

27 January 2017

ASX Market Announcements
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge St
Sydney NSW2000

December 2016 Quarterly Activities Report

- **\$21,073,206 cash on hand at 31 December 2016**
- **\$5,931,001 spent on care and maintenance of Bloom Lake**

REPORTING CURRENCY

Champion Iron Limited (Champion or the Company) has adopted Canadian Dollars as the reporting currency. Accordingly, all financial details are in Canadian Dollars unless otherwise stated.

BLOOM LAKE

Since the acquisition of Bloom Lake in April 2016, the Company's main focus has been to investigate the potential re-start of the Bloom Lake mine and concentrator. The Company has been working with external consultants engaged to assist with the completion of a Feasibility Study which is targeted for completion in the first quarter of 2017.

During the quarter ended 31 December 2016, \$5,931,001 was spent on care and maintenance of Bloom Lake and \$1,076,000 was spent on exploration and administration activities.

CONSOLIDATED FIRE LAKE NORTH (CFLN) & OTHER PROJECTS

The Company expended \$277,000 on limited exploration activity on the CFLN Project during the quarter ended 31 December 2016 primarily undertaken to maintain current claim holdings.

At the Company's other exploration projects, there were minimal activities primarily undertaken to maintain current, significant mineral claim holdings.

SOCIÉTÉ FERROVIAIRE DU NORD QUÉBÉCOIS (SFNQ) - RAIL FEASIBILITY STUDY

Champion continues to participate with the Québec government in the advancement of a multi-user railway solution to connect mine developers and producers in the Labrador Trough with the Port of Sept-Ile's new multi-user ship loading facilities at Pointe Noire. This remains Champion's preferred railway and port solution following evaluation and consideration of alternatives including several independent rail options to Pointe Noire and alternatives to access Baie-Comeau.

CASH POSITION

As at 31 December 2016, Champion had \$21,073,206 cash in hand. Tax refund totalling \$209,000 was received. Further detail is provided in the attached Appendix 5B.

MINING TENEMENTS AT 31 DECEMBER 2016

Through the Company's wholly owned subsidiary Champion Iron Mines Limited, the Company owns a 100% interest in the following properties (each a "Property"), covering 947 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of north eastern Quebec, which is 300 kilometres north of the St. Lawrence River port town of Sept-îles, and ranging from 6 to 80 kilometres southwest of Fermont.

Property-Québec	SNRC	Claims	Hectares
Consolidated Fire Lake North	23B06; 23B11; 23B12	569	28,774.11
Harvey-Tuttle	23B12; 23B05	191	10,010.36
Moire Lake	23B14	36	1,665.56
O'Keefe-Purdy	23B11; 23B12	203	10,623.15
Aubertin Tougard	22O13; 23B04	2	106.14
Jeannine Lake (Note 1)	22N16	21	1,117.40
Round Lake (Notes 1 & 2)	23B04; 23C01; 23N16	327	17,303.54
Silicate-Brutus (Note 1)	22O13	19	1009.25
Peppler	23B05	129	6,786.61
Lamelee	23B05; 23B06; 23B11; 23B12	236	12,374.67
Hobdad	23B05; 23B06	93	4,893.74
Property-Newfoundland	Licences		
Powderhorn	11346M, 11367M, 15136M, 15137M, 18969M, 23147M	101	2525.00
Gullbridge	11956M, 11960M, 16260M, 16261M	212	5,300.00

Note 1 – Currently under option to Cartier Iron Corporation

Note 2 – Round Lake property includes Aubrey-Ernie, Black Dan, Penguin Lake and Round Lake project claims.

The Company's 63.2% owned subsidiary Québec Iron Ore Inc. (QIO) owns a 100% interest in the following properties:

Property-Québec	SNRC	Claims	Hectares
Bloom Lake Mining Lease	23B14	1	6,857.63
Bloom Lake claims	23B14	114	4,101.27

The Company did not enter into farm-in/farm-out arrangements during the quarter.

About Champion

Champion has been working on the development of iron ore deposits in the Labrador Trough for more than 10 years through acquisition of tenements, geological evaluation and development of a Feasibility study (Fire Lake North deposit). The management team has a vast experience from geotechnical work to green

field development, brown field management including logistics development and financing of all stages in the mining industry.

Prior to the acquisition of Bloom Lake, the main focus of Champion's activities, holding over 3 billion tons of high quality iron ore resources, was concentrated on the effort to achieve an economical long term access from mine to ship.

Following the acquisition of Bloom Lake the Company's main focus is to implement upgrades to the mine and processing infrastructure it now owns whilst advancing projects associated with improving access to global markets. This includes progressing rail and port infrastructure initiatives with government and other key industry and community stakeholders.

The Government of Québec has granted CAD \$20 million for the feasibility study of a new rail linking Fire Lake / Bloom Lake area to the port of Sept-Îles. This study is being managed by Champion, and is expected to be finalised in March 2017.

For further information please contact:

Michael O'Keefe, Chairman on +1 (514)316-4858

For additional information on Champion, please visit our website at www.championiron.com.

This Quarterly Activities Report includes certain information that may constitute "forward-looking information" under applicable Australian and Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about planned operations at the Company's projects, including its joint venture projects. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Champion's annual information forms, management discussion and analysis and other securities regulatory filings by Champion on ASX and SEDAR (including under the heading "Risk Factors" therein). There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion's forward-looking information contained in this Quarterly Activities Report is given as of the date hereof and is based upon the opinions and estimates of Champion's management and information available to management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This Quarterly Activities Report has been prepared by Champion and no regulatory authority has approved or disapproved the information contained herein.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Champion Iron Limited

ABN

34 119 770 142

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$C'000	Year to date (9 months) \$C'000
1. Cash flows from operating activities		
1.1 Receipts from customers	–	–
1.2 Payments for		
(a) exploration & evaluation	(277)	(780)
(b) development	–	–
(c) production	–	–
(d) staff costs	(260)	(722)
(e) administration and corporate costs	(539)	(1,478)
1.3 Dividends received (see note 3)	–	–
1.4 Interest received	52	200
1.5 Interest and other costs of finance paid	–	–
1.6 Income taxes paid	–	–
1.7 Research and development refunds	–	–
1.8 Other (provide details if material)	–	–
Refundable tax credit on exploration	209	1,973
Care and maintenance of Bloom Lake	(5,931)	(14,139)
Transaction costs	–	(2,624)
Items not affecting cash	257	362
1.9 Net cash from / (used in) operating activities	(6,489)	(17,208)

Consolidated statement of cash flows	Current quarter \$C'000	Year to date (6 months) \$C'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(405)	(10,205)
(b) tenements (see item 10)	—	(777)
(c) investments	—	—
(d) other non-current assets	—	—
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	393	3,393
(b) tenements (see item 10)	—	—
(c) investments	324	324
(d) other non-current assets	—	—
2.3 Cash flows from loans to other entities	—	—
2.4 Dividends received (see note 3)	—	—
2.5 Other (provide details if material)	—	—
2.6 Net cash from / (used in) investing activities	312	(7,265)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	—	44,000
3.2 Proceeds from issue of convertible notes	—	—
3.3 Proceeds from exercise of share options	—	—
3.4 Transaction costs related to issues of shares, convertible notes or options	—	—
3.5 Proceeds from borrowings	—	—
3.6 Repayment of borrowings	—	—
3.7 Transaction costs related to loans and borrowings	—	—
3.8 Dividends paid	—	—
3.9 Other (provide details if material)	—	—
3.10 Net cash from / (used in) financing activities	—	44,000

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	27,367	1,663
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,489)	(17,208)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	312	(7,265)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	–	44,000
4.5	Effect of movement in exchange rates on cash held	(117)	(117)
4.6	Cash and cash equivalents at end of period	21,073	21,073

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$C'000	Previous quarter \$C'000
5.1	Bank balances	123	774
5.2	Call deposits	20,950	26,594
5.3	Bank overdrafts	–	–
5.4	Other (provide details)	–	–
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,073	27,368

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$C'000
313
–

Includes payments for salaries, director fees and rent.

7. Payments to related entities of the entity and their associates	Current quarter \$C'000
7.1 Aggregate amount of payments to these parties included in item 1.2	–
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$C'000	Amount drawn at quarter end \$C'000
8.1 Loan facilities	–	–
8.2 Credit standby arrangements	–	–
8.3 Other (please specify)	–	–
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$C'000
9.1 Exploration and evaluation	300
9.2 Development	–
9.3 Production	–
9.4 Staff costs	235
9.5 Administration and corporate costs	440
9.6 Other (provide details if material)	–
Care and maintenance of Bloom Lake	3,750
9.7 Total estimated cash outflows	4,725

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	–	–	–	–
10.2	Interests in mining tenements and petroleum tenements acquired or increased	–	–	–	–

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 27 January, 2017
Company secretary

Print name: Pradip Devalia

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.