other customary closing conditions. The definitive documentation for the QIO Debt Financing has not been finalized, and the terms may be subject to changes, and differ from the summary terms disclosed in this short form prospectus, and in any event are expected to include restrictive covenants that may limit the Corporation’s ability to operate its business and to take certain actions such as, without limitation, the ability to: (i) incur additional indebtedness; (ii) create any encumbrance against any of its properties or assets, or permit any of the Corporation’s subsidiaries to directly or indirectly create any encumbrance against any of their properties or assets; (iii) declare or provide for any dividends or other payments or distributions based on share capital; (iv) hold less than 63.16% of the shares of QIO; (v) make any payments to shareholders or affiliates; and (vi) guarantee the obligations of any other person, directly or indirectly, other than as permitted under the QIO Debt Financing documentation.

Pursuant to the QIO Debt Financing, it is expected that Sprott Resource Lending will be issued 3 million ordinary share purchase warrants and Caisse will be issued 21 million ordinary share purchase warrants (collectively, the “**Loan Warrants**”), subject to the approval of Champion’s shareholders at the annual and special meeting to be held on August 18, 2017. It is intended that the exercise price of the Loan Warrants will be at a 25% premium to the lesser of \$1.05 (being the closing price of the Ordinary Shares on the TSX on July 12, 2017) and the Offering Price. In the event that the Loan Warrants are not approved by Champion’s shareholders, an aggregate monetary compensation in an amount equal to 125% of the value of the Loan Warrants, calculated using a Black-Scholes pricing model (estimated at approximately \$19,350,000 if calculated using the closing price as of July 12, 2017 of \$1.05 per Ordinary Share) would be paid to Caisse and Sprott. As Champion will be responsible for issuing the Loan Warrants to Sprott Resource Lending and Caisse, it will be compensated by RQ, a wholly owned subsidiary of Investissement Québec, commensurate with their 36.8% interest in QIO.

One of the conditions of the QIO Debt Financing requires the Corporation and QIO to secure all financing requirements for the restart of the Bloom Lake Property mine. In that context, Champion and RQ are required to contribute financially to support the resumption of operations at Bloom Lake by making capital contributions to QIO of approximately \$72 million. The Fonds Capital Mines Hydrocarbures (“**CMH**”), managed by RQ, has issued a letter of intent to provide for RQ’s 36.8% capital contribution representing \$26.2 million (the “**CMH Investment**”), subject to final approval from the Québec Government Cabinet. Champion intends to use a portion of the proceeds of the Offering to fund its \$44.8 million capital contribution. It is anticipated that when the Corporation’s capital contribution is made, the QIO Debt Financing will become fully available and then CMH will have until September 29, 2017 to fund the CMH Investment.

#### *Other Developments*

On May 1, 2017, QIO signed the Off-Take Agreement with 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 Property mine. The Off-Take Agreement is for an initial five-year term from the date that commercial operations commence at Bloom Lake Property mine and shall automatically extend for successive terms of five-years.

On July 15, 2017 CIML entered into a settlement agreement (the “**Settlement Agreement**”) providing for the settlement, without admission, of its dispute with the Port of Sept-Îles (the “**Port**”) concerning the July 13, 2012 agreement between CIML and the Port (the “**2012 Agreement**”). The Settlement Agreement is conditional upon closing of the QIO Debt Financing and closing of the Offering. The Settlement Agreement provides for payments by CIML or QIO to settle in full the original \$19,581,000 claim of the Port on account of the “buy-in” payment under the 2012 Agreement, as well as certain ancillary amounts by December 1, 2017. These payments and the \$6,000,000 deposit previously made by CIML will be considered advances on future shipping, wharfage and equipment fees of QIO under the 2012 Agreement. The additional payments will incur interest from the date the settlement agreement was signed through to the time the relevant payments are made. All additional payments are, like the settlement itself, conditional on the closing of the QIO Debt Financing and the Offering. The Settlement Agreement also provides for take-or-pay payments to commence on

January 1, 2018. Should QIO not complete the Master Financing required in order to restart commercial operations at Bloom Lake, the parties have agreed that their respective positions will revert back to those previously adopted in the arbitration process.

## CONSOLIDATED CAPITALIZATION

The following table summarizes the Corporation's capitalization as at June 30, 2017 both before and after giving effect to the Offering and the Financing Transactions.

Description	Outstanding as at June 30, 2017 (Unaudited)	Outstanding as at June 30, 2017 after giving effect to the Offering and the Financing Transactions <sup>(1)(2)(3)</sup>
Shareholders' Equity	\$87,535,760	\$●
Number of Ordinary Shares	387,084,339	● <sup>(4)</sup>
Share Rights	1,250,000	1,250,000
Stock Options	37,950,000	37,950,000
Number of Loan Warrants	-	24,000,000
Long-term Debt	\$36,672,314	\$●
<b>Total Capitalization</b>	<b>\$124,208,074</b>	<b>\$●</b>
<p>(1) Based on the issuance of ● Subscription Receipts for aggregate Gross Proceeds of \$●, less the Underwriters' Commission of \$● and expenses of the Offering, estimated at \$1,000,000.</p> <p>(2) Assuming the Escrow Release Conditions are satisfied or waived and all of the Subscription Receipts are exchanged for Underlying Shares.</p> <p>(3) Assuming the Loan Warrants are issued.</p> <p>(4) Up to ● Ordinary Shares if the Over-Allotment Option is exercised in full for aggregate Gross Proceeds of up to \$●, less the Underwriters' Commission of \$● and expenses of the Offering, estimated at \$1,000,000.</p>		

## USE OF PROCEEDS

The estimated Net Proceeds to be received by the Corporation under the Offering will be approximately \$● (up to approximately \$● if the Over-Allotment Option is exercised in full), after deducting the Underwriters' Commission and the estimated expenses and costs in connection with the Offering of approximately \$●.

Immediately following the Offering Closing Date, the Escrowed Proceeds will be delivered to and held in escrow by the Subscription Receipt Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada or Other Investments approved in writing by the Corporation and RBC, on its own behalf and on behalf of the other Underwriters, until the earlier of the satisfaction of the Escrow Release Conditions and the Termination Date. If the Escrow Release Conditions are satisfied or waived prior to the occurrence of a Termination Event, upon release of the Escrowed Proceeds by the Subscription Receipt Agent, the Corporation intends to use the Net Proceeds of the Offering and other available funds together with the gross proceeds of the conditional commitments for QIO Debt Financing of US\$180,000,000 as described in the following tables, which set out details with respect to the estimated capital expenditure for the Bloom Lake Property as indicated in the Feasibility Study.

The QIO Debt Financing is, amongst other conditions, conditional upon the Corporation contributing a minimum of \$44,800,000 in equity to QIO. \$44,800,000 of the Net Proceeds will be used for the capital contribution to QIO, which in turn will use such capital contribution to fund a portion of the restart of the Bloom Lake Property, and the balance of \$● (\$● if the Over-Allotment Option is exercised in full) will be used for general corporate purposes.

The following significant events must occur for the restart of the Bloom Lake Property mine to be accomplished: (i) commencement of plant upgrade; (ii) initiation of the restart implementation process; and (iii) finalization of the Off-Take Agreement and logistics. Such events are expected to occur before the 2017 fiscal year end, and the restart of the Bloom Lake Property mine is expected to occur during the first fiscal quarter of 2018.

All numbers in the following table are rounded to million \$.

## Proposed Sources of Funds

	\$
<b>QIO Equity</b>	
Equity Bridge Financing (executed)	14.0
Equity participation by Champion Iron Limited (to be completed)	44.8
Equity participation by Ressources Québec (to be completed)	26.2
<b>TOTAL EQUITY</b>	<b>85.0</b>
<b>Railcar financing (US\$30,135,000)<sup>(1)</sup> and inspection</b>	<b>39.8<sup>(2)</sup></b>
<b>QIO Debt Financing in USD (to be completed)</b>	
Sprott Private Resource Lending (US\$80,000,000)	100.0 <sup>(3)</sup>
Caisse de Depot et Placement du Québec (US\$100,000,000)	125.0 <sup>(3)</sup>
<b>TOTAL DEBT</b>	<b>264.8<sup>(4)</sup></b>
<b>TOTAL FINANCING (EQUITY AND DEBT)</b>	<b>349.8</b>

(1) 3-year loan provided by Canadian Iron Railcar Leasing LP for an amount of US\$28,259,470 bearing interest at Libor plus 1.75% and the balance was funded by the Corporation.

(2) Assumes a conversion of United States dollars into Canadian dollars of US\$1.00 to \$1.3158.

(3) Assumes a conversion of United States dollars into Canadian dollars of US\$1.00 to \$1.25.

(4) Assumes the repayment of the Bridge Debt Financing.

## Uses of Funds

	\$
<b>Total mine plant upgrade capital cost, including:</b>	<b>157.2</b>
Earthworks	14.3
Mining	41.9
Mechanical equipment	64.3
Electrical equipment	0.6
Conduit and Cable Tray	0.2
Wire and Cable	2.3
Instrumentation	1.3
Construction Indirects	6.2
EPCM	7.8
Contingency	8.1
Owner Cost, including Risk	10.2
<b>Owners cost (staffing plan output)</b>	<b>16.6</b>
<b>Front-end participation cost<sup>(1)</sup></b>	<b>40.0</b>
<b>Rail-car purchase and inspection</b>	<b>39.8</b>
<b>Working capital</b>	<b>42.4</b>
<b>Opex first 3 months of operations</b>	<b>30.8</b>
<b>SUBTOTAL</b>	<b>326.8</b>
<b>Contingency reserve and general corporate purposes</b>	<b>23.0</b>
<b>TOTAL</b>	<b>349.8</b>

(1) Includes the payments under Settlement Agreement with the Port representing approximately \$22.4 million to occur concurrently with the closing of the Master Financing.

The Corporation believes that its intended use of the Net Proceeds is consistent with the Corporation's business strategy to carry on business as a resources exploration company.

The Corporation's management will have significant flexibility and discretion in applying the Net Proceeds from the Offering. If an unforeseen event occurs, business conditions change, or for other business reasons, the Net Proceeds from the Offering may be used differently than as described above. To the extent that the Net Proceeds the Corporation receives from this Offering are not immediately applied for the above purposes, the Corporation intends to invest the Net Proceeds in short-term, interest bearing, debt instruments or bank deposits.

### *Negative Cash Flows*

The Corporation has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of \$135,697,680 as at June 30, 2017. Values attributed to the Corporation's assets may not be realizable. The Corporation has a limited history and its ability to continue as a going concern depends upon a number of significant variables. The amounts attributed to the Corporation's properties in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value. Further, the Corporation has no proven history of performance, revenues, earnings or success. As such, the Corporation's ability to continue its activities is dependent upon the existence of economically recoverable resources, the ability of the Corporation to obtain the

necessary financing to complete the development of its interests and future profitable production or, alternatively, upon the Corporation's ability to dispose of its interests on a profitable basis.

## **PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement to be entered into between the Corporation and the Underwriters, the Corporation will agree to sell, and the Underwriters will severally (and not jointly, nor jointly and severally) agree to purchase, as principals or cause to be purchased, on the Offering Closing Date, ● Subscription Receipts at the Offering Price for aggregate Gross Proceeds of \$●, subject to compliance with all necessary legal requirements and the terms and conditions of the Underwriting Agreement. The Offering Price will be determined by arm's length negotiations between the Corporation and the Underwriters, with reference to the prevailing market price of the Ordinary Shares.

The Corporation has also granted the Underwriters the Over-Allotment Option, exercisable, in whole or in part, in the sole discretion of the Underwriters for a period of 30 days from the Offering Closing Date, to purchase up to ● Over-Allotment Subscription Receipts at the Offering Price.

The obligations of the Underwriters under the Underwriting Agreement will be several and not joint (nor joint and several) and may be terminated at their discretion on the basis of the "market-out", "disaster-out", regulatory-out" and "material change" termination provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events as set out in the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for (or cause the payment for) all of the Subscription Receipts if any of the Subscription Receipts are purchased under the Underwriting Agreement. The Underwriters may offer selling group participation to other registered dealers, with compensation to be negotiated between the Underwriters and such selling group participants, but at no additional cost to the Corporation. Pursuant to the terms of the Underwriting Agreement, the Corporation will agree to indemnify the Underwriters, their affiliates and their respective directors, employees, shareholders and agents against certain liabilities and expenses and to contribute to payments that the Underwriters may be required to make in respect thereof.

In consideration for the services provided by the Underwriters in connection with the Offering and pursuant to the terms of the Underwriting Agreement, the Corporation will pay the Underwriters' Commission, equal to ●% of the aggregate Gross Proceeds of the Offering (including in respect of any Over-Allotment Subscription Receipt sold upon exercise of the Over-Allotment Option). 50% of the Underwriters' Commission will be payable upon the Offering Closing (and, as applicable, upon the closing of the exercise of the Over-Allotment Option). The remaining 50% of the Underwriters' Commission will be deposited into escrow with the Subscription Receipt Agent and will be payable only upon satisfaction of the Escrow Release Conditions. If a Termination Event occurs, the Underwriters will not be entitled to receive the remaining 50% of the Underwriters' Commission.

The Underwriters propose to offer the Subscription Receipts to the public initially at the Offering Price. Without affecting the firm obligation of the Underwriters to purchase the Subscription Receipts in accordance with the Underwriting Agreement, the Underwriters may decrease the Offering Price of the Subscription Receipts which they sell under this short form prospectus after they have made a reasonable effort to sell all such Subscription Receipts at the Offering Price. The sale by the Underwriters of Subscription Receipts at a price of less than the Offering Price will have the effect of reducing the compensation realized by the Underwriters by the amount that the aggregate price paid by the purchasers for Subscription Receipts is less than the gross proceeds paid by the Underwriters for the Subscription Receipts.

Pursuant to applicable Canadian and U.S. regulatory restrictions, the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts for their own account. These restrictions allow certain exceptions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts. These exceptions include a bid or purchase for Subscription Receipts permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering the Underwriters may undertake transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Offering is being made in all the provinces of Canada. The Subscription Receipts will be offered in such provinces through those Underwriters or their affiliates who are registered to offer the Subscription Receipts for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer the Subscription Receipts outside of Canada.

This short form prospectus is not a prospectus, product disclosure statement or disclosure document for the purposes of the Corporations Act. It has not been lodged with the Australian Investments and Securities Commission, or otherwise. The Offering will only be made in Australia to professional investors or sophisticated investors (as those terms are defined by section 708(8) and (11) of the Corporations Act).

Subject to the provisions of the Underwriting Agreement, concurrently with the Offering, the Subscription Receipts may be offered and sold in the United States in reliance on applicable private placement exemptions under United States federal and state securities laws. The offer and sale of the Subscription Receipts have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Subscription Receipts may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell the Subscription Receipts within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Subscription Receipts they will have acquired pursuant to the Underwriting Agreement to “qualified institutional buyers”, as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”), in the United States in accordance with Rule 144A and similar exemptions under applicable U.S. state securities laws. The Underwriting Agreement also provides that the Underwriters will offer and sell the Subscription Receipts outside the United States in accordance with Rule 903 of Regulation S promulgated under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subscription Receipts within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

In connection with the Offering, certain of the Underwriters or securities dealers may distribute this short form prospectus electronically.

The Corporation will not, directly or indirectly, issue, sell, grant any option for the sale of, or otherwise dispose or monetize, or offer to announce any intention to do so, in a public offering or by way of private placement or otherwise, any Ordinary Shares, or any securities convertible or exchangeable into Ordinary Shares, for a period of 90 days after the Offering Closing Date, without the prior written consent of RBC, on behalf of the Underwriters, such consent not to be unreasonably withheld, except in conjunction with: (i) the Offering; (ii) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Corporation and other share compensation arrangements including the grant of the Loan Warrants to Caisse and Sprott Resources Lending; or (iii) obligations of the Corporation in respect of existing convertible instruments issued at the date hereof.

In addition, pursuant to the Underwriting Agreement, the Corporation will agree to use its best efforts to cause its directors and officers to enter into agreements in favour of the Underwriters, pursuant to which each of such individuals will agree, not to sell, grant any option for the sale of, or otherwise dispose or monetize, or offer to announce any intention to do so, in a public offering or by way of private placement or otherwise, any Ordinary Shares, or any securities convertible or exchangeable into Ordinary Shares, for a period of 90 days after the Offering Closing Date, without the prior written consent of RBC, on behalf of the Underwriters, such consent not to be unreasonably withheld. Notwithstanding these restrictions on transfer, the Corporation’s directors and officers may undertake any of the following transfers: (i) by way of pledge or security interest, provided that the pledgee or beneficiary of the security interest agrees in writing with RBC to be bound by such agreement for the remainder of its term; or (ii) any transfer of Ordinary Shares pursuant to a bona fide third party take-over bid, merger, plan of arrangement or other transaction made to all holders of Ordinary Shares provided that in the event that the take-over bid, merger, plan of arrangement or other such transaction is not completed, the Ordinary Shares shall remain subject to these restrictions.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is anticipated that the Subscription Receipts and Underlying Shares will be issued, registered and deposited in electronic form with CDS or its nominee pursuant to the book-based system. Except in limited circumstances, no beneficial holder of Subscription Receipts or Underlying Shares will receive definitive certificates representing their interest in the Subscription Receipts or Underlying Shares and beneficial holders of Subscription Receipts or Underlying Shares will receive only a customary confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts or Underlying Shares is acquired.

The Corporation will apply to list the Subscription Receipts and the Underlying Shares on the TSX. Listing of the Subscription Receipts and the Underlying Shares will be subject to the Corporation fulfilling the listing requirements of the TSX. The Corporation will also apply for quotation of the Underlying Shares on the ASX. Closing of the Offering is subject to receipt of the prior approval of the Offering by the TSX and other customary closing conditions.

## **RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS**

One of the Underwriters, Sprott Private Wealth LP, is an affiliate of Sprott Resource Lending, which has made a conditional commitment to provide a US\$80 million 5-year senior secured loan to QIO as part of the QIO Debt Financing. See “*Recent Developments – Financing Transactions*”. The Corporation also proposes to issue a number of Loan Warrants to Sprott Resource Lending in connection with the QIO Debt Financing. Consequently, the Corporation may be considered to be a connected issuer to Sprott Private Wealth LP. Sprott Resource Lending was not involved in the decision to offer, or in the determination of the terms of the Offering of, the Subscription Receipts.

## **DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED**

### **Subscription Receipts**

#### *General*

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Subscription Receipt Agreement, which will be filed by the Corporation on SEDAR at [www.sedar.com](http://www.sedar.com) following the Offering Closing Date.

#### *Escrowed Proceeds*

The Escrowed Proceeds will be delivered to and held in escrow by the Subscription Receipt Agent as agent and bailee on behalf of the holders of Subscription Receipts and invested in short-term obligations of, or guaranteed by, the Government of Canada or Other Investments, provided that such short-term obligations or Other Investments are qualified investments within the meaning of the Tax Act, approved in writing by the Corporation and RBC, on its own behalf and on behalf of the other Underwriters, until the earlier of the satisfaction of the Escrow Release Conditions and the Termination Date.

#### *Terms of Subscription Receipts*

If the Escrow Release Conditions are satisfied or waived prior to the occurrence of a Termination Event, the Escrowed Proceeds will be released to the Corporation (along with any Earned Interest thereon) upon delivery of a certificate by the Corporation to the Underwriters and Subscription Receipt Agent certifying that the Escrow Release Conditions have been satisfied (or waived) (the “**Escrow Release Notice**”).

Upon execution and delivery of the Escrow Release Notice to the Subscription Receipt Agent: (a) the Subscription Receipt Agent will (i) release the Escrowed Proceeds to the Corporation, together with the Earned Interest and (ii) remit to the Underwriters the remaining 50% of the Underwriters’ Commission; and (b) the holders of Subscription Receipts will automatically receive, without payment of additional consideration or further action, one Underlying Share for each Subscription Receipt held.

If a Termination Event occurs prior to the satisfaction or waiver of the Escrow Release Conditions, the Corporation shall forthwith provide written notice to the Underwriters and the Subscription Receipt Agent, and shall issue a press release setting forth the Termination Date. Upon the occurrence of a Termination Event, the rights evidenced by each Subscription Receipt shall be automatically terminated and cancelled without any further action and holders of Subscription Receipts shall, no later than the second (2<sup>nd</sup>) Business Day following the Termination Date, be entitled to receive from the Subscription Receipt Agent, and the Corporation where applicable, a repayment of an amount equal to the Offering Price multiplied by the number of Subscription Receipts held by such holder, together with interest equal to their *pro rata* share of the Earned Interest and the Deemed Interest, less applicable withholding taxes, if any.

In the event that the Gross Proceeds are required to be remitted to purchasers of Subscription Receipts, the Corporation has agreed to pay and deliver to the Subscription Receipt Agent as soon as practicable, and in any event no later than the second (2<sup>nd</sup>) Business Day following the Termination Date, (i) an amount equal to 50% of the Underwriters' Commission and (ii) an amount equal to the Deemed Interest, such that 100% of the Gross Proceeds would be repaid to purchasers of Subscription Receipts. Further, to the extent that the Escrowed Proceeds, the Earned Interest and the other amounts referred to above are insufficient to remit the Gross Proceeds to purchasers of Subscription Receipts, the Corporation will be required to contribute such amounts as are necessary to satisfy any shortfall. For greater certainty, despite the fact that 50% of the Underwriters' Commission will be paid by the Corporation to the Underwriters from the Gross Proceeds at the Offering Closing Date, the Corporation will nonetheless, in the event the Escrow Release Conditions are not satisfied or waived prior to the occurrence of a Termination Event, be responsible to repay each holder of a Subscription Receipt for an amount equal to the Offering Price multiplied by the number of Subscription Receipts held by such holder, together with interest equal to their *pro rata* share of the Earned Interest and the Deemed Interest, less applicable withholding taxes, if any.

Pursuant to the Subscription Receipt Agreement, the Corporation will not declare or pay any dividend in cash, or make any distribution of cash, on all or substantially all of the Ordinary Shares of the Corporation prior to the earlier of the Termination Date and the Escrow Release Date.

#### *Amendments, Modifications or Alterations*

From time to time while the Subscription Receipts are outstanding, the Corporation, RBC and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Subscription Receipt Agent, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement provides for the making of other modifications and alterations thereto and to the terms of the Subscription Receipts issued thereunder by way of a special resolution. The term "special resolution" is defined in the Subscription Receipt Agreement to mean a resolution passed by the affirmative votes of the holders of not less than 66 ⅔% of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders or an instrument or instruments in writing signed by the holders of not less than 66 ⅔% of the number of outstanding Subscription Receipts.

#### *Book-Based, Delivery and Form of Subscription Receipts and Underlying Shares*

It is anticipated that the Subscription Receipts and the Underlying Shares will be issued, registered and deposited in electronic form with CDS or its nominee pursuant to the book-based system. Except in limited circumstances, no beneficial holder of Subscription Receipts or Underlying Shares will receive definitive certificates representing their interest in the Subscription Receipts or Underlying Shares and beneficial holders of Subscription Receipts or Underlying Shares will receive only a customary confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts or Underlying Shares is acquired.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and those contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS, and persons, other



than CDS Participants, having an interest in the Subscription Receipts must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Subscription Receipts.

The Underlying Shares issued upon the exchange of the Subscription Receipts will be deposited in electronic form with CDS or its nominee pursuant to the book-based system. On the date the Escrow Release Conditions are satisfied or waived, the Corporation, via its transfer agent, will electronically deliver the Underlying Shares registered to CDS or its nominee. All rights of shareholders who hold Underlying Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled, will be made or delivered by CDS or the CDS Participant through which the shareholder holds such Underlying Shares. A holder of an Underlying Share participating in the book-based system will not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Underlying Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS Participant. The ability of a beneficial owner of Underlying Shares to pledge such Underlying Shares or otherwise take action with respect to such owner's interest in such Underlying Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

#### *Holders of Subscription Receipts are Not Shareholders*

Holders of Subscription Receipts are not, as such, shareholders of the Corporation and will not have any voting or pre-emptive rights or other rights as shareholders. From and after the date the Escrow Release Conditions are satisfied or waived, the former holders of Subscription Receipts will be entitled as holders of Underlying Shares to receive dividends declared by the Corporation, if any, to vote and to all other rights available to holders of Ordinary Shares.

#### **Ordinary Shares**

The Corporation is incorporated under the Corporations Act and currently has two classes of shares on issue being fully paid shares (the Ordinary Shares) and a special voting share (the "**Special Voting Share**"). As of July 26, 2017, there were 387,084,339 Ordinary Shares and one Special Voting Share issued and outstanding. There are no partly paid shares on issue.

The Corporation does not have an authorized share capital as the requirement for a corporation to state an authorized share capital was repealed in Australia in 1998. Subject to compliance with the Corporations Act and the ASX Listing Rules, the legal ability of the Corporation to raise capital and the number of Ordinary Shares that it may issue is unlimited, provided, however that in accordance with the rules of the ASX, the maximum number of Underlying Shares that may be issued under the Offering may not exceed 57,890,151. The rights attaching to Ordinary Shares are set out in the Constitution of the Corporation and are regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and laws of general application.

The rights attaching to Ordinary Shares are summarized in the AIF. This summary is not exhaustive and does not constitute a definitive statement of the rights attaching to the holders of Ordinary Shares.

#### *Special Rights*

Pursuant to subscription agreements (the "**Subscription Agreements**") entered into between the Corporation and each of WC Strategic Opportunity, L.P. ("**Wynnchurch**") and Resource Capital Fund VI LP ("**RCF**") in connection with a private placement of Ordinary Shares completed on April 11, 2016 (the "**2016 Private Placement**") and subject to certain terms and conditions, each of Wynnchurch and RCF has been granted the following rights if it holds more than 10% of the issued and outstanding Ordinary Shares:

1. The right to designate one nominee for election or appointment to the board of directors of the Corporation and the Corporation has agreed to include such nominee in the slate of directors presented at any meeting of shareholders at which directors are to be elected; and
2. The Corporation has undertaken not to grant any stock options unless such grant is unanimously approved by the board of directors of the Corporation.

The Subscription Agreements contain pre-emptive rights in favour of Wynnchurch and RCF in relation to any equity raising proposed by the Corporation for so long as each of Wynnchurch and RCF has an undiluted equity interest of at least 10% in the Corporation. These pre-emptive rights are expressed to be subject to the approval of ASX. As ASX has declined to grant the required approval these pre-emptive rights are not operative.

## PRIOR SALES

The following table sets out the details of the issuance by the Corporation of Ordinary Shares and securities convertible or exchangeable into Ordinary Shares during the 12-month period before the date of this short form prospectus:

Security	Number	Price	Issuance Date
Options <sup>(1)</sup>	500,000	A\$0.30 <sup>(8)</sup>	November 4, 2016
Ordinary Shares <sup>(2)</sup>	110,002	N/A	November 9, 2016
Ordinary Shares <sup>(2)</sup>	4,407	N/A	January 30, 2017
Ordinary Shares <sup>(3)</sup>	1,000,000	A\$0.50 <sup>(8)</sup>	April 6, 2017
Options <sup>(4)</sup>	1,650,000	A\$1.00 <sup>(8)</sup>	May 25, 2017
Share Rights <sup>(5)</sup>	1,250,000	N/A	May 25, 2017
Convertible Debenture <sup>(6)</sup>	10,000,000	N/A	June 1, 2017
Ordinary Shares <sup>(2)</sup>	150,000	A\$0.50 <sup>(8)</sup>	June 23, 2017
Share Rights <sup>(5)</sup>	1,000,000	N/A	July 11, 2017
Options <sup>(7)</sup>	600,000	A\$1.08 <sup>(8)</sup>	July 11, 2017

(1) Grant of options under the Corporation's share incentive plan exercisable at a price of A\$0.30 per Ordinary Share until November 4, 2019.

(2) Ordinary Shares issued upon redemption of exchangeable shares of Champion Exchange Limited in accordance with their terms.

(3) Ordinary Shares issued upon exercise of options.

(4) Grant of options under the Corporation's share incentive plan exercisable at a price of A\$1.00 per Ordinary Share until May 25, 2020.

(5) Grant of Share Rights under the Corporation's share incentive plan vesting on the satisfaction of vesting conditions set by the Board of Directors of the Corporation.

(6) \$10,000,000 principal amount of Debenture convertible at the option of the holder at any time into Ordinary Shares at a conversion price of \$1.00 per Ordinary Share, subject to adjustment in certain circumstances. See "Recent Developments".

(7) Grant of options under the Corporation's share incentive plan exercisable at a price of A\$1.08 per Ordinary Share until July 11, 2020.

(8) The exchange rate on July 31, 2017 as reported by the Bank of Canada for the conversion of Canadian dollars into Australian dollars was \$1.00 to A\$1.0036.

## TRADING PRICE AND VOLUME

The Ordinary Shares are traded on the TSX and on the ASX under the symbol "CIA".

The following table provides the price ranges and trading volume of the Ordinary Shares on the TSX for the periods indicated below:

	Price Ranges		Total Cumulative Volume
	High (\$)	Low (\$)	
July 2016	\$0.250	\$0.215	2,294,214
August 2016	\$0.250	\$0.230	2,146,995
September 2016	\$0.245	\$0.225	1,544,881
October 2016	\$0.280	\$0.225	2,811,418
November 2016	\$0.500	\$0.235	17,177,559
December 2016	\$0.485	\$0.400	6,927,883
January 2017	\$1.470	\$0.455	52,691,584
February 2017	\$1.400	\$0.850	27,064,081

	Price Ranges		Total Cumulative Volume
	High (\$)	Low (\$)	
March 2017	\$1.120	\$0.870	9,845,175
April 2017	\$1.210	\$0.920	8,442,371
May 2017	\$1.050	\$0.860	4,403,349
June 2017	\$1.050	\$0.850	4,988,668
July 1 - 31, 2017	\$1.180	\$0.960	4,664,851

## RISK FACTORS

**An investment in the Corporation's securities involves risk. Before you invest in the Subscription Receipts, you should carefully consider the risks contained in or incorporated by reference into this short form prospectus, including the risks described below and in the AIF and Annual MD&A, which are incorporated by reference into this short form prospectus.** The discussion of risks related to the business of the Corporation contained in or incorporated by reference into this short form prospectus comprises material risks of which the Corporation is aware. If any of the events or developments described actually occurs, the business, financial condition or results of operations of the Corporation would likely be adversely affected.

*There is no prior public market for the Subscription Receipts.*

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this short form prospectus. The Corporation has applied to list the Subscription Receipts and the Underlying Shares on the TSX, such listing will be subject to the fulfillment of all listing conditions of the TSX and there can be no assurance that these conditions will be met. There can be no assurance that an active and liquid trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the price level of the Offering. The Offering Price was determined by negotiation between the Corporation and the Underwriters and may not be indicative of the price at which the Subscription Receipts or Ordinary Shares will trade following the completion of the Offering. The Corporation cannot assure investors that the market price of the Subscription Receipts or Ordinary Shares will not materially decline below the initial offering prices. To the extent that an active trading market for the Subscription Receipts does not develop, the liquidity and trading prices of the Subscription Receipts may be adversely affected.

*There are certain factors beyond the Corporation's control which may jeopardize the proposed Financing Transactions.*

The sequence of the Financing Transactions, as agreed between the parties, shall occur in each case subject to the applicable conditions precedent being satisfied. The Corporation's ability to satisfy these conditions precedent will depend on a number of factors beyond the Corporation's control and, accordingly, there can be no assurance that any such transaction will be completed. See "*Recent Developments – Financing Transactions*".

Furthermore, the Corporation has not yet entered into definitive documentation in connection with the QIO Debt Financing, nor has it obtained the approval of the Québec Government Cabinet for the CMH Investment, which are condition precedents to the release of the Escrowed Funds. The Corporation's ability to complete the definitive documentation in relation to the QIO Debt Financing or the CMH Investment on acceptable terms or at all will depend on a number of factors beyond the Corporation's control, and there can be no assurance that such transactions will be completed.

In addition, the Corporation has not yet obtained shareholder approval with respect to the grant of the Loan Warrants, which are expected to be granted to each of Caisse and Sprott Resource Lending in connection with the QIO Debt Financing. The Corporation's ability to obtain shareholder approval will depend on a number of factors beyond the Corporation's control and, accordingly, there can be no assurance that shareholder approval will be obtained. While the completion of the QIO Debt Financing is not conditional upon receipt of shareholder approval of the grant of the Loan Warrants, failure to obtain such approval may delay the closing of the QIO Debt Financing and will result in the payment of a monetary compensation to Caisse and Sprott Resource Lending.

*The Corporation will incur significant transaction and related costs in connection with the Financing Transactions*

The Corporation expects to incur a number of costs associated with completing the Financing Transactions. The substantial majority of these costs will be non-recurring expenses resulting from the Financing Transactions and will consist of transaction costs related to the Financing Transactions. Additional unanticipated costs may be incurred.

*Management will have broad discretion as to the use of the proceeds from the Offering, and may not use the proceeds effectively.*

Management of the Corporation will have broad discretion in the application of the Net Proceeds from the Offering and could spend the proceeds in ways that do not improve the results of operations of the Corporation or enhance the value of the Ordinary Shares. Failure to apply these funds effectively could have a material adverse effect on the business of the Corporation, and cause the price of the Ordinary Shares to decline.

*Change of Tax Law.*

On July 18, 2017, the Minister of Finance (Canada) released for consultation a discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation. Potential alternatives for amending the current system of corporate taxation under the Tax Act are outlined in this paper, though specific proposals to amend the Tax Act are not included. Legislative proposals are expected to be released by the Minister of Finance (Canada) following such consultation. There can be no assurance that, following the enactment of any such proposals, Securities held by a Canadian corporation will not be taxed under the Tax Act in a manner that is less favourable than under the current system.

*The share price has been and is likely to continue to be volatile and an investment in Ordinary Shares may suffer a decline in value.*

In recent years, the securities markets in Australia and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur. It may be anticipated that any quoted market for the Ordinary Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in achieving production, creating revenues, cash flows or earnings and that the value of the Ordinary Shares will be affected by such volatility.

*Future sales of Ordinary Shares by the Corporation or by its existing shareholders could cause share price to fall.*

The issuance of Ordinary Shares by the Corporation could result in significant dilution in the equity interest of existing shareholders and adversely affect the market price of the Ordinary Shares. Sales by existing shareholders of a large number of Ordinary Shares in the public market and the issuance of shares in connection with financing transactions or partnerships, or the perception that such additional sales could occur, could cause the market price of the Ordinary Shares to decline and have an undesirable impact on the Corporation's ability to raise capital.

*Dilution of purchasers.*

Purchasers who purchase Subscription Receipts as part of the Offering may pay more for the Subscription Receipts than the amounts paid by existing shareholders or security holders of the Corporation for their Ordinary Shares. As a result, such purchasers may incur immediate and substantial dilution. Convertible securities have been issued by the Corporation which have a lower conversion price than the current market price of the Ordinary Shares. Consequently, purchasers who purchase Subscription Receipts under the Offering may incur substantial dilution in the near future.

*No dividends have been paid on the Ordinary Shares.*

The holders of Ordinary Shares on which any dividend is declared or paid by the Corporation are entitled to participate in that dividend equally, in proportion to the number of Ordinary Shares held. The Corporation has paid no cash

dividends on any of its Ordinary Shares to date and currently intends to retain its future earnings, if any, to fund the development growth of its businesses. Any future determination to pay dividends will be in the discretion of the Board of Directors and will depend upon results of operations, capital requirements and such other factors as the Board of Directors considers relevant.

*Rights of Holders of Subscription Receipts may Change.*

From time to time while the Subscription Receipts are outstanding, the Corporation, the Underwriters and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Subscription Receipt Agent, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement provides for the making of other modifications and alterations thereto and to the terms of the Subscription Receipts issued thereunder by way of a resolution passed by the affirmative votes of the holders of not less than 66<sup>2/3</sup>% of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders or an instrument or instruments in writing signed by the holders of not less than 66<sup>2/3</sup>% of the number of outstanding Subscription Receipts. The summary of the Subscription Receipt Agreement contained in this short form prospectus is qualified in its entirety by reference to the terms of such agreement, which should be reviewed by holders of Subscription Receipts. The Subscription Receipt Agreement will be filed by the Corporation on SEDAR at [www.sedar.com](http://www.sedar.com) following the Offering Closing Date.

## CANADIAN FEDERAL INCOME TAX CONSEQUENCES

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, the following is, as of the date of this short form prospectus, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (“**Tax Act**”) and the regulations thereunder (the “**Regulations**”) generally applicable to an investor who acquires, as a beneficial owner, Subscription Receipts pursuant to the Offering, and, if applicable, Underlying Shares pursuant to the terms of Subscription Receipts (the “**Offered Securities**”). This summary is only applicable to such investor who, for the purposes of the Tax Act and at all relevant times, is resident, or is deemed to be resident, in Canada, deals at arm’s length with the Corporation and each of the Underwriters, is not affiliated with the Corporation or any of the Underwriters, is not exempt from tax under Part I of the Tax Act, and who acquires and holds the Offered Securities as capital property (a “**Holder**”). Generally, the Offered Securities will be considered to be capital property to a Holder thereof provided that the Holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them or been deemed to have acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. The Offered Securities will not be “Canadian securities” for the purposes of the irrevocable election under subsection 39(4) of the Tax Act to treat all “Canadian securities” owned by a person as capital property and therefore such an election will not apply to the Offered Securities.

This summary does not apply to a Holder: (i) that is a “financial institution” (as defined in the Tax Act) for the purposes of the “mark-to-market property rules” of the Tax Act; (ii) that is a “specified financial institution” (as defined in the Tax Act); (iii) an interest in which would be a “tax shelter investment” (as defined in the Tax Act); (iv) that has made a “functional currency” reporting election under the Tax Act to determine its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency; (v) that is a corporation resident in Canada (for the purpose of the Tax Act) or a corporation that does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada, and that is or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Underlying Shares controlled by a non-resident corporation for the purposes of the “foreign affiliate dumping” rules in Section 212.3 of the Tax Act; (vi) in relation to which the Corporation or any of its subsidiaries is or will be a “foreign affiliate” (as defined in the Tax Act); or (vii) that has or will enter into a “synthetic disposition arrangement” or “derivative forward agreement” (as defined in the Tax Act) with respect to the Underlying Shares. Such Holders should consult their own tax advisors with respect to an investment in Offered Securities.

This summary is based upon the current provisions of the Tax Act and the Regulations in force as of the date hereof, taking into account all proposed amendments to the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “**Tax Proposals**”), and counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published in writing by the CRA prior to

the date thereof. This summary assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all.

The Tax Proposals do not include, and this summary does not take into account, the discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation released, for consultation, by the Minister of Finance (Canada) on July 18, 2017. See, in this regard, “*Risk Factors – Risk Factors Relating to the Debentures – Change of Tax Law*”.

Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary. This summary also does not take into account any change in the administrative policies or assessing practices of the CRA.

**The income and other tax consequences of acquiring, holding or disposing of Offered Securities will vary depending on the particular circumstances of the Holder thereof, including any province or territory in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Holders should consult their own tax advisors with respect to their particular circumstances.**

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Underlying Shares, including adjusted cost base, dividends received on the Underlying Shares and proceeds of disposition must be expressed in Canadian dollars. For purposes of the Tax Act, amounts denominated in a foreign currency must generally be converted into Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard.

This summary is based upon the understanding of counsel that a Subscription Receipt evidences a contractual right to acquire an Underlying Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the CRA and counsel is not aware of any judicial authority relating to this characterization.

## **Taxation of Holders of Subscription Receipts**

### *Acquisition of Underlying Shares Pursuant to the Terms of the Subscription Receipts*

A Holder of Subscription Receipts will not be considered to dispose of a Subscription Receipt and will not realize any capital gain or capital loss upon the acquisition of Underlying Shares pursuant to the terms of the Subscription Receipts. The cost to a Holder of an Underlying Share received pursuant to the terms of a Subscription Receipt will be the total of (i) the subscription price thereof and (ii) the Holder’s pro rata share of any Earned Interest or other income credited or received on the Escrowed Proceeds that is included in the Holder’s income. The adjusted cost base to a Holder of Underlying Shares acquired pursuant to the terms of the Subscription Receipts will be determined by averaging the cost of such Underlying Shares with the adjusted cost base immediately before that time of any other Underlying Shares owned by the Holder as capital property at such time.

### *Dispositions of Subscription Receipts*

A disposition or deemed disposition by a Holder of a Subscription Receipt (other than on the acquisition of an Underlying Share pursuant to the terms of the Subscription Receipts) will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, as adjusted in the case of the occurrence of a Termination Event, as described in the next paragraph, exceed (or are less than) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition. The cost to a Holder of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt. The adjusted cost base to a Holder of Subscription Receipts acquired by such Holder at any time will be determined by averaging the cost of such Subscription Receipts with the adjusted cost base immediately before that time of any other Subscription Receipts owned by the

Holder as capital property at that time. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Taxation of Holders of Underlying Shares – Capital Gains and Capital Losses*”.

In the event that the Escrow Release Conditions are not satisfied or waived before the occurrence of a Termination Event, Holders of Subscription Receipts should be considered to have disposed of their Subscription Receipts and shall be entitled to receive from the Subscription Receipt Agent an amount equal to the full subscription price thereof plus an amount equal to their pro rata share of Earned Interest and Deemed Interest. In this event, an amount equal to such Earned Interest will be and Deemed Interest should be required to be included in the income of such Holders, as described under “*Taxation of Holders of Subscription Receipts – Pro Rata Share of Interest*” below. Any such amount on account of Earned Interest and Deemed Interest paid to a Holder that is included in the Holder’s income will be excluded from the Holder’s proceeds of disposition of a Subscription Receipt.

#### *Pro Rata Share of Interest*

In the event that a Termination Event occurs, a portion of the amount paid to a Holder will be comprised of the Holder’s pro rata share of Earned Interest and Deemed Interest.

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any interest accrued to the Holder at the end of the Holder’s taxation year, or that is receivable or received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder’s income for a preceding taxation year. This will include any Earned Interest and should include any Deemed Interest, whether or not such amounts are received or receivable by such Holder. However, in certain circumstances, an offsetting deduction may be available for any such interest which is remitted to the Corporation upon the acquisition of Underlying Shares pursuant to the Subscription Receipts or in the event that a Termination Event occurs.

Any other Holder, including an individual, that is entitled to receive its share of interest credited or received as Earned Interest or Deemed Interest will be (or should be in the case of Deemed Interest) required to include in computing income for a taxation year such interest that is receivable or received by the Holder or by the Escrow Agent on behalf of the Holder in that taxation year, depending upon the method regularly followed by the Holder in computing income.

#### *Refundable Tax*

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, which includes taxable capital gains and Earned Interest and should also include Deemed Interest.

### **Taxation Of Holders of Underlying Shares**

#### *Dividends*

The full amount of dividends received (or deemed to be received) on Underlying Shares by a Holder who is an individual (including a trust), including amounts withheld for foreign withholding tax, if any, will be included in computing the Holder’s income and will not be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received (or deemed to be received) from “taxable Canadian corporations” (as defined in the Tax Act).

Dividends received on Underlying Shares by a Holder that is a corporation, including amounts withheld for foreign withholding tax, if any, will be included in computing the Holder’s income, and such Holder will not be entitled to the inter-corporate dividend deduction in computing taxable income which generally applies to dividends received from “taxable Canadian corporations” (as defined in the Tax Act).

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act), which includes dividends that are not deductible in computing taxable income.

Subject to the detailed rules in the Tax Act, a Holder may be entitled to a foreign tax credit or deduction for any foreign withholding tax paid with respect to dividends received by the Holder on Underlying Shares. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction having regard to their own particular circumstances.

#### *Disposition of Underlying Shares*

Upon a disposition (or a deemed disposition) of an Underlying Share, a Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such Underlying Share, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such Underlying Share to the Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Capital Gains and Capital Losses*”.

For the purpose of determining the adjusted cost base to a Holder of Underlying Shares, when an Underlying Share is acquired other than pursuant to the terms of a Subscription Receipt, the cost of the newly-acquired Underlying Share will be averaged with the adjusted cost base of all of the Underlying Shares owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of an Underlying Share to a Holder will be the cost to the Holder of the Underlying Share, with certain adjustments.

#### *Capital Gains and Capital Losses*

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Holder in the year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year (but not against other income) to the extent and under the circumstances described in the Tax Act.

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, which includes taxable capital gains.

#### *Minimum Tax*

Capital gains realized and dividends received by a Holder that is an individual (including a trust), other than certain specified trusts, may affect the Holder’s liability to pay minimum tax under the Tax Act. Holders should consult their own tax advisors with respect to the application of minimum tax.

#### *Foreign Property Information Reporting*

Generally, a Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or a fiscal period and whose total “cost amount” of “specified foreign property” (as such terms are defined in the Tax Act), including the Offered Securities, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return with the CRA for the year or period disclosing prescribed information in respect of such property. Subject to certain exceptions, a Holder will generally be a “specified Canadian entity”. The Offered Securities will be “specified foreign property” of a Holder for these purposes. Penalties may apply where a Holder fails to file the required information return in respect of such Holder’s “specified foreign property” on a timely basis in accordance with the Tax Act. Holders should consult their own tax advisors regarding compliance with these reporting requirements.

#### *Offshore Investment Fund Property*

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property” (as defined in the Tax Act). These rules could apply to a Holder in respect of an Offered Security if both of two conditions are satisfied.



The first condition for such rules to apply is that the value of the Offered Security may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, “**Investment Assets**”).

The second condition for such rules to apply to a Holder is that it must be reasonable to conclude that one of the main reasons for the Holder acquiring or holding an Offered Security was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act had the income, profits and gains been earned directly by the Holder.

In making this determination, these rules provide that regard must be had to all of the circumstances, including (i) the nature, organization and operation of any non-resident entity, including the Corporation, and the form of, and the terms and conditions governing, the Holder’s interest in, or connection with, any such non-resident entity, (ii) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any such non-resident entity, including the Corporation, are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Holder and (iii) the extent to which any income, profits and gains of any such non-resident entity, including the Corporation, for any fiscal period are distributed in that or the immediately following fiscal period.

If applicable, these rules would generally require a Holder to include in income for each taxation year in which the Holder owns an Offered Security (i) an imputed return for the taxation year computed on a monthly basis and determined by multiplying the Holder’s “designated cost” (as defined in the Tax Act) of the Offered Security at the end of the month, by 1/12th of the sum of the applicable prescribed rate for the period that includes such month plus 2%, less (ii) the Holder’s income for the year (other than a capital gain) from the Offered Security determined without reference to these rules. Any amount required to be included in computing a Holder’s income under these provisions will be added to the adjusted cost base to the Holder of the applicable Offered Security.

These rules are complex and their application depends, to a large extent, in part, on the reasons for a Holder acquiring or holding the Offered Securities. Holders are urged to consult their own tax advisors regarding the application and consequences of these rules in their own particular circumstances.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the provisions of the Tax Act, as of the date hereof, the Offered Securities, if issued on the date hereof, would be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans, and tax-free savings accounts (“**TFSA**s”), provided that the Offered Securities are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX and the ASX).

Notwithstanding that the Offered Securities may be qualified investments for an RRSP, RRIF or TFSA (each a “**Registered Plan**”), if an Offered Security is a “prohibited investment” within the meaning of the Tax Act for a Registered Plan, the annuitant or holder of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Offered Securities generally will be prohibited investments for a Registered Plan if the annuitant or holder, as the case may be, of the Registered Plan: (i) does not deal at arm’s length with the Corporation for the purposes of the Tax Act; or (ii) has a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. The Underlying Shares will generally not be prohibited investments if such Offered Underlying Shares are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by a Registered Plan. Under proposals to amend the Tax Act contained in the federal budget released on March 22, 2017, the prohibited investment rules will also apply to a trust governed by a RESP or RDSP, effective after March 22, 2017.

Holders of TFSAs or RDSPs, subscribers of RESPs, and annuitants of RRSPs or RRIFs should consult their own tax advisors in this regard.

#### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The Corporation's registrar and transfer agents are:

Security Transfer Registrars Pty Ltd  
Suite 1, Alexandria House, 770 Canning Highway  
Applecross Western Australia 6153

TSX Trust Company  
200 University Avenue, Suite 300  
Toronto, Ontario Canada M5H 4H1

The Corporation's auditor is:

Ernst & Young  
200 George Street  
Sydney 2000 New South Wales  
Australia

#### **INTEREST OF EXPERTS**

The following persons and companies have prepared or certified a statement, report or valuation described or included, or referred to in this short form prospectus or in a document incorporated by reference in this short form prospectus:

- Ernst & Young
- Stéphane Rivard, Eng., Robin Jones, Eng., and Michel Bilodeau, Eng., of Ausenco Canada Inc.
- Louis-Pierre Gignac, Eng., Rejean Sirois, Eng., and Etienne Bernier, Eng. of G Mining Services Inc.
- Ryan Cunningham, Eng., of Met-Chem, a division of DRA Americas Inc.
- Philippe Rio Roberge, Eng. of WSP Canada Inc.

Ernst & Young, the external auditor of the Corporation, reported on the financial statements for the year ended March 31, 2017. Ernst & Young advised the Corporation that it has no registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation. The liability of Ernst & Young with respect to civil claims (in tort, contract or otherwise) arising out of its audits of the financial statements of Champion Iron Limited and its consolidated entities included in this prospectus is limited by the Chartered Accountants Australia and New Zealand Professional Standards Scheme (NSW) approved by the Professional Standards Council or such other applicable scheme approved pursuant to the Professional Standards Act 1994 (NSW), including the Treasury Legislation Amendment (Professional Standards) Act 2004 (Cth).

Ausenco Canada Inc., G Mining Services Inc., Met-Chem, a division of DRA Americas Inc. and WSP Canada Inc. co-authored the Bloom Lake Property Feasibility Study.

To the knowledge of the Corporation, after reasonable enquiry, none of the foregoing beneficially owns, directly or indirectly, or exercises control or direction over any securities of the Corporation representing more than 1% of the outstanding Ordinary Shares.

Certain Canadian legal matters relating to the Offering will be passed upon on behalf of the Corporation by McCarthy Tétrault LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. As of the date hereof, the

partners and associates of McCarthy Tétrault LLP, as a group, and the partners and associates of Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Ordinary Shares.

#### **AGENT FOR SERVICE OF PROCESS**

Each of the Corporation, W. Michael O’Keeffe, Chief Executive Director and director of the Corporation, Andrew J. Love, director of the Corporation and Gary Lawler, director of the Corporation is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, as the case may be and has appointed J. Estepa Consulting Inc., 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6 as agent for service of process.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

#### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a short form prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

Under the Subscription Receipt Agreement, the Original Purchaser will have a contractual right of rescission entitling the purchaser to receive the amount paid for the Subscription Receipts if this short form prospectus, together with any amendment, contains a misrepresentation, provided such right is exercised within 180 days of the Offering Closing Date. This contractual right of rescission extends only to Original Purchasers of Subscription Receipts either while he or she is a holder of Subscription Receipts or Underlying Shares issuable upon the exchange of such Subscription Receipts and will not extend to any holders who acquire such securities from an initial purchaser in the open market or otherwise. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under applicable securities laws, and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under section 130 of the *Securities Act* (Ontario) (the “**Securities Act**”) and similar provisions of Canadian securities laws, or otherwise at law.

For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces of Canada. Original Purchasers are further advised that the statutory right of action for damages for a misrepresentation contained in this short form prospectus is limited, in certain provincial securities legislation, to the price at which the Subscription Receipts is offered to the public under the Offering. Original Purchasers should refer to any applicable provisions of the securities legislation of the Original Purchaser’s province for the particulars of this right of action for damages or consult with a legal adviser.

## CERTIFICATE OF THE CORPORATION

Dated: August 1, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all of the provinces of Canada.

(s) W. Michael O'Keeffe

W. Michael O'Keeffe  
Chief Executive Officer

(s) Miles Nagamatsu

Miles Nagamatsu  
Chief Financial Officer

On behalf of the Board of Directors

(s) Michelle Cormier

Michelle Cormier  
Director

(s) Wayne Wouters

Wayne Wouters  
Director

## **CERTIFICATE OF THE UNDERWRITERS**

Dated: August 1, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all of the provinces of Canada.

### **RBC DOMINION SECURITIES INC.**

*(s) John Blanchette*

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John Blanchette  
Director

### **SPROTT PRIVATE WEALTH LP**

*(s) Tim Sorensen*

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Tim Sorensen  
Director