

CHAMPION IRON

CHAMPION IRON ANNOUNCES INTENTION TO RE-DOMICILE TO CANADA

Montreal, January 6, 2020 – Champion Iron Limited (TSX: CIA) (ASX: CIA) [“Champion Australia” or the “Company”] announces a proposal to re-domicile from Australia to Canada by way of a scheme of arrangement under Part 5.1 of the Corporations Act 2001 [Cth] (the “Re-domicile” or the “Re-domiciliation”).

Reasons for the Re-domiciliation

After considering the potential benefits and disadvantages of the Re-domiciliation, the board of directors (the “Board”) has determined that a Re-domicile to Canada best serves the Company's interest, highlighting:

- The Re-domiciliation will align the domicile or location of the new listed parent company (“Champion Canada”), with its assets, operations and predominant shareholder base;
- The Re-domicile will increase the attractiveness of Champion Canada to more diverse financial markets;
- The Re-domicile will increase the attractiveness of Champion Canada to Canadian institutional investors who may require a Canadian corporate domicile (including a place of incorporation in Canada) for their investments;
- Champion Canada may become eligible for inclusion in Canadian indices, such as the S&P/TSX Composite Index, which require a domestic corporate domicile (including a place of incorporation in Canada), without impacting Australian indices which do not prescribe an Australian corporate domicile as a condition for inclusion;
- The potential cost savings to be realised by the simplification of the corporate structure of Champion Canada;
- The active listing on the Toronto Stock Exchange (“TSX”) and Australian Securities Exchange (“ASX”) will be retained; and
- The Re-domicile will not result in any changes to operations, management or strategy.

Commenting on the announcement, Champion Iron Limited's CEO, David Cataford, said “Although our Company has evolved into a successful mining operator headquartered in Canada, we maintain significant roots in Australia where many of our early investors reside. While today's announcement aligns our Company's domicile with its operations, we look to build our already strong shareholder base in Australia with our active listings on the TSX and ASX, which will remain unaffected by this announcement.”

The Board unanimously recommends the Re-domiciliation

The Company's Board unanimously recommends that shareholders of Champion Australia (“Champion Australia Shareholders”) approve the Re-domicile by voting in favour of the resolution to approve the scheme at the meeting of the Company's shareholders to be scheduled to consider this resolution in March 2020. Each member of the Board intends to vote the Champion Australia Shares (as defined below) which he or she holds (or that are held on their behalf) in favour of the scheme resolution.

Independent Expert's Report

Champion Australia has appointed Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to determine whether or not the scheme to give effect to the Re-domicile is in the best interests of Champion Australia Shareholders. The scheme booklet in connection with the Re-domicile (the “Scheme Booklet”) will include the report from the Independent Expert.

Overview of the key features of the Re-domicile

Champion Australia has today entered into a scheme implementation deed (the “Scheme Implementation Deed”) with Champion Canada, a new holding company incorporated under the laws of the Province of Quebec, Canada. The Scheme Implementation Deed records the terms on which Champion Australia and Champion Canada have agreed to pursue the Re-domicile.

If the scheme is implemented:

- Champion Canada will acquire all the ordinary shares in Champion Australia (each ordinary share being a “Champion Australia Share”) and Champion Australia Shareholders (who are classified as eligible scheme participants) will receive one Champion Canada common share (a “Champion Canada Common Share”) listed on the TSX or one CHESS Depository Interest of Champion Canada (a “Champion Canada CDI”) quoted and traded on the ASX as the scheme consideration for each Champion Australia Share which they hold on the record date of the scheme;
- Champion Australia will become a subsidiary of Champion Canada;
- Champion Australia will be delisted from the ASX and the TSX;
- Champion Canada Common Shares will be listed on the TSX; and
- Champion Canada will be listed on the ASX with CDIs quoted and traded on the ASX.

As such, Champion Canada will effectively replace Champion Australia as the listed entity on the ASX and the TSX.

Implementation of the scheme is conditional upon the satisfaction of certain conditions, including:

- The Independent Expert concluding that the scheme to give effect to the Re-domicile is in the best interests of Champion Australia Shareholders;
- Champion Australia Shareholders approving the scheme;
- The Federal Court of Australia approving the scheme; and
- Champion Canada obtaining approval from the Foreign Investment Review Board.

The Scheme Implementation Deed is attached in **Attachment A**.

Maintain ASX and TSX listing

Champion Canada is governed by the laws of the Province of Québec, Canada, and will continue to be subject to the rules and policies of the ASX and the TSX. The regulatory environment in Canada is considered comparable to that in Australia. As such, security holders in Champion Canada will have similar regulatory protection to that currently available under the Australian Corporations Act 2001 (Cth) to Champion Australia Shareholders.

Indicative timetable

It is expected that the Scheme Booklet will be sent to Champion Australia Shareholders in February 2020 followed by a Shareholder meeting to be scheduled in March 2020. Assuming satisfaction or waiver of all the conditions precedent, the scheme will be implemented in early April 2020.

The Scheme Booklet will outline full details of the scheme and the Re-domicile and will include details of the scheme, the reasons for the Board's recommendation and the report from the Independent Expert. Champion Australia Shareholders are encouraged to carefully review the Scheme Booklet in full once received.

Full details of the impact of the scheme, including the change to regulation, will be made in the Scheme Booklet.

Shareholder information

Further information on the Re-domicile will be lodged with the ASX, disseminated and filed in Canada, as required, and included on the Company's website <https://www.championiron.com/>.

About Champion Iron Limited

On April 11, 2016, the Company, through its subsidiary Quebec Iron Ore Inc., acquired the Bloom Lake assets from bankruptcy protection. Following the release of a feasibility study on February 16, 2017, the Company recommissioned Bloom Lake in February 2018, which completed its first shipment on April 1, 2018. In June 2019, the Company released a feasibility study for the Phase II expansion which envisions doubling the mine's overall capacity from 7.4 Mtpa to 15 Mtpa. On August 16, 2019, the Company finalized the terms of an agreement with Ressources Québec Inc. whereby the Company acquired Ressources Québec's 36.8% equity interest in Quebec Iron Ore Inc. and now owns 100% of Quebec Iron Ore Inc., which owns the Bloom Lake mine.

Located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Quebec, and adjacent to established iron ore producers, the Bloom Lake mine is an open-pit truck and shovel operation with a concentrator. From the site, iron concentrate is transported by rail, initially on the Bloom Lake railway, to a ship loading port in Sept-Îles, Quebec.

For further information, please contact:

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Summary information

The following disclaimer applies to this announcement and any information contained in it. The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Champion Australia's periodic and continuous disclosure announcements lodged with the ASX, disseminated and filed in Canada, as required, and the Scheme Booklet (when it is sent to Champion Australia Shareholders).

Forward looking statements

This announcement includes certain information that may constitute "forward-looking information" under applicable securities legislation. All statements, other than statements of historical facts, included in this announcement that address future events, developments or performance that Champion Australia or Champion Canada expect to occur are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Although Champion Australia and Champion Canada believe the expectations in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of Champion Australia or Champion Canada, which may cause Champion Australia's and Champion Canada's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation, changes in laws and regulations including tax laws; general economic, market or business conditions; general economic, competitive, political and social uncertainties, as well as those factors discussed in the section entitled "Risk Factors" of the Champion Australia's 2019 Annual Information Form and the risks and uncertainties discussed in the Company's MD&A for the year ended March 31, 2019, which are available on SEDAR at www.sedar.com.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion Australia's and Champion Canada's forward-looking information contained in this announcement is given as of the date hereof and is based upon the opinions and estimates of Champion Australia's and Champion Canada's management and information available to management as at the date hereof. Champion Australia and Champion Canada disclaim any intention or obligation to update or revise any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Not for release to US wire services

This announcement has been prepared for publication in Australia and dissemination in Canada and may not be released to US wire services. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America or any other jurisdiction. Any securities described in this announcement have not been registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States of America except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

ATTACHMENT A

Scheme Implementation Deed



Scheme Implementation Deed

Champion Iron Limited

ACN 119 770 142

Champion Iron Inc.

NEQ 1175104398

CONTENTS

CLAUSE	PAGE
1. INTERPRETATION	1
1.1 Definitions	1
1.2 Rules for interpreting this document.....	6
1.3 Non-Business Days	7
1.4 The rule about " <i>contra proferentem</i> "	7
2. COMPANY SCHEME.....	8
2.1 Agreement to propose and implement Scheme.....	8
2.2 Outline of Scheme	8
2.3 No amendments to Scheme without consent	8
2.4 Scheme Consideration.....	8
2.5 CDIs - registration and notices	8
2.6 Election of Eligible Scheme Participants	9
2.7 Ineligible Foreign Shareholders.....	9
3. CHAMPION AUSTRALIA OTHER SECURITIES AND SPECIAL VOTING SHARE	10
3.1 Champion Old Plan.....	10
3.2 Champion Omnibus Plan	10
3.3 Options	10
3.4 Warrants	11
3.5 Incentive Awards	11
3.6 Special Voting Share	12
4. CONDITIONS.....	12
4.1 Obligations not binding until Conditions satisfied.....	12
4.2 Conditions	12
4.3 Benefit and waiver of Conditions.....	14
4.4 Parties to provide certificates to Court.....	14
4.5 If Condition is not fulfilled or waived	14
5. OBLIGATIONS OF PARTIES.....	14
6. CHAMPION AUSTRALIA'S OBLIGATIONS	14
7. CHAMPION CANADA OBLIGATIONS	16
8. ANNOUNCEMENT	18
9. TERMINATION	18
9.1 Termination for breach	18
9.2 No fault termination	18
9.3 Termination by agreement	18
This document may be terminated at any time prior to 8.00 am on the Second Court Date by written agreement between the parties to this effect.....	18
9.4 Effect of termination	18
9.5 End Date	19
10. REPRESENTATIONS AND WARRANTIES.....	19
10.1 Mutual representations and warranties	19
10.2 No other representations	20
10.3 Reliance on representations and warranties	20
10.4 When warranties are given	20
11. RELEASE.....	20
12. GST	20

12.1	Consideration exclusive of GST.....	20
12.2	GST pass on.....	20
12.3	Tax invoice	21
12.4	Adjustments.....	21
12.5	Reimbursements.....	21
12.6	GST Group	21
12.7	No merger	21
13.	NOTICES	21
13.1	How to give notice	21
13.2	When notice is given	22
13.3	Address for notices	22
14.	AMENDMENT AND ASSIGNMENT	22
14.1	Amendment	22
14.2	Assignment.....	22
15.	GENERAL	23
15.1	Consents	23
15.2	Giving effect to this document.....	23
15.3	Liability for expenses.....	23
15.4	No agency or partnership.....	23
15.5	Operation of this document.....	23
15.6	Inconsistency with other documents.....	23
15.7	Variation of rights	23
15.8	No merger	24
15.9	Governing law	24
15.10	Counterparts.....	24

Schedule

1	Timetable	26
2	Capital.....	27
3	Scheme of Arrangement (Scheme).....	29
4	Deed Poll	43

THIS DEED is made on

7 January 2020, Australia

BETWEEN:

- (1) **Champion Iron Limited** ACN 119 770 142, whose registered office is at Level 1, 91 Evans Street, Rozelle NSW 2039, Australia (**Champion Australia**); and
- (2) **Champion Iron Inc.**, a corporation incorporated under the laws of the Province of Quebec (NEQ 1175104398), whose registered office is at Suite 610, 1100 René-Lévesque Blvd. West, Montreal, Québec H3B 4N4, Canada (**Champion Canada**).

RECITALS:

- (A) Champion Australia, which is listed on ASX and the TSX, has the issued share capital set out in **Item 1** of **Schedule 2** and has granted the Options, the Warrants and the Incentive Awards set out in **Item 2** of **Schedule 2**.
- (B) Champion Canada is a corporation incorporated under the QBCA. As at the date of this document, Champion Canada has no shares on issue.
- (C) Champion Australia and Champion Canada have agreed that a scheme of arrangement be proposed under Part 5.1 of the Corporations Act between Champion Australia and the holders of its ordinary shares, under which Champion Canada will acquire all the issued ordinary shares in Champion Australia on the terms and conditions contained in this document.
- (D) Upon implementation of the Scheme:
 - (1) Champion Australia will become a subsidiary of Champion Canada;
 - (2) Champion Australia will cease to be listed on ASX and the TSX; and
 - (3) all the issued common shares in Champion Canada will be listed on the TSX, with CDIs of Champion Canada listed on ASX.
- (E) Champion Australia and Champion Canada have agreed to implement the Scheme on the terms and conditions contained in this document.
- (F) Following the implementation of the Scheme, it is proposed that Champion Australia be wound up by way of a member's voluntary liquidation.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

ACCC means the Australian Competition and Consumer Commission.

Announcement means an announcement, press release or other public statement (other than a draft explanatory statement, an explanatory statement or a supplementary explanatory statement as required under Part 5.1 of the Corporations Act); and **Announce** has a corresponding meaning.

ASIC means the Australian Securities and Investments Commission.

ASIC Policy means the regulatory policies (including Regulatory Guides) issued by ASIC as at the date of this document setting out its policy in relation to (among other things) the interpretation and enforcement of relevant sections of the Corporations Act.

ASIC Review Draft means the draft of the Scheme Booklet, which is provided to ASIC for approval under section 411(2) of the Corporations Act.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691) (as the context requires).

ASX Listing Rules means the listing rules of ASX for the time being and from time to time.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement for the time being and from time to time, as modified by any express written exemption or waiver given by ASX or ASX Settlement.

ATO Class Ruling means the class ruling which Champion Australia will seek from the Australian Tax Office to the effect that:

- (a) Australian resident Scheme Participants will receive capital gains rollover relief in relation to the exchange of their Champion Australia Shares for Champion Canada Shares or Champion Canada CDIs under the Scheme; and
- (b) Australian resident holders of Incentive Awards or Options will receive employee share scheme roll-over relief or capital gains roll-over relief in relation to the replacement of their relevant interests in Champion Australia with a similar interest in Champion Canada.

Australian Register means the sub-register of members of Champion Australia maintained in Australia under the Corporations Act.

Australian Scheme Participant means an Eligible Scheme Participant who is registered on the Australian Register on the Record Date.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver (however it is described), including any amendment or renewal and any condition attaching to it by or from a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

Authorised Nominee means CHES Depository Nominees Pty Limited (ACN 071 346 503, Australian Financial Licence number 254514), an approved general participant of ASX Settlement and a wholly-owned subsidiary of ASX.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, Australia, and Montreal, Canada, and which is also a business day as defined by the ASX Listing Rules and TSX Listing Rules.

Canadian Register means the sub-register of members of Champion Australia maintained in Canada under the Corporations Act.

Canadian Scheme Participant means an Eligible Scheme Participant who is registered on the Canadian Register.

CDI means a CHESS Depository Interest, being a unit of beneficial ownership in a share that is registered in the name of the Authorised Nominee in accordance with the ASX Settlement Operating Rules, for the purpose of enabling the securities to be recorded and transferred in accordance with those operating rules.

Champion Australia Other Securities means:

- (a) the Options;
- (b) the Warrants; and
- (c) the Incentive Awards.

Champion Australia Share means a fully paid ordinary share in Champion Australia.

Champion Australia Shareholder means a person entered in a Register as the holder of one or more Champion Australia Shares.

Champion Australia Shareholder Approval means the Scheme Resolution being passed by the majorities of Champion Australia Shareholders required under section 411(4)(a)(ii) of the Corporations Act.

Champion Canada CDI means a CDI representing one Champion Canada Share.

Champion Canada Share means a fully paid common share of Champion Canada.

Champion Canada Transitory Plan has the meaning given to it in clause 3.1.

Champion Incentive Plans means each of the Champion Old Plan and the Champion Omnibus Plan.

Champion Old Plan means the incentive plan entitled "Champion Iron Incentive Plan" adopted by Champion Australia and approved by Champion Australia Shareholders on 21 October 2013 (as amended from time to time).

Champion Omnibus Plan means the incentive plan entitled "2018 Omnibus Incentive Plan" adopted by Champion Australia and approved by Champion Australia's shareholders on 17 August 2018.

Condition means a condition precedent set out in clause 4.2.

Corporations Act means the *Australian Corporations Act 2001* (Cth).

Court means the Federal Court of Australia.

CRA Ruling means the advance income tax ruling which Champion Australia has sought from the Canada Revenue Agency to the effect, *inter alia*, that certain Eligible Scheme Participants who make a valid joint election with Champion Canada pursuant to subsection 85(1) or subsection 85(2), as applicable, of the *Income Tax Act* (Canada) in respect of their Champion Australia Shares will receive full or partial capital gains rollover relief in relation to the transfer of their Champion Australia Shares to Champion Canada in exchange for Champion Canada Shares under the Scheme.

Deed Poll means a document in the form or substantially in the form of **Schedule 4**, or in such other form as is agreed in writing between Champion Australia and Champion Canada.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Eligible Scheme Participant means a Scheme Participant who is not an Ineligible Foreign Shareholder.

End Date means 30 June 2020, subject to any extension to that date made under clause 4.5.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

First Court Date means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening the Scheme Meeting.

Government Agency means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the ACCC, ASIC, ASX, TSX, the Takeovers Panel, any self-regulatory organisation established under statute or by ASX or the TSX.

GST means the same as "GST" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation means the implementation of the Scheme in accordance with its terms after the Scheme becomes Effective.

Implementation Date means the Business Day which is five Business Days following the Record Date, or such other date (after the Record Date) as Champion Australia and Champion Canada may agree in writing.

Incentive Awards means the "deferred share units", the "performance share units" and the "restricted share units" issued pursuant to the Champion Omnibus Plan, as set out in **Item 2 of Schedule 2**.

Independent Expert means Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987).

Independent Expert's Report means a report prepared by the Independent Expert in accordance with ASIC Regulatory Guide 111.

Ineligible Foreign Shareholder means a Scheme Participant whose address as shown in a Register as at the Record Date is a place outside Australia, Canada, New Zealand, the United Kingdom and the United States of America, unless Champion Canada is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that the relevant Scheme Participant can lawfully be issued Champion Canada Shares or Champion Canada CDIs pursuant to the Scheme.

Option means a stock option to subscribe for a Champion Australia Share under either of the Champion Incentive Plans, as listed in **Item 2 of Schedule 2**.

QBCA means *Business Corporations Act (Quebec)*, CQLR c S-31.1.

Record Date means 7.00 pm (Sydney time) on the day which is three Business Days after the Effective Date, or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Registers means the Australian Register and the Canadian Register; and **Register** means one or both of them, as the context requires.

Regulatory Approvals means the approvals, clearances, consents, decisions and determinations referred to in clause 4.2(f).

Relevant Date means, in relation to a Condition, the date or time specified in this document for its fulfilment or, if no date or time is specified, 8.00 am on the Second Court Date, subject (in either case) to extension to that date made under clause 4.5.

Relevant Instrument means, in relation to a person:

- (a) its certificate of incorporation, articles, by-laws, constitution or other charter documents;
- (b) any agreement, bond, contract, deed of trust, indenture, instrument, note, security interest, undertaking or other obligation to which it is a party or by which its assets are bound and affected;
- (c) any Authorisation; or
- (d) any decree, injunction, judgment, law, order, statute, regulation, rule or writ applicable to it or its assets.

Required Consents means the approvals, consents, permissions or waivers of third parties (including any Government Agency) that is required in connection with or as a result of the proposal or implementation of the Scheme in order to avoid:

- (a) a material breach, default or violation occurring under a Relevant Instrument applicable to a party or its subsidiaries;
- (b) any third party becoming entitled to terminate, withdraw from or accelerate a material Relevant Instrument applicable to a party or its subsidiaries, or to call for a material default under a Relevant Instrument applicable to a party or its subsidiaries;
- (c) any third party becoming entitled to amend the terms of a Relevant Instrument in a way which would materially adversely affect a party or its subsidiaries or enable the third party to acquire a right which would materially adversely affect a party or its subsidiaries; or
- (d) the creation of a security interest on any of the material assets or properties of a party or its subsidiaries.

Sale Agent means a person nominated by Champion Canada to sell the Scheme Consideration referable to the Ineligible Foreign Shareholders in accordance with clause 2.7.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Champion Australia and Scheme Participants in the form or substantially in the form of **Schedule 3** (or in such other form as is agreed in writing between Champion

Australia and Champion Canada), subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by each of Champion Australia and Champion Canada.

Scheme Booklet means the information memorandum in respect of the Scheme to be approved by the Court and dispatched to Champion Australia Shareholders, and includes the Scheme, a copy of the Deed Poll executed by Champion Canada, an explanatory statement (as this term is defined in section 412 of the Corporations Act), the Independent Expert's Report and a notice of meeting and proxy form.

Scheme Consideration means one Champion Canada Share (which, in the case of Eligible Scheme Participants who are Australian Scheme Participants or who notify Champion Canada that they wish to hold the Scheme Consideration on ASX, is represented by one Champion Canada CDI) for each Champion Australia Share held by an Eligible Scheme Participant as at the Record Date.

Scheme Meeting means the meeting of Champion Australia Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the approval of the Scheme Resolution.

Scheme Participant means a Champion Australia Shareholder as at the Record Date, taking into account registration of all registrable transfers and transmission applications received by the Share Registry by the Record Date.

Scheme Resolution means a resolution of Champion Australia Shareholders to approve the Scheme under section 411(4)(a)(ii) of the Corporations Act.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or (if the application is adjourned or subject to appeal for any reason) the first day on which the adjourned or appealed application is heard.

Share Registry means the person or persons operating the Registers.

Special Voting Share means the one special voting share in the capital of Champion Australia, having the terms set out in rule 22 and Schedule 2 of the Constitution of Champion Australia.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Timetable means the timetable for the Implementation of the Scheme as set out in **Schedule 1**, subject to any modifications as the parties may agree in writing.

TSX means the Toronto Stock Exchange.

TSX Listing Rules means the listing rules of the TSX for the time being and from time to time.

Warrant means a warrant to subscribe for a Champion Australia Share before a specified date, as set out in **Item 2** of **Schedule 2**.

1.2 **Rules for interpreting this document**

Headings and catchwords are for convenience only and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) legislation (including subordinate legislation) or a legislative provision is to that legislation or provision as amended, re-enacted or replaced and includes any subordinate legislation issued under it;
 - (ii) an agreement or document (including this document), or a provision of an agreement or document (including this document), is to that agreement, document or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other agreement or document includes a permitted assign or permitted substitute of that party;
 - (iv) a person includes any type of entity or body of persons (whether or not it is incorporated or has a separate legal identity) and any administrator, executor or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and *vice versa*.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **associate, controller, entity, officer, relevant interest, security interest** and **subsidiary** have the meanings given to them in the Corporations Act.
- (g) A reference to a section of legislation is a reference to a section of the Corporations Act, unless otherwise stated.
- (h) A reference to **A\$** or **Australian dollar** is to Australian currency.
- (i) A reference to **C\$** or **Canadian dollar** is to Canadian currency.
- (j) Unless stated otherwise, a reference to time is to local time in Sydney, New South Wales, Australia.
- (k) The expression **this document** includes the agreement, arrangement, transaction or understanding recorded in this document.

1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day, the person must do it on or by the previous Business Day.

1.4 **The rule about "*contra proferentem*"**

This document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself.

2. COMPANY SCHEME

2.1 Agreement to propose and implement Scheme

- (a) Champion Australia agrees to propose and implement the Scheme in accordance with Part 5.1 of the Corporations Act and applicable ASIC Policy, subject to the terms and conditions of this document, and Champion Australia must use reasonable endeavours to do so in accordance with the Timetable.
- (b) Champion Canada agrees to assist Champion Australia to propose and implement the Scheme in accordance with Part 5.1 of the Corporations Act and applicable ASIC Policy, subject to the terms and conditions of this document, and Champion Canada must use reasonable endeavours to do so in accordance with the Timetable.

2.2 Outline of Scheme

Subject to the terms and conditions of this document, on the Implementation Date, all of the Champion Australia Shares held by Scheme Participants will be transferred to Champion Canada and:

- (a) Eligible Scheme Participants will become entitled to receive the Scheme Consideration; and
- (b) Ineligible Foreign Shareholders will receive the proceeds arising from the sale of Scheme Consideration in accordance with clause 2.7.

2.3 No amendments to Scheme without consent

Champion Australia must not consent to any amendment to or modification of, or the imposition or making by the Court of any condition in respect of, the Scheme without the prior written consent of Champion Canada (which consent cannot be unreasonably withheld).

2.4 Scheme Consideration

Subject to clauses 2.6 and 2.7, Champion Canada agrees with Champion Australia that, in consideration of the transfer to Champion Canada of each Champion Australia Share held by a Scheme Participant under the terms of the Scheme, Champion Canada will (subject to the terms and conditions of this document, the Deed Poll and the Scheme):

- (a) issue one Champion Canada Share to each Canadian Scheme Participant; and
- (b) issue to the Authorised Nominee (as depositary) one Champion Canada Share for each Champion Australia Share held by an Australian Scheme Participant and cause the Authorised Nominee to issue one Champion Canada CDI to each Australian Scheme Participant,

in each case, for each Champion Australia Share held by that Scheme Participant at the Record Date.

2.5 CDIs - registration and notices

- (a) On the Implementation Date, Champion Canada must enter in its members register the name of the Authorised Nominee as depositary to hold the Champion Canada Shares underlying the Champion Canada CDIs issued in accordance with the Scheme.

- (b) Champion Canada must, as soon as reasonably practicable after the Implementation Date:
 - (i) issue, or cause to be issued, holding statements or transmittal letters (as the case may be) for those Champion Canada Shares in the name of the Authorised Nominee and procure the dispatch of holding statements or transmittal letters to the Authorised Nominee;
 - (ii) procure that the Authorised Nominee records in the sub-register of CDIs each Scheme Participant who is to receive Champion Canada CDIs under the Scheme; and
 - (iii) dispatch, or cause to be dispatched, to each Scheme Participant who is to receive Champion Canada CDIs under the Scheme a holding statement in the name of that Scheme Participant representing the number of Champion Canada CDIs issued to that Scheme Participant.

2.6 Election of Eligible Scheme Participants

If:

- (a) an Australian Scheme Participant advises Champion Australia in writing on or before 7.00 pm on the Record Date that it wishes to receive Champion Canada Shares instead of Champion Canada CDIs as Scheme Consideration; or
- (b) a Canadian Scheme Participant advises Champion Australia in writing on or before 7.00 pm on the Record Date that it wishes to receive Champion Canada CDIs instead of Champion Canada Shares as Scheme Consideration,

then Champion Australia must promptly notify Champion Canada of this election and Champion Canada must issue, in accordance with the relevant Scheme Participant's instructions, Champion Canada Shares or Champion Canada CDIs (as applicable) as the Scheme Consideration under this document and in accordance with the Scheme.

2.7 Ineligible Foreign Shareholders

- (a) Where a Scheme Participant is an Ineligible Foreign Shareholder, Champion Canada has no obligation to issue the Scheme Consideration to the Ineligible Foreign Shareholder and must instead issue to the Sale Agent the Scheme Consideration to which the Ineligible Foreign Shareholder would have been entitled had the Ineligible Foreign Shareholder been an Eligible Scheme Participant.
- (b) The terms of issue to the Sale Agent are that, where the Sale Agent is issued Scheme Consideration, the Sale Agent must:
 - (i) as soon as is reasonably practicable (but, in any case within one month after the Implementation Date) offer all such Scheme Consideration for sale on ASX in the manner and on the terms the Sale Agent thinks fit (and at the risk of the Ineligible Foreign Shareholder); and
 - (ii) as soon as is reasonably practicable (but, in any case within 10 Business Days after settlement of the last of those sales of that Scheme Consideration), remit to each Ineligible Foreign Shareholder the same portion of the net proceeds of all such sales (after deduction of any applicable brokerage, stamp duty and other charges, fees and taxes) as the Scheme Consideration issued to the Sale Agent in respect of that Ineligible Foreign Shareholder bears to the total Scheme Consideration issued to and sold by the Sale Agent in respect of all Ineligible Foreign Shareholders.

- (c) The remittance by the Sale Agent to each Ineligible Foreign Shareholder of the sale proceeds contemplated in clause 2.7(b) is in full and final satisfaction of that Ineligible Foreign Shareholder's rights and entitlements to the Scheme Consideration.

3. **CHAMPION AUSTRALIA OTHER SECURITIES AND SPECIAL VOTING SHARE**

3.1 **Champion Old Plan**

On the Effective Date, Champion Australia and Champion Canada agree that the Champion Old Plan will be replaced by an incentive plan of Champion Canada (the **Champion Canada Transitory Plan**) as follows:

- (a) the Champion Old Plan will terminate and will be of no further force and effect;
- (b) the Champion Canada Transitory Plan will come into effect;
- (c) the Champion Canada Transitory Plan will be identical in form and substance to the Champion Old Plan in all material respects, except that Champion Canada will replace Champion Australia as the "Company" under such plan; and
- (d) if required by the TSX, the Champion Canada Transitory Plan will be submitted to the shareholders of Champion Canada for approval at the first shareholder meeting following the Effective Date.

3.2 **Champion Omnibus Plan**

On the Effective Date, Champion Australia and Champion Australia agree that the Champion Omnibus Plan will be amended as follows:

- (a) Champion Canada will replace Champion Australia as the "Company" under the Champion Omnibus Plan;
- (b) all references to Champion Australia Shares will be replaced by references to Champion Canada Shares or Champion Canada CDIs, as applicable;
- (c) Champion Canada will assume all of the rights and obligations of Champion Australia with respect to the Incentive Awards granted pursuant to the Champion Omnibus Plan prior to the Effective Date (which have not been exercised or settled (as applicable) on or before the Effective Date, if the right to exercise or settle such Incentive Award has vested prior to the Effective Date);
- (d) the Champion Omnibus Plan so amended will become an incentive plan of Champion Canada; and
- (e) if required by the TSX, the Champion Omnibus Plan so amended will be submitted to the shareholders of Champion Canada for approval at the first shareholder meeting following the Effective Date.

3.3 **Options**

Champion Australia and Champion Canada will use their reasonable efforts to:

- (a) enter into a cancellation and exchange agreement with each holder of Options granted to such holders under the Champion Old Plan, pursuant to which:
 - (i) such holders' Options (which have not been exercised on or before the Effective Date, if the right to exercise such Options has vested prior to the Effective Date) will be cancelled; and

- (ii) as consideration therefor, Champion Canada will issue to such holders the same number of options to subscribe for one Champion Canada Share or one Champion Canada CDI under the Champion Canada Transitory Plan on the same terms and conditions; and
- (b) enter into a cancellation and exchange agreement with each holder of Options granted to such holders under the Champion Omnibus Plan, pursuant to which:
 - (i) such holders' Options (which have not been exercised on or before the Effective Date, if the right to exercise such Options has vested prior to the Effective Date) will be cancelled; and
 - (ii) as consideration therefor, Champion Canada will issue to such holders the same number of options to subscribe for one Champion Canada Share or one Champion Canada CDI under the Champion Omnibus Plan, as amended pursuant to clause 3.2,

it being understood, in each case, that such cancellation and exchange agreements will be effective as of the Effective Date and will be conditional upon the Scheme becoming Effective.

3.4 Warrants

Champion Australia and Champion Canada will use their reasonable efforts to enter into an amendment agreement with each holder of Warrants, pursuant to which the terms of such holder's Warrants will be amended such that:

- (a) Champion Canada will substitute Champion Australia in the rights and obligations of Champion Australia with respect to such holder's Warrants;
- (b) all references in such Warrants to Champion Australia Shares will be replaced by references to Champion Canada Shares or Champion Canada CDIs, as applicable; and
- (c) each such Warrant will continue to exist in such amended form (and for the avoidance of doubt, without being novated), with all of its other terms and conditions unchanged,

it being understood that such amendment agreements will be effective as of the Effective Date and will be conditional upon the Scheme becoming Effective.

3.5 Incentive Awards

Champion Australia and Champion Canada will use their reasonable efforts to enter into an amendment agreement with each holder of Incentive Awards granted to such holders under the Champion Australia Omnibus Plan, pursuant to which:

- (a) Champion Canada will substitute Champion Australia in the rights and obligations of Champion Australia with respect to such holder's Incentive Awards;
- (b) all references in such Incentive Awards to Champion Australia Shares will be replaced by references to Champion Canada Shares or Champion Canada CDIs, as applicable; and

- (c) each such Incentive Award will continue to exist in such amended form (and for the avoidance of doubt, without being novated), with all of its other terms and conditions (including vesting schedule and vesting and settlement conditions) unchanged and will be forthwith subject to the terms and conditions of the Champion Omnibus Plan, as amended pursuant to clause 3.2,

it being understood that such amendment agreements will be effective as of the Effective Date and will be conditional upon the Scheme becoming Effective.

3.6 **Special Voting Share**

The Special Voting Share will not form part of the Scheme.

4. **CONDITIONS**

4.1 **Obligations not binding until Conditions satisfied**

The obligations of the parties with respect to the Implementation do not become binding unless and until each Condition is satisfied or waived under clause 4.3.

4.2 **Conditions**

The Conditions are as follows:

- (a) **(Independent Expert's Report)** the Independent Expert's Report concludes that the Scheme is in the best interests of Champion Australia Shareholders;
- (b) **(orders convening Scheme Meeting)** the Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act;
- (c) **(Champion Australia Shareholder Approval)** Champion Australia Shareholder Approval is obtained at the Scheme Meeting convened in accordance with the orders made under section 411(1) of the Corporations Act;
- (d) **(Court approval of Scheme)** the Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (e) **(order lodged with ASIC)** an office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC;
- (f) **(ATO Class Ruling)** the ATO confirms that a Class Ruling will be issued (following implementation of the Scheme) on terms and conditions satisfactory to Champion Australia and Champion Canada (both acting reasonably);
- (g) **(CRA Ruling)** the Canadian Revenue Agency grants the CRA Ruling on terms and conditions satisfactory to Champion Australia and Champion Canada (both acting reasonably);
- (h) **(Regulatory Approvals)** before 8.00 am on the Second Court Date:
 - (i) **(FIRB approval)** one of the following occurs:
 - (A) Champion Canada has received written notification by or on behalf of the Treasurer of the Commonwealth of Australia under the FATA to the effect that the Commonwealth Government has no objection under its foreign investment policy to Champion Canada acquiring all Champion Australia Shares under the Scheme;

- (B) the period provided for under the FATA during which the Treasurer of the Commonwealth of Australia may make an order or interim order under the FATA prohibiting Champion Canada acquiring Champion Australia Shares under the Scheme has elapsed without such an order being made; or
 - (C) if an interim order has been made by the Treasurer of the Commonwealth of Australia to prohibit Champion Canada acquiring Champion Australia Shares under the Scheme, the subsequent period for making a final order under the FATA has elapsed without any final order being made;
- (ii) **(Canadian Competition Act approval)** the Commissioner of Competition of Canada has issued an advance ruling certificate or a no-action letter with respect to the Re-domiciliation of Champion Australia pursuant to the Scheme; and
 - (iii) all other Authorisations, which Champion Australia and Champion Canada agree in writing are necessary for the implementation of the Scheme, are obtained without the imposition of any term or condition unsatisfactory to Champion Australia and Champion Canada (both acting reasonably);
- (i) **(Champion Australia Other Securities)** before 8.00 am on the Second Court Date, Champion Australia and Champion Canada have reached the agreement with each holder of Champion Australia Other Securities contemplated in clauses 3.3 to 3.5;
 - (j) **(Required Consents)** all Required Consents which Champion Australia and Champion Canada agree are necessary to implement the Scheme are obtained or received without the imposition of any term or condition unsatisfactory to Champion Australia and Champion Canada (both acting reasonably);
 - (k) **(no restraint adversely affecting Implementation)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction, Government Agency or other legal prohibition or restraint preventing the acquisition of all the Champion Australia Shares by Champion Canada or otherwise preventing the Implementation is in effect at 8.00 am on the Second Court Date;
 - (l) **(Authorised Nominee)** Champion Canada appoints the Authorised Nominee and the Authorised Nominee has agreed to the allotment to it of Champion Canada Shares under the Scheme;
 - (m) **(Sale Agent)** Champion Canada appoints the Sale Agent and the Sale Agent has agreed to sell the Scheme Consideration as contemplated in clause 2.7;
 - (n) **(ASX listing and quotation of CDIs)** ASX approves:
 - (i) Champion Canada for admission to the official list of ASX; and
 - (ii) the Champion Canada CDIs for official quotation on ASX,
 which approval may be conditional on the issue of those CDIs, the Court making orders under section 411(4)(b) of the Corporations Act approving the Scheme, and other conditions customarily imposed by ASX; and
 - (o) **(TSX listing)** the listing of the Champion Canada Shares to be issued to Scheme Participants who are to receive Champion Canada Shares in accordance with the Scheme is approved by the TSX, which approval may be conditional on the issue of

those shares, the transaction receiving shareholder and corporate authorities approval and other conditions customarily imposed by the TSX.

4.3 **Benefit and waiver of Conditions**

- (a) Each of the Conditions is for the benefit of both Champion Australia and Champion Canada and a breach or non-fulfilment of a Condition can only be waived with the written consent of both parties. The Conditions in clauses 4.2(b) to 4.2(e), clause 4.2(h) and clauses 4.2(n) and 4.2(o) are not capable of waiver.
- (b) Each party must use its best endeavours to procure that each Condition is satisfied as soon as practicable after the date of this document.

4.4 **Parties to provide certificates to Court**

Each of Champion Australia and Champion Canada must provide to the Court before or at the Second Court Hearing a certificate (or such other evidence as the Court requests) confirming whether or not the Conditions have been satisfied or waived.

4.5 **If Condition is not fulfilled or waived**

If a Condition has not been fulfilled by the Relevant Date and is not waived or the Effective Date does not occur on or prior to the End Date, then the parties:

- (a) must consult in good faith to determine whether the Scheme may proceed by way of alternative means or method so as to achieve a commercial outcome which reflects the Scheme; and
- (b) may agree to extend the Relevant Date or the End Date (or both).

5. **OBLIGATIONS OF PARTIES**

Each party must use reasonable endeavours to give effect to the Scheme, subject to compliance with their respective duties, obligations and powers under this document, their constituent documents and all applicable laws and the proper performance by the directors of each of Champion Australia and Champion Canada (respectively) of their fiduciary duties.

6. **CHAMPION AUSTRALIA'S OBLIGATIONS**

Champion Australia must take all necessary steps to propose and implement the Scheme as expeditiously as practicable and use all reasonable endeavours to do so in accordance with the Timetable, including taking each of the following steps:

- (a) **(Announcement)** on the date of this document, make an Announcement on ASX and the TSX in a form agreed between Champion Australia and Champion Canada, which includes a statement (on the basis of written statements made by each of its directors to it) that each director of Champion Australia:
 - (i) considers the Scheme to be in the best interests of Champion Australia Shareholders and recommends to Champion Australia Shareholders that the Scheme be approved; and
 - (ii) who holds Champion Australia Shares intends to vote his or her Champion Australia Shares in favour of the Scheme;
- (b) **(Independent Expert's Report)** commission the preparation of the Independent Expert's Report and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;

- (c) **(prepare Scheme Booklet)** prepare the Scheme Booklet and ensure that the Scheme Booklet includes all information required by the Corporations Act, the *Corporations Regulations 2001* (Cth), applicable ASIC Policy, applicable Takeovers Panel policy and guidance notes, applicable Canadian securities laws and regulations, the ASX Listing Rules and the TSX Listing Rules;
- (d) **(continuing obligation of disclosure)** between the date of dispatch of the Scheme Booklet and date of the Scheme Meeting, subject to any order of the Court and applicable law, ensure that the Scheme Booklet is updated by all such further or new information that may arise and which is necessary to ensure that the Scheme Booklet is not misleading or deceptive in any material respect (including because of any material omission) and otherwise complies with all applicable laws;
- (e) **(Court documents)** prepare all documents necessary for the Court proceedings relating to the Scheme in accordance with all applicable laws;
- (f) **(consult with Champion Canada)** in a timely manner, consult with Champion Canada as to the form and content of all documents required for the purposes of the Scheme, including:
 - (i) the Scheme Booklet; and
 - (ii) the Court proceedings relating to the Scheme;
- (g) **(lodgement of ASIC Review Draft)** as soon as practicable, provide a draft of the Scheme Booklet to ASIC (as contemplated by section 411(2) of the Corporations Act);
- (h) **(register Scheme Booklet)** take all reasonable measures necessary to cause ASIC to register the Scheme Booklet under section 412 of the Corporations Act;
- (i) **(apply to Court for order to convene Scheme Meeting)** apply to the Court under section 411(1) of the Corporations Act for an order directing Champion Australia to convene the Scheme Meeting;
- (j) **(convene Scheme Meeting)** convene the Scheme Meeting in accordance with any order made by the Court under section 411(1) of the Corporations Act;
- (k) **(dispatch Scheme Booklet)** as expeditiously as practicable following an order made by the Court under section 411(1) of the Corporations Act, dispatch a copy of the Scheme Booklet to each Champion Australia Shareholder and to all other persons entitled to receive notice of the Scheme Meeting;
- (l) **(ATO Class Ruling)** apply to the Australian Tax Office for the ATO Class Ruling;
- (m) **(CRA Ruling)** apply to the Canada Revenue Agency for the CRA Ruling;
- (n) **(section 411(17)(b) statement)** if Champion Australia Shareholder Approval is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Scheme;
- (o) **(Court approval)** subject to satisfaction or waiver of all Conditions other than the Conditions in clauses 4.2(d) and (e), apply to the Court for orders approving the Scheme under section 411(4) of the Corporations Act;

- (p) (**certificate**) before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give:
 - (i) to Champion Canada a certificate signed by Champion Australia stating whether or not each representation or warranty given by Champion Australia is true and correct as at the time it is given or made under clause 10; and
 - (ii) to Champion Canada and the Court the certificate referred to in clause 4.4;
- (q) (**not act inconsistently**) not act in a manner inconsistent with obtaining Court approval for the Scheme;
- (r) (**lodge copy of order**) if the Court approves the Scheme under section 411(4) of the Corporations Act, lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act by 5.00 pm on the first Business Day after the day on which the Court approves the Scheme (unless Champion Australia and Champion Canada agree on a more practicable date);
- (s) (**Scheme Participants**) give to the Share Registry details of the names, registered addresses and holdings of Champion Australia Shares of every Scheme Participant as shown in the Registers on the Record Date, in such form as Champion Canada may reasonably require, and determine Scheme Participants' respective entitlements to the Scheme Consideration (including under clauses 2.6 and 2.7) in accordance with the Scheme;
- (t) (**register transfers**) register all transfers of Champion Australia Shares to Champion Canada on the Implementation Date (subject to provision of the Scheme Consideration in accordance with the Scheme and Deed Poll); and
- (u) (**Scheme**) do all things within its power that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

7. CHAMPION CANADA OBLIGATIONS

Champion Canada must take all necessary steps to assist Champion Australia to propose and implement the Scheme as expeditiously as practicable and use all reasonable endeavours to do so in accordance with the Timetable, including taking each of the following steps:

- (a) (**Scheme Booklet**) promptly provide to Champion Australia for inclusion in the Scheme Booklet all information relating to Champion Canada, Champion Canada Shares and Champion Canada CDIs as is required for Champion Australia to prepare the Scheme Booklet in accordance with clause 6(c) (including giving its consent to the form and context in which that information appears in the Scheme Booklet), and ensure that all such information provided is accurate, complete and not misleading or deceptive in any material respect (whether by omission or otherwise);
- (b) (**additional information**) as expeditiously as practicable, give to Champion Australia for inclusion in the Scheme Booklet such additional information regarding Champion Canada which may arise after the Scheme Booklet has been prepared and is required under the Corporations Act, applicable ASIC Policy, applicable Takeovers Panel policy and guidance notes, applicable Canadian securities laws and regulations, the ASX Listing Rules and the TSX Listing Rules to be included in the Scheme Booklet to ensure that the Scheme Booklet is accurate, complete and not misleading in any material respect (whether by omission or otherwise);

- (c) **(Independent Expert's Report)** provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **(Deed Poll)** before the First Court Date, duly execute and enter into the Deed Poll;
- (e) **(Canadian legal opinions)** deliver to Champion Australia an opinion from its Canadian legal counsel, in a form satisfactory to Champion Australia (acting reasonably), that the Deed Poll is legally binding on and enforceable against Champion Canada under the laws of Canada;
- (f) **(Court documents)** prepare all documents which Champion Canada is required to submit to the Court, and promptly give such documents to Champion Australia for inclusion in the documents which Champion Australia is required to submit to the Court, in connection with the proceedings relating to the Scheme in accordance with all applicable laws;
- (g) **(certificate)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give:
 - (i) to Champion Australia a certificate signed by Champion Canada stating whether or not each representation or warranty given by Champion Canada is true and correct as at the time it is given or made under clause 10; and
 - (ii) to Champion Australia and the Court the certificate referred to in clause 4.4;
- (h) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Scheme;
- (i) **(Authorised Nominee)** appoint the Authorised Nominee to receive under the Scheme and hold Champion Canada Shares for the benefit of Scheme Participants who are Australian Scheme Participants or who notify Champion Australia that they wish to receive Champion Canada CDIs as Scheme Consideration;
- (j) **(Sale Agent)** appoint the Sale Agent to receive under the Scheme and sell for the benefit of Ineligible Foreign Shareholders the Scheme Consideration pursuant to clause 2.7;
- (k) **(Champion Canada Shares)** apply for the listing of the Champion Canada Shares on the TSX (subject to the Scheme becoming Effective) and use reasonable endeavours to obtain the satisfaction of the conditions customarily imposed by the TSX for such listing;
- (l) **(Champion Canada CDIs)** apply for the Champion Canada CDIs to be approved for official quotation on ASX (subject to the Scheme becoming Effective) and use reasonable endeavours to obtain ASX's approval for official quotation by 8.00 am on the Second Court Date;
- (m) **(issue of Champion Canada Shares)** do all things necessary to issue the Champion Canada Shares in accordance with the Scheme and this document;
- (n) **(issue of Champion Canada CDIs)** do all things necessary under the ASX Settlement Operating Rules to enable the Champion Canada CDIs to be issued in accordance with the Scheme and this document;
- (o) **(Scheme Consideration)** if Implementation occurs, provide, or cause to be provided, the Scheme Consideration to Scheme Participants as contemplated by the Scheme and in accordance with the Deed Poll on the Implementation Date; and

- (p) (**Scheme**) do all things within its power that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

8. ANNOUNCEMENT

Each party must use reasonable endeavours to consult and agree with one another the form of any public Announcement in connection with the Scheme.

9. TERMINATION

9.1 Termination for breach

This document may be terminated at any time prior to 8.00 am on the Second Court Date by either party if:

- (a) the other party is in material breach of any clause of this document before the Second Court Date;
- (b) the non-defaulting party has given notice to the other party specifying the breach and stating an intention to terminate this document; and
- (c) the breach has not been remedied within five Business Days (or any shorter period ending at 5.00 pm on the last Business Day before the Second Court Date) from the date a notice under this clause is given.

9.2 No fault termination

This document may be terminated at any time prior to 8.00 am on the Second Court Date by either party if:

- (a) the Scheme Resolution is not approved by the requisite majorities at the Scheme Meeting;
- (b) the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, and an appeal (if any) from that Court decision fails;
- (c) the Court or other Government Agency has issued a decree, order or ruling, or taken other action, which permanently prohibits or restrains the Scheme;
- (d) any of the Conditions is not satisfied and has not been duly waived; or
- (e) the Independent Expert opines that the Scheme is not in the best interests of Champion Australia Shareholders.

9.3 Termination by agreement

This document may be terminated at any time prior to 8.00 am on the Second Court Date by written agreement between the parties to this effect.

9.4 Effect of termination

Termination of this document does not affect any accrued rights arising from a breach of this document prior to termination, and clauses 1, 8, 9, 11 and 12.6 to 15 survive termination.

9.5 **End Date**

Without limiting any other provision of this document, this document may be terminated at any time by either party if the End Date has passed without the Scheme becoming Effective.

10. **REPRESENTATIONS AND WARRANTIES**

10.1 **Mutual representations and warranties**

Each party represents and warrants to the other party that:

- (a) **(status)** it is a validly existing corporation under the laws of its place of incorporation;
- (b) **(power)** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise it entering into this document and carrying out the transactions that this document contemplates in accordance with its terms (save, in the case of Champion Australia, for the Scheme Resolution required to Implement the Scheme);
- (d) **(Authorisations)** it holds each material Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this document and to carry out the transactions that this document contemplates in accordance with its terms;
 - (ii) ensure that this document is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to properly carry on its business,and it is complying with any material conditions to which any such Authorisation is subject;
- (e) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (f) **(no contravention)** neither its execution of this document nor the carrying out by it of the transactions that this document contemplates in accordance with its terms does or will contravene, in any material respect:
 - (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
 - (ii) any Authorisation held by it;
 - (iii) any instrument or undertaking binding on it or any of its property; or
 - (iv) its constitution or articles, as applicable.

10.2 **No other representations**

Each party acknowledges and agrees that the other party makes no representation or warranty other than as set out in this clause 10.

10.3 **Reliance on representations and warranties**

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clause 10.1.

10.4 **When warranties are given**

Each representation and warranty given or made under clause 10.1 is given:

- (a) as at the date of this document;
- (b) as at 8.00 am on the Second Court Date; and
- (c) at any other date at which the representation or warranty is expressed to be given under this document.

11. **RELEASE**

Each party agrees with each other, and declares and covenants in favour of each party's officers and employees, as follows:

- (a) subject to applicable law (including section 199A of the Corporations Act) and clause 11(b), no officer or employee of a party is liable for anything done or purported to be done in connection with Implementation;
- (b) paragraph (a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a grossly negligent act or omission on the part of the person; and
- (c) this clause 11 operates as a deed poll in favour of and for the benefit of each officer and each employee of each party and may be relied on and enforced by each such officer and employee in accordance with its terms even though the officer or employee is not named as a party to this document.

12. **GST**

12.1 **Consideration exclusive of GST**

Any amount to be paid or provided for a supply or payment obligation in connection with this document is exclusive of GST unless stated otherwise.

12.2 **GST pass on**

If GST is or will become payable on a supply made under or in connection with this document, to the extent that the amount to be paid or provided for that supply under this document is not stated to include an amount for GST on the supply:

- (a) the amount otherwise paid or provided for that supply under this document is increased by the amount of that GST; and
- (b) the recipient must make payment of the increase as and when the other consideration otherwise provided for (or relevant part of it) must be paid or

provided or (if the consideration has already been paid or provided) within seven days after receiving a written demand from the supplier.

12.3 **Tax invoice**

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient, except where the recipient is required to issue the tax invoice or adjustment note.

12.4 **Adjustments**

- (a) If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier (within 28 days of becoming aware of the adjustment event):
 - (i) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or
 - (ii) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply to the extent that the supplier is entitled to a refund or credit from the Commissioner of Taxation.
- (b) The supplier must issue an adjustment note or tax invoice reflecting the adjustment event in relation to the supply to the recipient within 28 days after the adjustment event, except where the recipient is required to issue an adjustment note or tax invoice in relation to the supply.

12.5 **Reimbursements**

Costs actually or estimated to be incurred or revenue actually or estimated to be earned or lost by a party that is required to be indemnified or reimbursed by another party, or used as the basis for calculation of consideration for a supply, under this document must exclude the amount of GST referable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and (in relation to revenue) must exclude any amount in respect of GST referable to the revenue.

12.6 **GST Group**

If a party is member of a GST group, references to GST which the party must pay and to input tax credits to which the party is entitled, include GST which the representative member of the GST group must pay and input tax credits to which the representative member of the group is entitled.

12.7 **No merger**

This clause 12 does not merge on Implementation or termination of this document.

13. **NOTICES**

13.1 **How to give notice**

A consent, notice or other communication under this document is only effective if it is:

- (a) in writing and signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and

- (c) either:
 - (i) delivered or sent by pre-paid mail (or by airmail, if the addressee is overseas) to that person's address; or
 - (ii) sent by email to that person's email address.

13.2 **When notice is given**

A consent, notice or other communication that complies with this clause is regarded as given and received:

- (a) if it is sent by mail:
 - (i) within Australia - three Business Days after posting; or
 - (ii) to or from a place outside Australia - seven Business Days after posting; and
- (b) if it is sent by email - when the sender receives a valid, digitally signed acknowledgment of receipt from the addressee.

13.3 **Address for notices**

A person's address and email address are those set out below (or as the person notifies the sender):

Champion Australia

Address: Level 1, 91 Evans Street, Rozelle NSW 2035
Email address: Pradip.Devalia@championiron.com.au
Attention: Pradip Devalia

Champion Canada

Address: Suite 610
1100 René-Lévesque Blvd. West
Montreal, Quebec
H3B 4N4, Canada
Email address: sboucratie@championironmines.com
Attention: Steve Boucratie

14. **AMENDMENT AND ASSIGNMENT**

14.1 **Amendment**

This document can only be amended or replaced by another document duly executed by the parties.

14.2 **Assignment**

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the prior written consent of the other party.

15. **GENERAL**

15.1 **Consents**

Where this document contemplates that a party may agree or consent to something (however it is described), unless this document expressly contemplates otherwise, the party may:

- (a) agree or consent (or not agree or consent) in its absolute and sole discretion; and
- (b) agree or consent subject to conditions.

15.2 **Giving effect to this document**

Each party must do anything within its power (including executing any document) that the other party may reasonably require to give full effect to this document.

15.3 **Liability for expenses**

- (a) Champion Canada must pay for all stamp duty payable on this document or any instrument or transaction contemplated in or necessary to give effect to this document.
- (b) Subject to clause 15.3(a), each party must pay its own expenses incurred in negotiating, preparing, executing and registering this document.

15.4 **No agency or partnership**

Nothing in this document is to be treated as creating a partnership and, except as specifically provided in this document, no party may act as agent of or in any way bind the other party to any obligation.

15.5 **Operation of this document**

- (a) This document contains the entire agreement between the parties about its subject matter and any previous agreement, representation, understanding or warranty relating to that subject matter is replaced by this document.
- (b) Any right that a person may have under this document is in addition to, and does not limit or replace, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is (where possible) to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

15.6 **Inconsistency with other documents**

If this document is inconsistent with any other document or agreement between the parties, this document prevails to the extent of the inconsistency.

15.7 **Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right under the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

15.8 No merger

No provisions of this document merge on Implementation.

15.9 Governing law

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales within the Commonwealth of Australia.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that State and courts of appeal from them in respect of any proceedings arising out of or in connection with the subject matter of this document. Each party irrevocably waives any right it has to object to any legal process being brought in those courts (including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction).

15.10 Counterparts

This document may be executed in counterparts.

EXECUTED as a Deed.

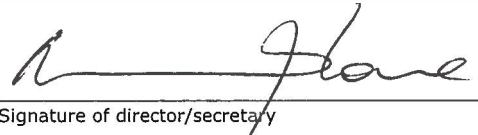
EXECUTED by **CHAMPION IRON LIMITED ACN 119 770 142:**



Signature of director

W.M. O'KEEFE.

Name



Signature of director/secretary

Andrew J. Love.

Name

SIGNED, SEALED AND DELIVERED by **CHAMPION IRON INC.** in the presence of:



Signature of witness

JACK DIGBY

Name of witness





Signature of authorised signatory

GARY LAWLER

Name of authorised signatory

SCHEDULE 1

Timetable

Step	Date (2020)	Action	ASX Day
1.	Tuesday, 7 January	Sign Scheme Implementation Deed and Announce transaction on ASX and the TSX	Before Day 0
2.	Tuesday, 7 January	Provide ASIC, ASX and the TSX with draft Scheme Booklet	Before Day 0
3.	Tuesday, 4 February	First Court Hearing	Before Day 0
4.	Wednesday, 5 February	Scheme Booklet registered by ASIC and release on ASX and the TSX	Before Day 0
5.	Monday, 10 February	Dispatch Scheme Booklet	Before Day 0
6.	Thursday, 12 March	Hold Scheme Meeting and Announce results on ASX and disseminate in Canada	Before Day 0
7.	Friday, 20 March	Second Court Hearing and Announce to ASX and disseminate in Canada	Before Day 0
8.	Monday, 23 March	Effective Date File Court order with ASIC and Announce to ASX and the TSX Champion Australia Shares cease trading at close of trading on ASX	Day 0
9.	7.00 pm on Wednesday, 25 March	Record Date For determining entitlements to receive Scheme Consideration	Day 2
10.	Wednesday, 1 April	Implementation Date Champion Canada issues Scheme Consideration	Day 7
11.	Thursday, 2 April	Dispatch holding statements for Champion Canada Shares and Champion Canada CDIs	Day 8

SCHEDULE 2

Capital

Part A - Champion Australia's Capital

1. CHAMPION AUSTRALIA SHARES

Champion Australia has 445,179,122 Champion Australia Shares and one Special Voting Share on issue.

2. CHAMPION AUSTRALIA OTHER SECURITIES

Champion Australia has on issue the following Champion Australia Securities:

Securities	Number
Champion Australia Warrants exercisable at C\$1.125	21,290,625
Champion Australia Warrants (Glencore International AG) exercisable at C\$1.125	27,733,333
Champion Australia Warrants (CDP Investissements Inc.) exercisable at C\$2.45	15,000,000
Compensation Options	11,500,000
Options under Champion Old Plan	5,750,000
Options under Champion Omnibus Plan	1,064,334
Incentive Awards (Deferred Share Units)	118,591
Incentive Awards (Performance Share Unites)	653,071
Incentive Awards (Restricted Share Units)	597,504

Part B - Champion Canada's Capital

3. CHAMPION CANADA SHARES

Champion Canada has no Champion Canada Shares on issue.

SCHEDULE 3

Scheme of Arrangement (Scheme)



Scheme of Arrangement

Champion Iron Limited

ACN 119 770 142

The holders of ordinary fully paid shares issued in
Champion Iron Limited

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) Champion Iron Limited ACN 119 770 142, whose registered office is at Level 1, 91 Evans Street, Rozelle NSW 2039 (**Champion Australia**); and
- (2) The holders of fully paid ordinary shares in Champion Australia.

BACKGROUND

- (A) Champion Australia is a public company incorporated in Australia. It is registered in Western Australia and is a company limited by shares. It has its registered office at Level 1, 91 Evans Street, Rozelle NSW 2039. Champion Australia is admitted to the official list of ASX and the TSX and Champion Australia Shares are quoted on the stock markets conducted by ASX and the TSX. As at 7 January 2020, 445,179,122 ordinary shares were on issue.
- (B) Champion Iron Inc. (**Champion Canada**) is a corporation incorporated in Quebec, Canada. It has its registered office at Suite 610, 1100 René-Lévesque Blvd. West, Montreal, Québec H3B 4N4, Canada. As at 7 January 2020, no Champion Canada Shares were on issue.
- (C) Champion Australia and Champion Canada entered into the Scheme Implementation Deed on 7 January 2020 to facilitate the implementation of the Scheme. The directors of Champion Australia have proposed the Scheme to Champion Australia Shareholders and consider that the Scheme is in the best interests of Champion Australia Shareholders.
- (D) Under the Scheme Implementation Deed, Champion Australia and Champion Canada have agreed that each of them will perform their respective obligations under the Scheme and do everything within their powers that is necessary to give full effect to the Scheme.
- (E) Champion Canada has executed the Deed Poll under which it covenants in favour of Scheme Participants to carry out its obligations under the Scheme, including to provide the Scheme Consideration in accordance with the terms of the Scheme.
- (F) If the Scheme becomes Effective:
 - (1) Champion Canada will issue the Scheme Consideration in accordance with the terms of this Scheme in consideration of the transfer of the Scheme Shares to Champion Canada;
 - (2) all the Scheme Shares will be transferred to Champion Canada and Champion Australia will become a subsidiary of Champion Canada; and
 - (3) Champion Australia will enter Champion Canada's name in the Registers as the holder of all Scheme Shares.

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691) (as the context requires).

ASX Listing Rules means the listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement for the time being and from time to time, as modified by any express written exemption or waiver given by ASX or ASX Settlement.

Australian Register means the sub-register of members of Champion Australia maintained in Australia under the Corporations Act.

Australian Scheme Participant means an Eligible Scheme Participant who is registered on the Australian Register on the Record Date.

Authorised Nominee means CHES Depository Nominees Pty Limited (ACN 071 346 503, Australian Financial Licence number 254514), an approved general participant of ASX Settlement and a wholly owned subsidiary of ASX.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, Australia, and Montreal, Canada, and which is also a business day as defined by the ASX Listing Rules and the TSX Listing Rules.

Canadian Register means the sub-register of members of Champion Australia maintained in Canada under the Corporations Act.

Canadian Scheme Participant means an Eligible Scheme Participant who is registered on the Canadian Register.

CDI means a CHES Depository Interest, being a unit of beneficial ownership in a share that is registered in the name of the Authorised Nominee in accordance with the ASX Settlement Operating Rules, for the purpose of enabling the securities to be recorded and transferred in accordance with those operating rules.

Champion Australia Share means a fully paid ordinary share in Champion Australia.

Champion Australia Shareholder means a person entered in a Register as the holder of one or more Champion Australia Shares.

Champion Canada CDI means a CDI representing one Champion Canada Share.

Champion Canada Share means a fully paid common share of Champion Canada.

CHES means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.

Corporations Act means the *Australian Corporations Act 2001* (Cth).

Court means the Federal Court of Australia.

Deed Poll means the deed poll to be executed by Champion Canada in favour of Scheme Participants prior to the date of the First Court Hearing.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC.

Eligible Scheme Participant means a Scheme Participant who is not an Ineligible Foreign Shareholder.

End Date means 30 June 2020, subject to any extension to that date under clause 4.5 of the Scheme Implementation Deed.

Implementation means the implementation of the Scheme in accordance with its terms after the Scheme becomes Effective.

Implementation Date means the Business Day which is five Business Days following the Record Date, or such other date (after the Record Date) as Champion Australia and Champion Canada may agree in writing.

Ineligible Foreign Shareholder means a Scheme Participant whose address as shown in a Register as at the Record Date is a place outside Australia, Canada, New Zealand, the United Kingdom and the United States of America, unless Champion Canada is satisfied, before the Record Date and without being obliged to conduct any investigations into the matter, that the relevant Scheme Participant can lawfully be issued Champion Canada Shares or Champion Canada CDIs pursuant to the Scheme.

Record Date means 7.00 pm (Sydney time) on the day which is three Business Days after the Effective Date, or any other date (after the Effective Date) agreed by Champion Australia and Champion Canada to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Registers means the Australian Register and the Canadian Register; and **Register** means one or both of them, as the context requires.

Registered Address means, in relation to a Champion Australia Shareholder, the address of the shareholder shown in the Register.

Sale Agent means a person nominated by Champion Canada to sell or facilitate the sale of the Scheme Consideration referable to the Ineligible Foreign Shareholders in accordance with clause 3.4.

Scheme means the scheme of arrangement under Part 5.1 between Champion Australia and the Scheme Participants, set out in this document, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by Champion Australia and Champion Canada.

Scheme Booklet means the information memorandum in respect of the Scheme to be approved by the Court and dispatched to Champion Australia Shareholders, and that includes the Scheme, a copy of the Deed Poll executed by Champion Canada, an explanatory statement (as this term is defined in section 412 of the Corporations Act), the Independent Expert's Report and a notice of meeting and proxy form.

Scheme Consideration means one Champion Canada Share (which, in the case of Eligible Scheme Participants who are Australian Scheme Participants or who notify Champion Canada that they wish to hold the Scheme Consideration on the Australian Register, is represented by one Champion Canada CDI) for each Champion Australia Share held by an Eligible Scheme Participant as at the Record Date.

Scheme Implementation Deed means the Scheme Implementation Deed between Champion Australia and Champion Canada dated 7 January 2020 relating to the implementation of the Scheme.

Scheme Meeting means the meeting of Champion Australia Shareholders to be convened, as ordered by the Court under section 411(1) of the Corporation Act, to consider the approval of the Scheme Resolution.

Scheme Participant means a Champion Australia Shareholder as at the Record Date, taking into account registration of all registrable transfers and transmission applications received by the Share Registry in accordance with clause 4.1.

Scheme Resolution means a resolution of Champion Australia Shareholders to approve the Scheme under section 411(4)(a)(ii) of the Corporations Act.

Scheme Share means a Champion Australia Share on issue as at the Record Date.

Scheme Transfer means, in relation to Scheme Shares, a proper instrument of transfer of the Scheme Shares.

Share Registry means the person or persons operating the Registers.

TSX means the Toronto Stock Exchange.

TSX Listing Rules means the listing rules of the TSX.

1.2 Rules for interpreting this document

The rules in clauses 1.2 to 1.4 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

2. CONDITIONS

2.1 Conditions to Scheme

The Scheme is conditional on:

- (a) all the conditions set out in clause 4.2 of the Scheme Implementation Deed having been satisfied or waived in accordance with the Scheme Implementation Deed; and
- (b) the Scheme Implementation Deed not having been terminated in accordance with its terms.

2.2 Effective Date

The Scheme takes effect on the Effective Date. Champion Australia must lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(4)(b) of

the Corporations Act by no later than 5.00 pm (Sydney time) on the first Business Day after the date on which the Court makes that order.

2.3 End Date

The Scheme will lapse and be of no effect if the Effective Date has not occurred on or before the End Date.

3. SCHEME

3.1 Implementation steps

- (a) On the Implementation Date, Champion Canada will issue, or cause to be issued, to each Scheme Participant the Scheme Consideration for each Champion Australia Share held by the Scheme Participant in accordance with and subject to the terms of this Scheme.
- (b) On the Implementation Date and subject to the provision of the Scheme Consideration in accordance with the Scheme and Champion Canada having provided Champion Australia with written confirmation of that having occurred, all the Scheme Shares (together with all rights and entitlements attaching to those shares as at the Implementation Date) will be transferred to Champion Canada, without the need for any further act by any Scheme Participant (other than acts performed by Champion Australia or its directors or officers as agent and attorney for the Scheme Participants under the Scheme), by Champion Australia effecting a valid transfer or transfers of the Scheme Shares to Champion Canada under section 1074B of the Corporations Act or, if that procedure is not available for any reason in respect of any Scheme Shares, by:
 - (i) Champion Australia delivering to Champion Canada for execution duly completed and (if necessary) stamped Scheme Transfers to transfer the Scheme Shares to Champion Canada, duly executed by Champion Australia or any of its directors or officers as the agent and attorney of each Scheme Participant as transferor under clauses 6.3 and 6.5;
 - (ii) Champion Canada executing the Scheme Transfers as transferee and delivering them to Champion Australia; and
 - (iii) Champion Australia, upon receipt of the Scheme Transfers under paragraph (ii), entering or procuring entry of the name and address of Champion Canada in the Registers as the holder of all the Scheme Shares.

3.2 Provision of Scheme Consideration

- (a) Subject to clauses 3.3 and 3.4, Champion Canada agrees with Champion Australia that, in consideration of the transfer to Champion Canada of each Champion Australia Share held by a Scheme Participant under the terms of the Scheme, Champion Canada will (subject to the terms and conditions of this document, the Deed Poll and the Scheme Implementation Deed):
 - (i) issue one Champion Canada Share to each Canadian Scheme Participant; and
 - (ii) issue one Champion Canada CDI to each Australian Scheme Participant,in each case, for each Champion Australia Share held by that Scheme Participant at the Record Date.

- (b) Subject to clauses 3.3 and 3.4, the obligation of Champion Canada to issue the Scheme Consideration under clause 3.1(a) to Australian Scheme Participants (or Canadian Scheme Participants who have notified Champion Australia of their election to receive Champion Canada CDIs under clause 3.3) will be discharged by Champion Canada:
 - (i) causing the Authorised Nominee's name to be entered into the shareholders register of Champion Canada as the holder of the Champion Canada Shares issued to the Authorised Nominee, to be held on trust for the Scheme Participants who are to receive Champion Canada CDIs under the Scheme;
 - (ii) procuring the dispatch to the Authorised Nominee of a certificate in the name of the Authorised Nominee representing the Champion Canada Shares issued to the Authorised Nominee;
 - (iii) causing the name of each Scheme Participant who is to receive Champion Canada CDIs under the Scheme to be entered into the records maintained by the Authorised Nominee as the holder of the Champion Canada CDIs issued in respect of the Champion Canada Shares issued to the Authorised Nominee on behalf of that Scheme Participant; and
 - (iv) procuring the dispatch to each Scheme Participant who is to receive Champion Canada CDIs of an uncertificated holding statement in the name of that Scheme Participant representing the number of Champion Canada CDIs issued to that Scheme Participant.

3.3 Election of Eligible Scheme Participants

If:

- (a) an Australian Scheme Participant advises Champion Australia in writing on or before 7.00 pm on the Record Date that it wishes to receive Champion Canada Shares instead of Champion Canada CDIs as Scheme Consideration; or
- (b) a Canadian Scheme Participant advises Champion Australia in writing on or before 7.00 pm on the Record Date that it wishes to receive Champion Canada CDIs instead of Champion Canada Shares as Scheme Consideration,

then Champion Canada will issue, or cause to be issued, in accordance with the relevant Scheme Participant's instructions, Champion Canada Shares or Champion Canada CDIs (as applicable) as the Scheme Consideration in accordance with the Scheme.

3.4 Ineligible Foreign Shareholders

- (a) Ineligible Foreign Shareholders are not entitled to be issued the Scheme Consideration under clause 3.1(a). Instead, the Scheme Consideration that, but for this clause, would be issued to the Ineligible Foreign Shareholders will be issued to the Sale Agent.
- (b) Where the Sale Agent is issued Scheme Consideration under this clause 3.4, Champion Canada will cause:
 - (i) the Sale Agent, as soon as reasonably practicable (but in any case within one month after the Implementation Date), to offer all Champion Canada Shares or Champion Canada CDIs comprising such Scheme Consideration for sale on ASX in such manner, at such price or prices and on such other terms as the Sale Agent deems fit (and at the risk of the Ineligible Foreign Shareholders); and

- (ii) as reasonably practicable but in any case within 10 Business Days after settlement of the last of those sales of Champion Canada Shares or Champion Canada CDIs comprising the Scheme Consideration issued to the Sale Agent having occurred, to remit to each Ineligible Foreign Shareholder the same proportion of the net proceeds of sale of all such shares (after deduction of any applicable brokerage, stamp duty and other charges, fees and taxes) as the Scheme Consideration issued to the Sale Agent in respect of that Ineligible Foreign Shareholder bears to the total Scheme Consideration issued to and sold by the Sale Agent in respect of all Ineligible Foreign Shareholders.
- (c) The amount of money received by each Ineligible Foreign Shareholder will be calculated on an averaged basis, so that all Ineligible Foreign Shareholders will receive the same amount for each Champion Canada Share or Champion Canada CDI, subject to rounding to the nearest whole cent. Consequently, the amount received by an Ineligible Foreign Shareholder for each Champion Canada Share or Champion Canada CDI may be more or less than the actual price that is received by the Sale Agent for the sale of that particular Champion Canada Share or Champion Canada CDI.
- (b) The remittance by the Sale Agent to each Ineligible Foreign Shareholder of the sale proceeds contemplated in clause 3.4(b)(ii) is in full and final satisfaction of that Ineligible Foreign Shareholder's rights and entitlements to the Scheme Consideration.
- (d) Each Ineligible Foreign Shareholder appoints each of Champion Australia and Champion Canada, and each of their respective directors and officers, as its agent to receive on its behalf any financial services guide or other notice that may be given under the Corporations Act by the Sale Agent to each Ineligible Foreign Shareholder for or in connection with its appointment or the sales of Champion Canada Shares or Champion Canada CDIs contemplated above.

3.5 Registration and confirmations

- (a) Champion Canada will register (or cause to be registered) the Eligible Scheme Participants and the Sale Agent (in respect of Ineligible Foreign Shareholders) as the holders of the Champion Canada Shares or Champion Canada CDIs to which they become entitled under the Scheme.
- (b) Champion Canada will send confirmations of issue for Champion Canada Shares or Champion Canada CDIs issued to Eligible Scheme Participants (at the risk of the Eligible Scheme Participants) by pre-paid ordinary mail or (in the case of an address outside Australia) by airmail to the Registered Addresses of the respective Eligible Scheme Participants. In the case of Eligible Scheme Participants that are joint holders, those confirmations will be sent to the holder whose name appears first in the relevant Register on the Record Date.

3.6 Agreement to become shareholder of Champion Canada

Each Eligible Scheme Participant agrees for all purposes to become a shareholder of Champion Canada (without the need for any further act on its part) and to be bound by the articles of Champion Canada.

3.7 Champion Australia Shares transferred free from encumbrance

- (a) To the extent permitted by law, Champion Australia Shares transferred to Champion Canada under the Scheme will be transferred (subject to Champion Australia's constitution) free from all security interests (including charges, liens,

mortgages and other encumbrances and interests of third parties of any kind, whether legal or otherwise).

- (b) Each Scheme Participant is deemed to have warranted to Champion Canada and, to the extent enforceable, appointed and authorised Champion Australia as its agent to warrant to Champion Canada that all its Scheme Shares (including any rights and entitlements attaching to those shares) will, as at the time of the transfer of them to Champion Canada, be fully paid and (subject to Champion Australia's constitution) free from all security interests (including charges, liens, mortgages and other encumbrances and interests of third parties of any kind, whether legal or otherwise) and from any restrictions on transfer of any kind, and that it has full power and capacity to transfer its Scheme Shares (including any rights and entitlements attaching to those shares) to Champion Canada under the Scheme. Champion Australia undertakes in favour of each Scheme Participant that it will be taken to have provided this warranty to Champion Canada on behalf of the Scheme Participant as at the time of transfer of the Scheme Shares.

3.8 Champion Canada beneficially entitled to Scheme Shares

Champion Canada will become beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Champion Australia of the name and address of Champion Canada in the Registers as the holder of the Scheme Shares.

3.9 Trading

Champion Canada will use its best endeavours to procure that:

- (a) the Champion Canada Shares are listed on the TSX with effect from the Implementation Date; and
- (b) the Champion Canada CDIs are listed for quotation on ASX with effect from the Business Day after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis (subject to ASX approval).

4. DEALINGS IN COMPANY SHARES

4.1 What Champion Australia Share dealings are recognised?

To establish the persons who are Scheme Participants, dealings in Champion Australia Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Australian Register as the holder of Champion Australia Shares as at the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Share Registry on or before the Record Date.

4.2 Champion Australia to register transfer and transmission applications

Champion Australia will register registrable transfers and transmission applications of the kind referred to in clause 4.1(b) by, or as soon as practicable after, the Record Date.

4.3 Transfers received after Record Date not recognised

Champion Australia will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Scheme Shares received after the Record Date.

4.4 Champion Australia to maintain Register to determine entitlements

In order to determine entitlements to the Scheme Consideration, Champion Australia will maintain (or procure the maintenance of) the Registers in accordance with this clause 4 until the Scheme Consideration has been issued to Scheme Participants and the Registers in this form will solely determine entitlements to the Scheme Consideration.

4.5 Holding statements no effect from Record Date

From the Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title (or evidence thereof) and each entry on the Registers at the Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Participants to the Scheme Consideration.

4.6 Champion Australia to provide contact information for Scheme Participants

As soon as practicable after the Record Date and in any event at least three Business Days before the Implementation Date, Champion Australia will give to Champion Canada (or procure that Champion Canada is given) details of the name, Registered Address and the number of Champion Australia Shares held by each Scheme Participant, as shown in the Registers at the Record Date, in whatever form Champion Canada reasonably requires.

4.7 Suspension of trading

It is expected that the suspension of trading in Champion Australia Shares on the stock market conducted by ASX will occur from the close of trading on the Effective Date.

4.8 Champion Australia to apply for termination of quotation of Champion Australia Shares

On the Business Day after the Implementation Date, Champion Australia will apply for termination of the official quotation on the stock market conducted by ASX of Champion Australia Shares and will apply to have itself removed from the official list of ASX.

5. WHEN SCHEME BECOMES BINDING

5.1 Court order

The Scheme becomes binding on Champion Australia and each Scheme Participant only if the Court makes an order under section 411(4)(b) of the Corporations Act approving the Scheme, that order becomes effective under section 411(10) of the Corporations Act and the other conditions referred to in clause 2 are satisfied or waived.

5.2 Lodgement of Court order

Unless Champion Australia and Champion Canada agree on a more practicable date, Champion Australia will lodge with ASIC an office copy of the order contemplated in clause 5.1 by 5.00 pm on the first Business Day after the day on which the Court approves the Scheme.

5.3 Assigning, transferring and dealing with Champion Australia Shares

A holder of Champion Australia Shares (and any person claiming through that holder) may only assign, transfer or otherwise deal with those Champion Australia Shares on the basis that the rights so assigned, transferred or otherwise dealt with are limited in the manner described in clause 4 where the Scheme becomes binding pursuant to clauses 5.1 and 5.2.

6. GENERAL PROVISIONS

6.1 Champion Australia giving effect to Scheme

Subject to clause 6.2, Champion Australia must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that is necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. Without limiting Champion Australia's power under the Scheme, Champion Australia has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Deed.

6.2 Terminating the Scheme

The Scheme may be terminated pursuant to the provisions of the Scheme Implementation Deed.

6.3 Scheme Participants' agreements and consents

Each Scheme Participant:

- (a) agrees to the transfer of its Champion Australia Shares, together with all rights and entitlements attaching to those Champion Australia Shares, to Champion Canada in accordance with the Scheme; and
- (b) consents to Champion Australia doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Scheme and the transactions contemplated by it, and Champion Australia (as agent of each Scheme Participant) may sub-delegate its functions under this document to Champion Canada and/or any of Champion Australia or Champion Canada's respective directors and officers, jointly, severally, or jointly and severally,

without the need for any further act by the Scheme Participant.

6.4 Scheme overrides Champion Australia constitution

The Scheme overrides Champion Australia's constitution and binds Champion Australia and the Scheme Participants.

6.5 Appointment of Champion Australia as attorney of Scheme Participants

Each Scheme Participant (without the need for any further act) irrevocably appoints Champion Australia and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Participant's agent and attorney:

- (a) to execute any document or do any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or execution and delivery of any Scheme Transfers) under clause 3; and
- (b) to enforce the Deed Poll against Champion Canada,

and Champion Australia accepts that appointment. Champion Australia may (as agent and attorney of each Scheme Participant) sub-delegate any of its authorities, functions or powers under this clause to Champion Canada and/or all or any of Champion Australia or Champion Canada's respective directors and/or officers (jointly, severally, or jointly and severally).

6.6 Appointment of Champion Canada as attorney in respect of Scheme Shares

- (a) From the Implementation Date until Champion Canada is registered as the holder of all Scheme Shares in the Registers, each Scheme Participant:
 - (i) irrevocably appoints Champion Canada as its agent and attorney (and irrevocably appoints Champion Canada as its agent and attorney to appoint any of the directors and officers of Champion Canada as its agent and attorney) to:
 - (A) appoint any of the directors and officers of Champion Canada as its sole proxy and (where applicable) corporate representative to attend shareholders' meetings of Champion Australia;
 - (B) exercise the votes attaching to Champion Australia Shares registered in the name of the Scheme Participant; and
 - (C) sign any Champion Australia Shareholders' resolution; and
 - (ii) must take all other action in the capacity of a registered holder of Scheme Shares as Champion Canada reasonably directs.
- (b) From the Implementation Date, no Scheme Participant may attend or vote at any shareholders' meetings of Champion Australia or sign any Champion Australia Shareholders resolution (whether in person, by proxy or by corporate representative) other than under this clause.

6.7 Voting entitlement of Champion Australia Shareholders pending transfer of Scheme Shares

Despite any rule of law or equity to the contrary, Champion Australia Shareholders are entitled to exercise all voting and other rights attached to the Scheme Shares until the Implementation Date, from which date clause 6.6 applies.

6.8 Binding effect of Scheme

The Scheme binds Champion Australia and all Champion Australia Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme.

6.9 Alteration or condition to Scheme

If the Court proposes to approve the Scheme subject to any alteration or condition, Champion Australia may (by its counsel or solicitors, but subject to the prior approval of Champion Canada (which may not be unreasonably withheld)) consent on behalf of all persons concerned, including each Scheme Participant, to those alterations or conditions.

6.10 Deed Poll

Champion Australia undertakes in favour of each Scheme Participant to enforce the Deed Poll against Champion Canada for and on behalf of each Scheme Participant.

6.11 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Champion Australia, it is deemed to have been received on the date (if any) on which it is actually received at Champion Australia's registered office or at the Share Registry and on no other date.

6.12 Costs and stamp duty

- (a) Subject to paragraph (b), Champion Australia will pay all the costs of the Scheme.
- (b) Champion Canada will pay all stamp duty and any related fines, penalties and other costs in respect of the Scheme (including in connection with the transfer of the Scheme Shares to Champion Canada) in accordance with the terms of the Scheme.

6.13 Governing law

This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales, Australia.

SCHEDULE 4

Deed Poll

ashurst

Deed Poll

Champion Iron Inc.

Deed Poll relating to proposed Scheme of
Arrangement between Champion Iron Limited
and its members

2020

DEED POLL

THIS DEED POLL is made on

2020

BY:

Champion Iron Inc. (**Champion Canada**)

FOR THE BENEFIT OF:

Each holder of fully paid ordinary shares in Champion Iron Limited ACN 119 770 142 as at the Record Date (**Scheme Participant**)

RECITALS

- (A) Champion Iron Limited ACN 119 770 142 (**Champion Australia**) and Champion Canada have entered into a Scheme Implementation Deed dated 7 January 2020 (**Scheme Implementation Deed**).
- (B) Under the Scheme Implementation Deed, Champion Australia has agreed to propose the Scheme, pursuant to which (among other things) the Scheme Participants are to transfer to Champion Canada, and Champion Canada is to acquire, all Champion Australia Shares, and Champion Canada is to provide the Scheme Consideration to each Eligible Scheme Participant and to establish the Sale Facility for the benefit of Ineligible Foreign Shareholders.
- (C) Champion Canada is executing this document to covenant in favour of each Scheme Participant to perform the obligations contemplated of it under the Scheme.

CHAMPION CANADA DECLARES AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

Words and expressions that are defined in the Scheme Implementation Deed (other than words and expressions defined in this document) have the same meaning in this document as are given to them in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

1.2 Rules for interpreting this document

The rules in clauses 1.2 to 1.4 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

2. NATURE OF THIS DOCUMENT

Champion Canada acknowledges that:

- (a) this document is a deed poll and may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not parties to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Champion Australia and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against Champion Canada.

3. CONDITIONS AND TERMINATION

3.1 Conditions

Champion Canada's obligations under this document are subject to the Scheme becoming Effective.

3.2 Termination

- (a) If the Scheme Implementation Deed is terminated or the Scheme does not become Effective on or before the End Date, Champion Canada's obligations under this document automatically terminate and the terms of this document are of no further force or effect, unless Champion Canada and Champion Australia otherwise agree in writing.
- (b) If this document is terminated pursuant to this clause, then (in addition and without prejudice to any other rights, powers or remedies available to it):
 - (i) Champion Canada is released from its obligations under this document; and
 - (ii) each Scheme Participant retains any rights, powers or remedies it has against Champion Canada in respect of any breach of this document which occurred before this document was terminated.

4. CHAMPION CANADA COVENANT TO COMPLY WITH SCHEME OBLIGATIONS

Subject to clause 3, in consideration of the transfer of each Scheme Share to Champion Canada in accordance with the Scheme, Champion Canada covenants in favour of each Scheme Participant that it will duly and punctually observe and perform all obligations contemplated of it under the Scheme, including all obligations contemplated of it relating to the provision of the Scheme Consideration and the establishment of the Sale Facility in accordance with the Scheme.

5. REPRESENTATIONS AND WARRANTIES

Champion Canada represents and warrants in favour of each Scheme Participant that:

- (a) **(status)** it is a validly existing corporation under the laws of its place of incorporation;
- (b) **(power)** it has full legal capacity and power to execute this document and to carry out the transactions that this document contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its execution of this document and its carrying out of the transactions that this document contemplates;
- (d) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (e) **(no adverse regulatory action)** no regulatory action of any nature has been taken which would inhibit, prevent or otherwise have a material adverse effect on its ability to fulfil its obligations under this document and, to the knowledge of Champion Canada, no such regulatory action has been threatened or is proposed to be taken against Champion Canada; and
- (f) **(Champion Canada Shares)** each Champion Canada Share will, upon issue:
 - (i) be fully paid up;

- (ii) be free from any security interest (other than as provided for under the articles of Champion Canada and the laws governing Champion Canada); and
- (iii) rank equally in all respects with all Champion Canada Shares then on issue.

6. CONTINUING OBLIGATIONS

This document is irrevocable and (subject to clause 3) remains in full force and effect until the earlier of Champion Canada having fully performed its obligations under this document or termination of this document pursuant to clause 3.

7. NOTICES

7.1 How to give notice

A consent, notice or other communication to a person in respect of this document is only effective if it is:

- (a) in writing, legible and in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
 - (ii) sent by email to that person's email address.

7.2 When notice is given

A consent, notice or other communication that complies with this clause is regarded as given and received upon:

- (a) if it is sent by mail:
 - (i) within Australia - three Business Days after posting; or
 - (ii) to or from a place outside Australia - seven Business Days after posting; and
- (b) if it is sent by email - when the sender receives a valid, digitally signed acknowledgment of receipt from the addressee.

7.3 Address for notices

Champion Canada's mail address and email address are those set out below (or as Champion Canada otherwise notifies):

Champion Canada

Address: Suite 610
1100 René-Lévesque Blvd. West
Montreal, Quebec
H3B 4N4, Canada

Email address: sboucratie@championironmines.com

Attention: Steve Boucratie

8. GENERAL

8.1 Costs and stamp duty

Champion Canada must bear and be responsible for:

- (a) its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it (including any transfer of Scheme Shares pursuant to the Scheme), and Champion Canada indemnifies each Scheme Participant on demand against any liability for any and all such stamp duty.

8.2 Amendment

A provision of this document may not be amended or varied unless:

- (a) before the Second Court Date, the amendment or variation is agreed in writing by Champion Australia (on behalf of each Scheme Participant, but without the need for Champion Australia to refer the amendment or variation to any Scheme Participant) and (if required) is approved by the Court; or
- (b) on or after the Second Court Date, the amendment or variation is agreed in writing by Champion Australia (on behalf of each Scheme Participant, but without the need for Champion Australia to refer the amendment or variation to any Scheme Participant) and is approved by the Court,

and Champion Canada executes a further deed poll in favour of each Scheme Participant giving effect to that amendment or variation.

8.3 Assignment

The rights and obligations of Champion Canada and of each Scheme Participant under this document are personal and, except with the prior written consent of Champion Australia and Champion Canada cannot be assigned, encumbered, charged or otherwise dealt with.

8.4 Operation of this document

- (a) Any right that a person may have under this document is in addition to, and does not limit or replace, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is (where possible) to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

8.5 Variation of rights

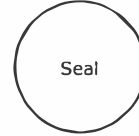
The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

8.6 Governing law

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales, Australia.
- (b) Champion Canada submits to the non-exclusive jurisdiction of the courts of that State and courts of appeal from them in respect of any proceedings arising out of or in connection with the subject matter of this document. Champion Canada irrevocably waives any right it has to object to any legal process being brought in those courts (including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction).

EXECUTED as a deed poll.

SIGNED, SEALED AND DELIVERED by
CHAMPION IRON INC. in the presence
of:



Signature of witness

Signature of authorised signatory

Name of witness

Name of authorised signatory

