

## **TSX Management Information Circular**

**The Management Information Circular is provided in respect of those securities of the Company quoted on the TSX. It contains disclosures required by the TSX rules and Canadian securities laws.**

**The matters set out in the Management Information Circular are provided for compliance with the TSX requirements and Shareholders are not required to vote on this Management Information Circular at the Meeting.**

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*This Management Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.*

**MANAGEMENT INFORMATION CIRCULAR**  
**FOR THE**  
**ANNUAL AND SPECIAL MEETING**  
**OF THE**  
**SHAREHOLDERS**  
**OF**  
**CHAMPION IRON LIMITED**

**To be held at 10:00 a.m. (Sydney time)**  
**on Friday, August 29, 2014**  
**at**  
**the offices of Ashurst Australia**  
**Level 36, 225 George Street, Sydney NSW**  
**(8:00 p.m. (Toronto time) on Thursday, August 28, 2014)**

**Dated as of July 22, 2014**

**YOUR VOTE AS A SHAREHOLDER IS IMPORTANT**

## PROXY SOLICITATION

**This Management Information Circular** (the “**Circular**”) is furnished in connection with the solicitation by management of **CHAMPION IRON LIMITED** (“**Champion**” or the “**Corporation**”) of proxies to be used at the Annual and Special Meeting (the “**Meeting**”) of the shareholders of the Corporation, to be held at the offices of Ashurst, Australia, Level 36, 225 George Street, Sydney, NSW, on Friday, August 29, 2014, at 10:00 a.m. (Sydney time) and at any adjournments thereof, for the purposes set forth in the notice of the Meeting (the “**Notice**”) accompanying this Circular.

All costs of this solicitation of proxies by management will be borne by the Corporation. In addition to the solicitation of proxies by mail, directors, officers and certain employees of the Corporation may solicit proxies personally by telephone or other telecommunication but will not receive additional compensation for doing so.

The information contained herein is given as of July 22, 2014, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.

## PART ONE

### VOTING INFORMATION

#### MEETING MATERIALS

The Corporation has distributed printed copies of this Circular, and the accompanying form of proxy and the Notice, (collectively, the “**Meeting Materials**”), directly to registered shareholders and to intermediaries for forward distribution to all NOBOs and to all OBOs (as such terms are defined herein). Meeting Materials forwarded to beneficial shareholders (as defined below) will likely not include the Corporation’s form of proxy but instead an intermediary’s Voting Instruction Form (“**VIF**”) (see below). Intermediaries are required to deliver these Meeting Materials to beneficial shareholders of the Corporation and to seek instructions as to how to vote their ordinary shares of the Corporation (“**Ordinary Shares**”). Brokers or agents can only vote the Ordinary Shares of the Corporation if instructed to do so by the beneficial shareholder.

The Corporation will assume the costs of mailing the Meeting Materials to the NOBOs and to the OBOs.

#### Notice-and-Access

Recent amendments to applicable securities legislation allow electronic delivery of meeting materials and/or delivery of meeting materials only to those who request them (“**Notice-and-Access**”). The Corporation is utilizing the Notice-and-Access mechanism that came into effect on February 11, 2013 under National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer (“**NI 54-101**”). Notice-and-Access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) online, via SEDAR at [www.sedar.com](http://www.sedar.com) and one other website, rather than mailing paper copies of such materials to shareholders. The Notice-and-Access provisions can be used to deliver materials for both special and general meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the information circular at the reporting issuer's expense. The Corporation will not rely upon the use of 'stratification'.

The Corporation anticipates that Notice-and-Access will directly benefit the Corporation through a reduction in both postage and material costs and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

The Corporation will deliver the Meeting Materials to Beneficial Shareholders on the Canadian Register by posting the Meeting Materials at <http://noticeinsite.equityfinancialtrust.com/ChampionIronASM2014/>. The Meeting Materials will be available as of July 30, 2014, and will remain on the website for one full year. The Meeting Materials will also be available on the SEDAR website at [www.sedar.com](http://www.sedar.com) as of July 30, 2014. The Corporation intends to pay for the Intermediary to deliver to objecting Non-Registered Shareholders the proxy-related materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* of NI 54-101.

In accordance with the rules set out in NI 54-101 for the first meeting of shareholders of a reporting issuer for which the Notice-and-Access mechanism is being utilized, the Corporation filed on SEDAR a notification of meeting and record date on June 23, 2014, being at least 25 days before the Record Date for the Meeting.

Shareholders on the Canadian Register will receive paper copies of a notice package (the “**Notice Package**”) via prepaid mail containing a notice with information prescribed by NI 54-101, a letter to Shareholders and a form of proxy (if you are a **Registered Shareholder**) or a voting instruction form (if you are a **Non-Registered Shareholder**), in each case with a supplemental mail list return box for Shareholders to request that they be included in the Corporation’s supplementary mailing list for receipt of the Corporation’s annual and interim financial statements.

Shareholders on the Canadian Register may obtain paper copies of the Notice, this Circular and the Corporation’s Annual Report to Shareholders free of charge, or more information about the Notice-and-Access mechanism, by contacting the Corporation’s transfer agent, TMX Equity Transfer Services Inc. (“**Equity**”), by email at investor@equityfinancialtrust.com, by telephone at 1-866-393-4891 up to and including the date of the Meeting, including any adjournment of the Meeting. In order to receive paper copies of these materials in time to vote before the Meeting, your request should be received by Wednesday, August 20, 2014.

## **APPOINTMENT AND REVOCABILITY OF PROXIES**

### **CANADIAN REGISTERED SHAREHOLDERS**

If you are a Canadian registered shareholder, you can vote your Ordinary Shares at the Meeting in person or by proxy. Your vote can be cast by you in person and counted at the Meeting. If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Circular. If you do not wish to attend the Meeting or do not wish to vote in person, complete and deliver a form of proxy in accordance with the instructions given below.

#### **Appointment of Proxy**

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy in the envelope provided. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the enclosed form of proxy, to attend and vote for and on behalf of the shareholder at the Meeting. Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the person to be appointed or by completing another proper form of proxy. Make sure that the person you appoint is aware that he or she is appointed and attends the Meeting.**

The form of proxy must be executed in writing or by electronic signature by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by instrument in writing executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation. If the proxy is executed by a duly authorized attorney or authorized signatory of the shareholder, the proxy should reflect such person’s capacity following his or her signature and should be accompanied by the appropriate instrument evidencing such person’s qualifications and authority to act (unless such has been previously filed with the Corporation or the Corporation’s registrar and transfer agent, TMX Equity Transfer Services Inc.).

#### **Depositing, Mailing or Faxing Proxy**

Form of proxies to be exercised at the Meeting must be mailed to or deposited with the Corporation’s registrar and transfer agent, TMX Equity Transfer Services Inc., Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, Attention: Proxy Department, or sent by facsimile to (416) 595-9593, such that they are received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof, in default of which they may be treated as invalid. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

A form of proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

## Voting by Internet

If you are a Canadian registered shareholder, go to [www.voteproxyonline.com](http://www.voteproxyonline.com) and follow the instructions. You will need your control number (located on the form of proxy) to identify yourself to the system. You must submit your vote by no later than 10:00 a.m. (Sydney time) on Wednesday, August 27, 2014 or 48 hours (excluding Saturdays, Sundays and holidays) before the time and day of any adjourned meeting. If you vote by Internet, DO NOT mail back the proxy. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

## Voting by Telephone

Equity currently does not offer telephone voting.

## CANADIAN NON-REGISTERED OR BENEFICIAL SHAREHOLDERS

Your Ordinary Shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or a clearing agency in which such an intermediary participates). If Ordinary Shares are listed in an account statement provided to you by a broker, then it is likely that those Ordinary Shares will not be registered in your name, but under the broker's name or under the name of an agent of the broker, such as CDS & Co. (the registration name for The Canadian Depository for Securities Limited), the nominee for many Canadian brokerage firms.

If your Ordinary Shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a “**beneficial shareholder**”). Beneficial shareholders should be aware that only shareholders whose names appear on the share register of the Corporation are entitled to vote in person or by proxy at the Meeting. The purpose of the procedures described below is to permit beneficial shareholders to direct the voting of the Ordinary Shares they beneficially own. There are two categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners (“**NOBOs**”). Beneficial shareholders who have objected to an intermediary providing ownership information are Objecting Beneficial Owners (“**OBOs**”).

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

If you have received the Issuers' Voting Instruction Form, you may return it to TMX Transfer Services Inc.:

1. By regular mail in the return envelope provided,
2. By fax at 416.595.9593
3. By voting online at [www.voteproxyonline.com](http://www.voteproxyonline.com) and entering your control number as instructed on the log on page.

OBOs and other beneficial holders receive a VIF from an Intermediary by way of instruction of their Financial Institution. Detailed instructions of how to submit your vote will be on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Ordinary Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder's name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

## VOTING PROCEDURE FOR CANADIAN BENEFICIAL SHAREHOLDERS

Brokers or agents can only vote the Ordinary Shares of the Corporation if instructed to do so by the beneficial shareholders. Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a VIF which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this VIF is to seek permission from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this VIF to vote or otherwise represent Ordinary Shares in person at the Meeting (but see below for a description of a new simplified procedure for a beneficial shareholder to attend the Meeting). If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your Ordinary Shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions (“**Broadridge**”). Broadridge mails the VIF to the beneficial shareholders and asks beneficial shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all VIFs respecting the Ordinary Shares to be represented at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Ordinary Shares voted or otherwise represented at the Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

As a result of recent amendments to applicable securities legislation, the process for beneficial shareholders to attend and vote their own securities at the Meeting in person has been simplified. The requirement for beneficial shareholders to be sent a legal proxy upon request has been removed and instead, the Corporation or the intermediary (as applicable) is required to arrange, without expense to the beneficial shareholder, to appoint the beneficial shareholder or a nominee of the beneficial shareholder as a proxyholder if the beneficial shareholder has instructed the Corporation or intermediary to do so either by having filled in and submitted a request for voting instructions sent to the beneficial shareholder or by having submitted any other document in writing that requests that the beneficial shareholder or a nominee of the beneficial shareholder be appointed as proxyholder. The Corporation or intermediary who so appoints a beneficial shareholder as a proxyholder must deposit the proxy not less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof so long as the Corporation or intermediary obtains the instructions from the beneficial shareholder at least one business day before the termination of that time. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Ordinary Shares owned by the non-registered shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading “Registered Shareholders”.

### **Voting by Internet, Telephone or Facsimile**

If you are a beneficial shareholder and have been provided with a VIF from your broker or agent, you may be given the option of voting by telephone or facsimile – follow the instructions on the VIF. You will likely be able to vote by internet by accessing [www.proxyvote.com](http://www.proxyvote.com), the URL or web address as provided in the VIF, entering the control number that appears on the VIF, indicating your vote on each proposal and selecting “final submission”.

Your vote **must be received by** 10:00 a.m. (Sydney time) on Wednesday, August 27, 2014 or 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time and day of any adjourned meeting. If you vote by Internet, DO NOT mail back the proxy. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

**Beneficial shareholders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.**

## REVOCATION OF PROXIES AND VOTING INSTRUCTION FORMS FOR CANADIANS

Any shareholder who executes and returns a proxy may revoke it to the extent it has not been exercised by depositing a written instrument executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting by telephonic or electronic means, a revocation that is signed by electronic



signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (a) with the Corporation's registrar and transfer agent, TMX Equity Transfer Services Inc., Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, facsimile (416) 595-9593, Attention: Proxy Department, at any time up to the close of business on the last business day prior to the Meeting, or any adjournment thereof;
- (b) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, at any time prior to a vote being taken in reliance on such proxy; or
- (c) in any other manner permitted by law.

A beneficial shareholder may revoke a voting instruction or may revoke a waiver of the right to receive meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

#### **DIRECT VOTES (AUSTRALIAN SHARE REGISTER ONLY)**

A direct vote will enable Australian shareholders to vote on resolutions considered at the Meeting by lodging their votes with the Corporation prior to the Meeting. Direct voting will enable shareholders to exercise their voting rights without the need to attend the Meeting or appoint a proxy. An Australian shareholder may lodge a direct vote by using the voting form provided with the Notice.

A shareholder may lodge a direct vote by indicating on the voting form that the shareholder is casting the shareholders' vote directly and then placing a mark in one of the boxes opposite each item of business on the voting form. All of the shareholder's Ordinary Shares will be voted in accordance with such direction, unless the shareholder indicates that the shareholder's direction is:

- a. to vote only a portion of the shareholder's votes on any item; or
- b. to cast the shareholder's votes in different ways on any item,

by inserting the number of shares in the appropriate box or boxes.

If a shareholder indicates that the shareholder is lodging the shareholder's votes directly and then does not mark any of the boxes on a given item, no votes will be voted on that item.

If a shareholder indicates that the shareholder is lodging the shareholder's votes directly and then marks more than one box on an item, the shareholder's vote on that item will be invalid. If a shareholder inserts a number of shares in boxes on any item that in total exceed the number of Ordinary Shares the shareholder holds as at the voting entitlement time, the shareholder's vote on that item will be invalid, unless the shareholder inserted a number of shares in one box only on an item which exceeds the number of shares that the shareholder holds at that time, in which case the shareholder's vote will be taken to be valid for the number of shares actually held by that shareholder at that time.

Please note, a shareholder who has cast a direct vote may attend the Meeting, however, the shareholder's attendance cancels the direct vote unless the shareholder instructs the Corporation or the share registry otherwise.

#### **APPOINTMENT OF PROXIES (AUSTRALIAN SHARE REGISTER ONLY)**

A member of the Corporation entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a shareholder of the Corporation.

If you wish to appoint the chairman of the Meeting as your proxy, mark the box in the Proxy Form. If the person you wish to appoint as your proxy is someone other than the chairman of the Meeting, please write the name of that

person in the appropriate box in the proxy form. If you leave this section blank, or your named proxy does not attend the Meeting, the chairman of the Meeting will be your proxy.

If a proxy form is returned but the nominated proxy does not attend the Meeting, the chairman of the Meeting will act in place of the nominated proxy and will vote in accordance with any instructions on the proxy form. Proxy appointments in favour of the chairman of the Meeting, the Corporate Secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Corporation's share registry at +61 8 9315 2333 or you may photocopy your proxy form.

To appoint a second proxy you must on each proxy form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both proxy forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### **VOTING AND DISCRETIONARY AUTHORITY**

The proxyholders named in the accompanying form of proxy shall and will vote the Ordinary Shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the proxy. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED THEREBY WILL BE VOTED (i) FOR THE ADOPTION OF THE REMUNERATION REPORT; (ii) FOR THE ELECTION OF THE MANAGEMENT NOMINEES NAMED IN THIS CIRCULAR AS DIRECTORS; (iii) APPROVAL OF THE SHARE INCENTIVE PLAN; (iv) APPROVAL OF THE ISSUE OF OPTIONS TO MR. THOMAS LARSEN; AND (v) RATIFICATION OF 3,560,448 SHARE ISSUES TO EMPLOYEES AND CONSULTANTS OF CHAMPION IRON MINES LIMITED.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters as may properly come before the Meeting or any adjournments thereof. At the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. If amendments, variations to matters identified in the Notice or if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.

### **TRANSFER AGENTS CONTACT INFORMATION**

#### **Investor Inquiries (Canada)**

TMX Equity Transfer Services Inc.  
200 University Avenue, Suite 300  
Toronto ON M5H 4H1  
By telephone: 1.866.393.4891  
By email to: [investor@equityfinancialtrust.com](mailto:investor@equityfinancialtrust.com)  
By facsimile to: 416.595.9593

#### **Security Transfer Registrars (Australia)**

PO Box 535 Applecross WA 6953  
Australia  
By telephone: (+618) 9315 2333  
By email to: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)  
By facsimile to: (+618) 9315 2233

## **AUDITORS OF THE CORPORATION**

Ernst & Young, auditors to the Corporation, were first appointed as auditors of the Corporation on November 26, 2013.

## **RECORD DATE**

The board of directors of the Corporation (the “**Board**” or “**Board of Directors**”) has determined that the holders of Ordinary Shares at 7:00 p.m. (Sydney time) on August 27, 2014 shall be entitled to receive notice of the Meeting and to vote at the Meeting, and any adjournment thereof. Accordingly, only shareholders of record on such record date are entitled to vote at the Meeting.

A simple majority of votes cast are required to approve all ordinary resolutions to be submitted to a vote of shareholders at the Meeting.

If you cannot attend the Meeting in person, you are encouraged to date, sign and deliver the accompanying proxy and return it in accordance with the instructions set out above under the heading ‘Part One’. Information in relation to proxy voting is set out in the following documentation.

## **OUTSTANDING VOTING SHARES, VOTING AT MEETINGS AND QUORUM**

The capital of the Corporation consists of an unlimited number of Ordinary Shares. At the date hereof, the Corporation has 196,630,710 Ordinary Shares outstanding, each of which carries one vote per Ordinary Share. Holders of Ordinary Shares and exchangeable shares of the Corporation as of the Record Date shall be entitled to vote their Ordinary Shares personally or by proxy at the Meeting. Unless otherwise required by law, every question coming before the Meeting shall be determined by a majority of votes duly cast on the matter.

Proxies returned by intermediaries as “non-votes” because the intermediary has not received instructions from the beneficial shareholder with respect to the voting of certain shares or, under applicable regulatory rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such intermediary “non-votes” will, however, be counted in determining whether there is a quorum.

Pursuant to the constitution of the Corporation (the “**Constitution**”), a quorum for the Meeting is two voting members. Each individual present may only be counted once toward the quorum. If a member has appointed more than one proxy or representative, only one of them may be counted toward a quorum.

## **PRINCIPAL SHAREHOLDERS**

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owns, directly or indirectly, controls or directs Ordinary Shares carrying 10% or more of the voting rights attached to the outstanding Ordinary Shares of the Corporation.

As at the date hereof, the directors and officers of the Corporation as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 15,340,559 Ordinary Shares representing approximately 7.8% of the issued and outstanding Ordinary Shares.

## **PART TWO**

### **STATEMENT OF EXECUTIVE COMPENSATION**

In accordance with the requirements of applicable securities legislation in Canada, the section below sets out the “Summary Compensation Table” and related tables and narrative disclosures to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and to help investors understand how decisions about executive compensation are made. All references in this Circular are in Canadian dollars, unless otherwise specified. References to “A” or “A\$” are to Australian dollar.

## SUMMARY COMPENSATION TABLE

The “Summary Compensation Table” below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly for the financial year ended March 31, 2014, to the Executive Chairman and Corporate Secretary of the Corporation, each fulfilling roles analogous to that of a Chief Executive Officer and that of a Chief Financial Officer. No other officer of the Corporation acted in a similar capacity for the financial year ended March 31, 2014.

The following table sets forth particulars concerning the compensation paid for services rendered to the Corporation by its named executive officers (“NEOs” or “**Named Executive Officers**”) in all capacities during the most recently completed financial year ended March 31, 2014.

Name and principal position <sup>(3)</sup>	Year	Salary <sup>(4)</sup> (\$)	Share-based awards <sup>(4)</sup> (\$)	Option-based awards <sup>(2)</sup> <sup>(3)(4)(5)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation <sup>(4)</sup> (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
Michael O’Keeffe, Executive Chairman	2014	68,334	57,550	61,500	Nil	Nil	Nil	Nil	187,384
Niall Lenahan, Company Secretary	2014	41,000	57,550	61,500	Nil	Nil	Nil	Nil	160,050

Notes:

- (1) Thomas Larsen, Jorge Estepa and Miles Nagamatsu became named executive officers effective as of March 31, 2014 as the result of the closing of an amalgamation pursuant to which Mamba Minerals Limited and a wholly-owned subsidiary, Champion Exchange Limited, acquired all outstanding common shares of Champion Iron Mines Limited under a court-approved plan of arrangement. On March 31, 2014, the Corporation issued to Thomas Larsen, Jorge Estepa and Miles Nagamatsu shares valued at \$600,000, \$360,000 and \$360,000 on the date of grant, respectively, in order to remove provisions from their consulting contracts regarding payments on termination in the event of a change of control subsequent to the completion of the plan of arrangement.
- (2) One million options were granted on November 29, 2013 to each of Mr. O’Keeffe and Mr. Lenahan with an exercise price of A\$0.51. None of these options were vested as of March 31, 2014.
- (3) Thomas Larsen, Jorge Estepa and Miles Nagamatsu were granted 1,173,333, 458,334 and 348,334 Replacement Options (as defined below), respectively on March 31, 2014.
- (4) The Corporation used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.
- (5) This amount is based on the difference between the closing market price of the Corporation’s Ordinary Shares on the Australian Securities Exchange (“ASX”) of A\$0.56 on March 31, 2014, and the exercise price of the option.

## COMPENSATION DISCUSSION AND ANALYSIS

All matters relating specifically to senior executive compensation are reviewed and approved by the full Board. The Board appointed a Remuneration and Nomination Committee effective June 18, 2014. The Remuneration and Nomination Committee makes recommendations to the Board with respect to compensation of the Corporation’s executive officers, including base salaries or consulting fees, annual bonuses and long-term equity participation levels. The Remuneration and Nomination Committee assists the Board in setting performance objectives. The Executive Chairman plays a major role in setting performance objectives and outlining progress in meeting corporate objectives and he will continue to make recommendations in the future. The Board gives final approval on compensation matters.

The Corporation’s overall policy regarding compensation of the Corporation’s executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain suitable and qualified executive management and establish a compensation framework which is industry competitive. The Corporation’s policy is to recognize and reward individual performance as well as to place executive compensation within the range of compensation levels in the industry in which it operates, taking into account the size and scope of operations.

Each year the Board reviews and approves the Corporation's compensation policies and practices, taking into consideration the risks associated therewith. In addition, the Corporation reviews significant risks associated with its operations, the most significant of which are disclosed in the Corporation's annual Management's Discussion and Analysis for each fiscal year. The Corporation has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

The Corporation has adopted a Share Trading Policy, approved by the Board on June 18, 2014, forbidding NEOs and directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Ordinary Shares of the Corporation granted as compensation or held, directly or indirectly, by the NEO or director, without prior approval from the Executive Chairman.

### **Compensation Policy and Key Compensation Components**

The Corporation's compensation program for its NEOs comprises base salaries or consulting fees, incentive bonuses, and incentive stock options. The Corporation recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. Consulting fees are paid by the Corporation to executives or companies they control at competitive industry rates for work of a similar nature by arm's length service providers.

The Corporation relies upon the knowledge and experience of its Remuneration and Nomination Committee and its Board to set appropriate levels of consulting fees and other compensation. These levels are based on the Corporation's performance and development and each NEO's performance. As the Corporation's operations have grown in size and complexity, the NEOs have been rewarded with increases in their compensation packages to reflect additional responsibilities and contributions. As well, from time to time during the year, the Remuneration and Nomination Committee may recommend grants of stock options. Previous grants are taken into account when making new grants.

#### ***Base Salary/Fees***

The objectives of providing NEOs with a base salary or consulting fee are to recognize market rates of pay for comparable positions in the industry and to acknowledge the competencies and skills of individuals. The base salary or consulting fee paid to each NEO is reviewed annually by the Board as part of the annual review of executive officers. The final decision on whether to grant an increase to the NEO's base salary or consulting fee and the amount of any such increase is in the sole discretion of the Board, taking into consideration the recommendations of the Remuneration and Nomination Committee. In making such decisions, the Board refers to the contributions of the NEO as well as to compensation rates for comparable positions in the industry. Stock options provide long-term compensation as well as aligning the interests of the NEOs with the Corporation and its shareholders.

#### ***Incentive Bonuses***

The objective of incentive bonuses in the form of cash is to add a variable component of compensation, based on corporate and individual performances for executive officers, directors and employees and to ensure that the compensation provided by the Corporation is industry-competitive.

In considering the recommendations of the Remuneration and Nomination Committee in respect of annual bonuses, the Board considers the implications of the risks associated with the Corporation's compensation policies and practices. After receiving the recommendation of the Remuneration and Nomination Committee to award no bonuses for the fiscal year 2014, the Board considered the risks associated with the state of the financial markets, the ability of the Corporation to raise money in such markets, and the need for the Corporation to preserve its capital from time to time in such markets, compared to the needs of the Corporation to retain and reward experienced qualified individuals to advance the Corporation's projects. The Board concluded it was not advisable to award bonuses to its NEOs and directors for their efforts during fiscal 2014.

#### ***Replacement Plan***

On March 31, 2014, a business combination was completed pursuant to which the Corporation and a wholly-owned subsidiary, Champion Exchange Limited, acquired all 137,895,609 outstanding common shares of Champion Iron Mines Limited under a court-approved plan of arrangement (the "**Arrangement**"). The Arrangement also provided

for the issuance of replacement stock options (the “**Replacement Options**”) under the replacement stock option plan (the “**Replacement Plan**”) to holders of approximately 9.47 million outstanding Champion Iron Mines Limited options (“**Champion Options**”), pursuant to the exchange ratio utilized in the Arrangement. No further options under this plan were, or will be, granted after March 31, 2014. On March 31, 2014, 6,944,667 Replacement Options were issued.

### **Outstanding share-based awards and option-based awards for certain NEOs**

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Corporation which were outstanding on March 31, 2014:

Name	Option-based Awards <sup>(2)</sup>				Share-based Awards <sup>(4)</sup>		
	Number of securities underlying unexercised options (#)	Option Exercise price <sup>(3)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)(3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
Michael O’Keeffe, Executive Chairman	1,000,000	0.51	Nov. 29, 2018	61,500	Nil	Nil	Nil
Niall Lenahan, Company Secretary	1,000,000	0.51	Nov. 29, 2018	61,500	Nil	Nil	Nil

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation’s Ordinary Shares on the ASX of A\$0.56 on March 31, 2014, and the exercise price of the option.
- (2) These options have not vested as of March 31, 2014.
- (3) The Corporation used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.
- (4) On March 31, 2014, the Corporation issued to Thomas Larsen, Jorge Estepa and Miles Nagamatsu shares valued at \$600,000, \$360,000 and \$360,000 on the date of grant, respectively, in order to remove provisions from their consulting contracts regarding payments on termination in the event of a change of control subsequent to the completion of the Arrangement.

### ***Incentive Plan Awards for Certain NEOs - Value Vested or Earned During the Year***

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended March 31, 2014.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Michael O’Keeffe, Executive Chairman	Nil	Nil	Nil
Niall Lenahan, Company Secretary	Nil	Nil	Nil

## **Pension Plan Benefits**

No pension plan or retirement benefit plans have been instituted by the Corporation and none are proposed at this time.

## **NEO Employment Contracts, Termination and Change of Control Benefits**

The Corporation has written consulting services contracts with its NEOs. Each contract provides for the payment and provision of other benefits triggered by a termination without cause or as a result of a change of control.

The Corporation has an employment contract with its Executive Chairman, Michael O’Keeffe. Mr. O’Keeffe’s contract is for a two year period expiring in August 2015, and may be extended for an additional two year term, subject to the provision of written notice by either the Corporation or Mr. O’Keeffe. Under the terms of the employment contract, Mr. O’Keeffe is entitled to receive annual fees consisting of base salary and superannuation of A\$109,250, to be reviewed annually. Pursuant to the employment contract, if there is a change in control of the Corporation which results in the termination of office for Mr. O’Keeffe, he would be entitled to receive an amount equal to one year’s fees as described in the table below. As well, the Corporation may at its sole discretion terminate the employment of Mr. O’Keeffe without cause by providing three months written notice to Mr. O’Keeffe.

The Corporation also had an employment contract with Mr. Niall Lenahan, the former Company Secretary of the Corporation. Mr. Lenahan’s contract was for a two year period expiring in August 2015, and may have been extended for an additional two year term, subject to the provision of written notice by either the Corporation or Mr. Lenahan. Under the terms of the employment contract, Mr. Lenahan was entitled to receive annual fees consisting of base salary and superannuation of A\$65,550 to be reviewed annually. Pursuant to the employment contract, if there is a change in control of the Corporation which would have resulted in the termination of office for Mr. Lenahan, he would be entitled to receive an amount equal to one year’s fees as described in the table below. As well, the Corporation at its sole discretion could have terminated the employment of Mr. Lenahan without cause by providing three months written notice to Mr. Lenahan. On June 18, 2014, Mr. Lenahan resigned as Company Secretary.

Thomas Larsen, Jorge Estepa and Miles Nagamatsu became NEOs effective on March 31, 2014, the closing date of an amalgamation pursuant to which Mamba Minerals Limited and a wholly-owned subsidiary, Champion Exchange Limited, acquired all of the outstanding shares of Champion Iron Mines Limited under the court-approved Arrangement. Messrs. Larsen, Nagamatsu and Estepa have written consulting contracts with the Corporation’s wholly-owned subsidiary Champion Iron Mines Limited as detailed below.

The Corporation’s wholly-owned subsidiary, Champion Iron Mines Limited, has a consulting services contract, as amended, with a personal services corporation for the services of its Chief Executive Officer, Thomas G. Larsen. The contract was initially for a two year period which expired in November 2013, and thereafter automatically extended on an annual basis for an additional term of one year. The consulting services contract provides for annual consulting fees of \$300,000 payable to a corporation controlled and wholly-owned by Mr. Larsen. Pursuant to the services contract, the contract may be terminated by the Corporation “for convenience” or without cause upon 30 days’ notice and the payment of the equivalent of one year’s fees.

The Corporation’s wholly-owned subsidiary, Champion Iron Mines Limited, also has a consulting services contract, as amended, with a personal services corporation for the services of its Chief Financial Officer, Miles Nagamatsu. The contract was initially for a two year period which expired in November 2013, and thereafter automatically extended on an annual basis for an additional term of one year. The consulting services contract provides for annual consulting fees of \$180,000 payable to a corporation controlled and wholly-owned by Mr. Nagamatsu. Pursuant to the services contract, the contract may be terminated by the Corporation “for convenience” or without cause upon 30 days’ notice and the payment of the equivalent of one year’s fees.

The Corporation’s wholly-owned subsidiary, Champion Iron Mines Limited, also has a consulting services contract, as amended, with a personal services corporation for the services of its Vice President and Secretary-Treasurer, Jorge Estepa. The contract was initially for a two year period which expired in November 2013, and thereafter automatically extended on an annual basis for an additional term of one year. The consulting services contract provides for annual consulting fees of \$180,000 payable to a corporation controlled and wholly-owned by Mr.

Estepa. Pursuant to the services contract, the contract may be terminated by the Corporation “for convenience” or without cause upon 30 days’ notice and the payment of the equivalent of one year’s fees.

The following table sets forth the estimated incremental payments that would have been required to have been made to each NEO, assuming a triggering event (change of control or termination without cause) took place on March 31, 2014. In addition, the Replacement Plan contains provisions for a change of control, a sale by the Corporation of all or substantially of all its assets, or termination, details of which are set out below under “*Replacement Plan*”.

Name and principal position <sup>(2)</sup>	Estimated Cash Payout on Termination		Estimated Value Vested Option Awards on Termination without Cause <sup>(1)(3)</sup> (\$)
	Without Cause <sup>(3)</sup> (\$)	Change of Control and Termination <sup>(3)</sup> (\$)	
Michael O’Keeffe, Executive Chairman	27,996	111,981	61,500
Niall Lenahan, <sup>(4)</sup> Company Secretary	16,797	67,189	61,500

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation’s shares on the ASX of \$0.57 per share on March 31, 2014, and the exercise price of all “in-the-money” options which are \$0.51.
- (2) Thomas Larsen, Jorge Estepa and Miles Nagamatsu became named executive officers effective as of March 31, 2014 as the result of the closing of an amalgamation pursuant to which Mamba Minerals Limited and a wholly-owned subsidiary, Champion Exchange Limited, acquired all of the outstanding shares of Champion Iron Mines Limited under a court-approved Arrangement. On March 31, 2014, the Corporation issued shares to Thomas Larsen, Jorge Estepa and Miles Nagamatsu valued at \$600,000, \$360,000 and \$360,000 on the date of grant, respectively, in order to remove provisions from their consulting contracts regarding payments on termination in the event of a change of control subsequent to the completion of the Arrangement.
- (3) The Corporation used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.
- (4) Mr. Lenahan resigned as Company Secretary on June 18, 2014.

## DIRECTORS’ COMPENSATION

Directors *per se* are not entitled to fees; but, as disclosed the table below, some directors were compensated, consisting of either salary, superannuation, stock options grants and incentive bonuses, or combinations thereof. The objective is to compensate the directors on an industry-competitive basis.

As set forth in the table below, during the year ended March 31, 2014, the Corporation compensated its non-executive directors. The following table sets forth the value of all compensation paid to directors of the Corporation who were not NEOs during the most recently completed financial year ended March 31, 2014:

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Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Richard Wright <sup>(1)</sup>	41,000 <sup>(8)</sup>	28,775 <sup>(8)</sup>	Nil	Nil	Nil	Nil	69,775 <sup>(8)</sup>
Greg Burns <sup>(2)</sup>	25,625 <sup>(8)</sup>	Nil	Nil	Nil	Nil	Nil	25,625 <sup>(8)</sup>
Robert Hyndes <sup>(3)</sup>	12,300 <sup>(8)</sup>	Nil	Nil	Nil	Nil	Nil	12,300 <sup>(8)</sup>
Neville Bassett <sup>(4)</sup>	12,300 <sup>(8)</sup>	Nil	Nil	Nil	Nil	Nil	12,300 <sup>(8)</sup>
Thomas Larsen <sup>(5)</sup>	N/A	600,000 <sup>(6)</sup>	17,600 <sup>(7)</sup>	Nil	Nil	Nil	617,600
Donald A. Sheldon <sup>(5)</sup>	N/A	Nil	4,980 <sup>(7)</sup>	Nil	Nil	Nil	4,980
Paul Ankcom <sup>(5)</sup>	N/A	Nil	4,980 <sup>(7)</sup>	Nil	Nil	Nil	4,980
James Wang <sup>(5)</sup>	N/A	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Wright was appointed to the Board on August 13, 2013.
- (2) Mr. Burns resigned from the Board on August 13, 2013.
- (3) Mr. Hyndes resigned from the Board on August 13, 2013.
- (4) Mr. Bassett resigned from the Board on August 13, 2013.
- (5) Appointed to the Board on March 31, 2014.
- (6) Issued shares with a fair value of \$600,000 to remove provisions from a consulting contract regarding payments on termination in the event of a change of control subsequent to the completion of the Arrangement.
- (7) This amount is based on the difference between the closing market price of the Corporation's shares on the TSX of \$0.49 on March 31, 2014, and the exercise price of unexercised in-the-money options.
- (8) The Corporation used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.

#### Share-based Awards and Option-Based Awards for Certain Directors

The following table sets forth the options to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year ended March 31, 2014 granted to the directors of the Corporation who are not NEOs:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Richard Wright	500,000	\$0.51 <sup>(3)</sup>	Nov. 29, 2018	\$30,750 <sup>(1)(3)</sup>	Nil	Nil	Nil
Greg Burns	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Robert Hyndes	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Neville Bassett	Nil	N/A	N/A	Nil	N/A	N/A	N/A

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Donald A. Sheldon	51,333 <sup>(4)</sup> 22,000 36,667 73,333 73,333	0.41 0.45 1.09 1.36 1.77	Sep 16, 2014 Sep 24, 2014 Jan 14, 2015 Oct 3, 2015 Dec 20, 2016	4,107 <sup>(2)</sup> 880 <sup>(2)</sup> Nil Nil Nil	Nil	Nil	Nil
Paul Ankcorn	51,333 <sup>(4)</sup> 22,000 36,667 36,667 73,333	0.41 0.45 1.09 1.36 0.55	Sep 16, 2014 Sep 24, 2014 Jan 14, 2015 Oct 3, 2015 Dec 20, 2016	4,107 <sup>(2)</sup> 880 <sup>(2)</sup> Nil Nil Nil	Nil	Nil	Nil
James Wang	220,000 <sup>(4)</sup>	0.55	Dec 20, 2016	Nil	Nil	Nil	Nil

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's shares on the ASX of A\$0.56 on March 31, 2014, and the exercise price of the option.
- (2) This amount is based on the difference between the closing market price of the Corporation's shares on the TSX of \$0.49 on March 31, 2014, and the exercise price of the option.
- (3) The Corporation used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.
- (4) Options issued to Donald A. Sheldon, Paul Ankcorn and James Wang were issued under the Replacement Plan.

#### INCENTIVE PLAN AWARDS FOR CERTAIN DIRECTORS – VALUE VESTED OR EARNED DURING THE YEAR

One million options were granted on November 29, 2013 to each of Mr. O'Keeffe and Mr. Lenahan with an exercise price of \$0.51. None of these options were vested as of March 31, 2014.

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors who are not NEOs during the most recently completed financial year ended March 31, 2014:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael O'Keeffe	Nil	Nil	Nil
Niall Lenahan	Nil	Nil	Nil
Richard Wright	Nil	Nil	Nil
Greg Burns	Nil	Nil	Nil
Robert Hyndes	Nil	Nil	Nil
Neville Bassett	Nil	Nil	Nil
Thomas Larsen	Nil	Nil	Nil

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Donald A. Sheldon	Nil	Nil	Nil
Paul Ankcorn	Nil	Nil	Nil
James Wang	Nil	Nil	Nil

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information concerning the Replacement Plan and the proposed Share Incentive Plan at the end of the most recently completed financial year, March 31, 2014.

<b>Plan Category</b>	<b>(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)</b>	<b>(B) Weighted average option price of outstanding options, warrants and rights (\$)</b>	<b>(C) Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column A) (#)</b>
Share Incentive Plan (not yet approved by Shareholders)	20,800,000 <sup>(1)</sup>	0.31 <sup>(2)</sup>	18,526,142
Replacement Plan (approved by Shareholders)	6,944,667	1.21	Nil
	27,744,667		18,526,142

Notes:

- As of the date hereof, and subject to shareholder approval at the Meeting, the maximum number of Ordinary Shares which may be reserved for issuance under the Share Incentive Plan is 39,326,142 of which 20,800,000 Ordinary Shares were reserved for issuance under outstanding options.
- The Corporation used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.

## Replacement Plan

The following is a summary of the key terms of the Replacement Plan. No stock options under this plan were issued after March 31, 2014, the closing date of the Arrangement. The Arrangement resulted in the issuance of Replacement Options of the Corporation to the holders of outstanding Champion Iron Mines Limited options.

The purpose of the Replacement Plan was to grant options to persons whose options in Champion Iron Mines Limited were exchanged under the Arrangement. The exercise price shall be the amount (rounded up to the nearest one hundredth of a cent) equal to the quotient of each Replacement Option was (i) the exercise price per Champion Iron Mines Limited share subject to such Champion Iron Mines Limited option immediately prior to March 31, 2014; and (ii) the exchange ratio. All other terms of each Replacement Option shall be the same as the terms of the Champion Iron Mines Limited option for which it was exchanged. As at the date of this Circular, a maximum of 6,944,667 Ordinary Shares are issuable pursuant to the terms of the Replacement Plan and 6,944,667 stock options are issued and outstanding. No further stock option grants will be made pursuant to the Replacement Plan.

Under the Replacement Plan, options were granted in favour of directors, officers, key employees (part-time or full-time) or consultants of corporations that are wholly-owned by any of the foregoing, or consultant companies of the Corporation or any its subsidiaries (“**Eligible Persons**”). No financial assistance is, was or will be provided by the Corporation to participants in the Replacement Plan to facilitate the purchase of shares under the Replacement Plan.

The Replacement Plan does not limit the participation of insiders.

The Board will comply with all the TSX, ASX and other regulatory requirements in administering the Replacement Plan. The Board may amend or discontinue the Replacement Plan at any time upon receipt of any necessary regulatory approval including without limitation, the approval of the TSX or any other exchange. The powers of the Board to amend the Replacement Plan shall include, but not be limited to:

- (a) Minor changes of a “housekeeping nature”;
- (b) Amending options under the Replacement Plan, including with respect to the option period, vesting period, exercise method and frequency, option price and method of determining the option price, assignability and effect of termination of the participant’s employment or cessation of directorship;
- (c) Accelerating vesting or extending the expiration date of any option, provided that the period during which an option was exercisable does not exceed 5 years from the date on which the option was granted; and
- (d) Adding a cashless exercise feature, payable in cash or securities,

provided that any such amendment is not detrimental to the option holder and that any amendments to the terms of the option shall also be subject to any necessary regulatory approvals, including without limitation, the approval of the TSX or any other exchange.

Shareholder approval will be required to amend the Replacement Plan where the listing rules of the Australian stock exchange require shareholder approval to be obtained.

### **Champion Iron Limited Share Incentive Plan**

On June 25, 2014, the Board approved, subject to shareholder approval, amendments to the share incentive plan (the “Plan”) (i) to reserve 20% of the issued and outstanding Ordinary Shares of the Corporation from time to time (39,326,142 shares as of the date of this Circular), for issuance to participants under the Plan and (ii) so that upon exercise of an option the Ordinary Shares which had been reserved to be issued pursuant to the Plan shall become available to be issued upon the exercise of subsequent stock option grants. Prior to the amendment, the Company’s plan had no plan maximum. *See Particulars of Matters to be Acted on at the Meeting – (e) Approval of Share Incentive Plan.* The Ordinary Shares issuable under the Replacement Plan are not counted towards the number of Ordinary Shares issuable under the Plan.

If the amendment is approved by shareholders, any increase in the issued and outstanding Ordinary Shares will result in an increase in the available number of Ordinary Shares issuable under the Plan, and any exercises of options will make new grants available under the Plan effectively resulting in a re-loading of the number of options available to grant under the Plan. No financial assistance is or will be provided by the Corporation to participants in the Plan to facilitate the purchase of shares under the Plan. The Plan does not limit the participation of insiders.

In accordance with the requirements of the Toronto Stock Exchange (the “TSX”) if the amendment to the Plan is approved by shareholders it must be re-approved every three years.

Under the rules of the TSX governing security based compensation arrangement, specific shareholder approval is required for any amendment to amendment provisions of the Plan. The Plan has incorporated amendment provisions requiring shareholder approval for (a) any reduction in the exercise price after an option has been granted, except in the case of an adjustment pursuant to the Plan held by an insider; (b) any extension of the expiry date of an option held by an insider, or any cancellation of such an option, and the substitution of that option with a new option with extended expiration date, except in case of an extension due to a black-out period; (c) any amendment which increases the maximum number of Ordinary Shares that may be issued under the Plan; (d) any amendment to these amendment provisions; and (e) any other matters that may require shareholder approval under the rules and policies of the TSX. The Plan has also incorporated the following amendment provisions which may be made at the Board’s discretion without shareholder approval for items including, but not limited to, the following: (a) any amendment of a “housekeeping” nature, including without limitation those made to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding its administration; (b) a change to the vesting provisions of the Plan; (c) a change to the provisions governing assignability and the effect of termination of a Participant’s employment, contract or office, or cessation of a Participant’s directorship; and (d) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted.

Subject to the provisions of the Plan, the directors may receive recommendations of management or any committee of the Board and shall determine and designate from time to time those Participants to whom options should be granted, the number of Ordinary Shares which will be optioned from time to time to such Participants and the terms and conditions of each such grant of options. The Board will comply with all the TSX and other regulatory requirements in granting options and otherwise administering the Plan.

All stock options granted have an exercise price determined and approved by the Board of Directors at the time of grant, which shall be granted at a price equal to the volume weighted average trading price of the Ordinary Shares on the TSX or other public market if not listed on the TSX for the five (5) consecutive trading days immediately preceding the date of the award, provided that such purchase price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the Ordinary Shares are then listed. The term and vesting period for options granted under the Plan is determined at the discretion of the Board but in no circumstances shall the options granted pursuant to the Plan have a term in excess of five years.

The Plan is considered a “rolling plan”, as the reloading of options is permitted under the Plan and options that are exercised, surrendered, terminated or expire without being exercised no longer represent Ordinary Shares reserved for issuance under this Plan and do not decrease the number of Ordinary Shares issuable. The number of Ordinary Shares issuable to any one participant cannot exceed 5% of the Ordinary Shares then outstanding for a particular class of shares (on a non-diluted basis).

The Board of Directors reserves the right, in its sole discretion, to suspend or terminate the Plan. In the event of a suspension or termination, the rules applicable to existing options acquired will continue to operate. Subject to the Corporations Act, the Listing Rules and any other applicable law, the Plan may be amended by the Board of Directors so as to add to, delete or otherwise vary the Plan at any time and in any manner it sees fit in its absolute discretion without shareholder approval. No amendment to the Plan may be made which reduces the rights of Participants in respect of options acquired by them prior to the date of the amendment, other than an amendment introduced primarily:

- a) For the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, or the Listing Rules
- b) To correct any manifest error or mistake; or
- c) to address possible adverse tax implications In respect of the Rules arising from, among other things:
  - i. rulings from the Commissioner of Taxation;
  - ii. changes to tax legislation (including an official announcement by the Commonwealth of Australia); or
  - iii. changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction

A summary of some of the additional provisions of the Plan are as follows:

- 1. The Plan does not limit insider participation.
- 2. The maximum number of Ordinary Shares which may be issued to any one optionee and such optionee’s associates under the Plan and any other Share Compensation Arrangement in any 12 month period shall be 5% of the number of Ordinary Shares outstanding at the date of the issuance (on a non-diluted basis).
- 3. Options may not be assigned or transferred, with the exception of an assignment made to a personal representative of a deceased participant with the consent of the Board.
- 4. The Plan does not provide for financial assistance to Participants to facilitate the payment of the purchase price.
- 5. If an optionee dies while a Participant (if an individual), any vested option held by him at the date of death shall be exercisable, but only by the person or persons to whom the optionee’s rights under the option shall pass by the optionee’s will or the laws of descent and distribution. All such options shall be exercisable only for a six (6) month period after the date of death or prior to the expiration of the option period in respect thereof, whichever is sooner.

6. If an optionee ceases to be a Participant because of resignation, retirement or any reason other than cause or death, any vested option held by such optionee may be exercised only for a period of thirty (30) days after the date on which such optionee ceases to be a Participant, but in all cases such option shall expire and terminate within the maximum period provided by the TSX.

Where an option is granted on terms that entitle the Participant on vesting to a cash equivalent of the number of Ordinary Shares in respect of which option has vested or a vested option has been exercised, the Corporation will pay the cash equivalent to the Participant within such time as the Board determines, but subject to the listing rules of applicable exchanges and no later than one month after the vesting date for the option or the date of exercise of the option. The cash equivalent is the market value of those shares on the vesting date.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former director, executive officer or employee of the Corporation, nor any associate of any of the foregoing persons, was indebted to the Corporation or was the subject of a support agreement such as a guarantee or other similar arrangement or understanding provided by the Corporation at any time during the most recently completed financial year ended March 31, 2014, or at any time up to the date hereof.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

At March 31, 2014, the Corporation maintained \$10 million per occurrence of group liability insurance for the protection of the directors and officers of the Corporation. The annual premium for this liability insurance in 2013-2014 was \$12,257. This coverage is in addition to the corporate indemnification outlined in the Corporation's Constitution.

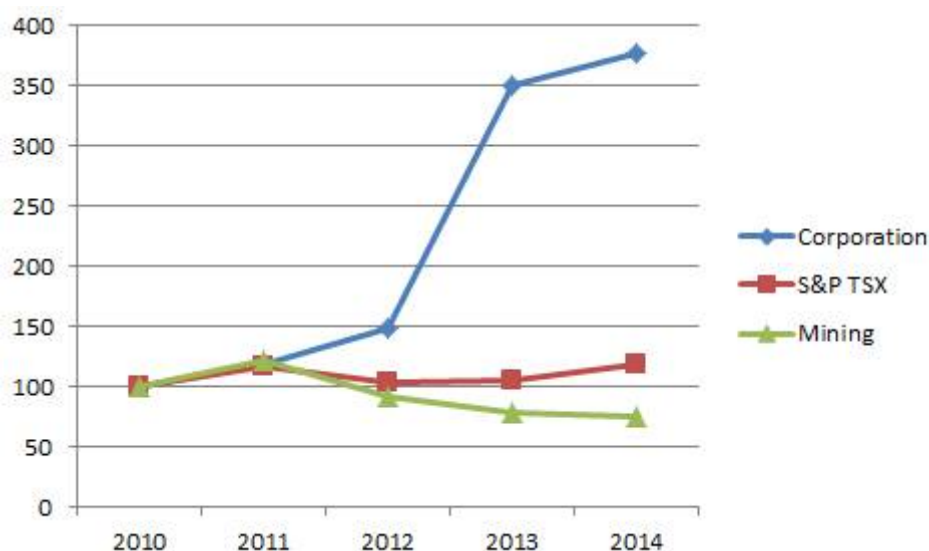
## **PERFORMANCE GRAPH**

The Ordinary Shares of the Corporation have been listed and posted for trading on the ASX under the trading symbol "CIA" since April 3, 2014 and on the TSX under the trading symbol CIA since March 31, 2014. Prior to that time they were traded on the ASX under the symbol "MAB".

The following graph and table is a reporting requirement under Canadian securities laws, and compares the Corporation's five-year cumulative total shareholder return had \$100 been invested in the Corporation on the first day of the five-year period at the closing price of the Ordinary Shares on that date being April 1, 2010, with the cumulative total return of both the S&P/TSX Composite Index and the S&P/TSX Global Mining Index over the five most recently completed fiscal years ended on March 31.

An analysis of the trend in the graph below does not demonstrate a direct correlation between the "Shareholder Return" performance of the Corporation and the trend in the Corporation's compensation of its executive officers reported over the same period, with the exception of the most recently completed fiscal year. From 2010 through 2012, the level of compensation of the Corporation's executive officers decreased dramatically, despite moderate gains in the "Shareholder Return" line as demonstrated in the graph. The significant rise from 2012 onwards in the Corporation's "Shareholder Return" in the graph below is attributable in part to: (i) the positive market sentiment towards the Corporation acquiring an iron ore project in Canada's Labrador Trough region, (ii) the Corporation's change in directorships and management in 2013, and (iii) the Corporation announcing and completing the acquisition of TSX-listed Champion Iron Mines Limited, holder of advanced iron-ore projects in the Labrador Trough.

The increase in the Corporation's "Shareholder Return" since 2013 correlates to an increase in compensation of its executive officers in the most recent fiscal year, attributable to the Champion Iron Mines Limited acquisition and subsequent increase in personnel and exploration/development activity, the substantial increase in the market capitalization of the Corporation and the required management of a feasibility stage iron-ore project. The positive market sentiment towards the Corporation, especially from 2012 onwards, contradicts the general global trend and market downturn in the mining sector, as demonstrated by the decline in shareholder returns of the S&P/TSX Global Mining Index since March 31, 2011.



**Performance Graph – S&P/TSX Composite Index and S&P/TSX Global Mining Index**

	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
S&P/TSX Composite Index	\$100	\$117	\$103	\$106	\$119
S&P/TSX Global Mining Index	\$100	\$122	\$92	\$79	\$76
Corporation	\$100	\$118	\$148	\$350	\$377

### **PART THREE**

#### **CORPORATE GOVERNANCE AND OTHER MATTERS**

The Corporation's Board of Directors and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation and, as recommended under the policies of the Canadian securities regulators, the Corporation has included in this Circular the following disclosure respecting its corporate governance practices.

National Instrument 58-101 "*Disclosure of Corporate Governance Practices*" ("**NI 58-101**"), requires each listed company to disclose on an annual basis its approach to corporate governance. The Corporation's disclosure with respect to the guidelines is set out in Schedule "A" to this Circular, and constitutes the Corporation's statement of Corporate Governance Practices. Shareholders are advised to consult Schedule "A" for more detailed information on the Corporation's Corporate Governance Practices.

The Corporation understands that corporate governance standards and requirements are continually evolving. The Board of Directors has been charged with the responsibility of monitoring corporate governance regulatory developments, in particular the best practices recommended by the Canadian Securities Administrators, as set out in NI 58-101, and with reviewing the Corporation's corporate governance policies and procedures in light of these developments.

## **BOARD OF DIRECTORS**

### **Mandate of the Board of Directors**

The Board of Directors approved a mandate which includes, among other duties and responsibilities, the following objectives: to approve and monitor the strategic, business and financial plans of the Corporation; to supervise performance and succession planning of senior officers; to assess the principal risk factors relating to the business of the Corporation; and to monitor and oversee the integrity of the financial reporting and disclosure practices of the Corporation. Every Director is required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person. Responsibilities not delegated to senior management or to a committee of the Board of Directors remain those of the full Board of Directors.

### **Orientation and Continuing Education of Board Members**

New members to the Board of Directors receive an orientation package which includes company policies and public disclosure filings by the Corporation. Meetings of the Board of Directors are held at the Corporation's facilities and are combined with presentations by the Corporation's management and employees to give the directors additional insight into the Corporation's business. In addition, management of the Corporation makes itself available for discussion with all members of the Board of Directors.

### **Measures to Encourage Ethical Business Conduct**

The Board of Directors has adopted a written Code of Conduct as further described in Schedule A, clause 5. Pursuant to the Code of Conduct the Board ensures that all directors, officers and employees conduct themselves in an ethical and manner. Each director and executive officer is required to fully disclose his interest in respect of any transaction or agreement to be entered into by the Corporation. Once such interest has been disclosed, the Board of Directors as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement, which may include convening a Special Committee of independent directors. In addition, all directors and executive officers are subject to the requirements of the Corporations Act (Australia) with respect to the disclosure of any conflicts of interests and the voting on transactions giving rise to such conflicts.

### **Nomination of Members to the Board of Directors**

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to effectively carry out the duties of the Board of Directors and to maintain a diversity of view and experience.

The Board of Directors appointed a Remuneration and Nomination Committee on June 18, 2014. For additional information on the duties and responsibilities of this committee, please see "*Corporate Governance and Other Matters – Committees of the Board – Remuneration and Nomination Committee*" below.

## **BOARD COMPOSITION AND COMMITTEES**

The Board of Directors is currently comprised of seven (7) members of whom a majority, five (5), are independent within the meaning of section 1.4 of National Instrument 52-110 "Audit Committees" ("**NI 52-110**"). The Board of Directors has appointed an Audit Committee and a Remuneration and Nomination Committee.

### **COMMITTEES OF THE BOARD**

#### **Audit Committee**

The Audit Committee is currently composed of three (3) members: Andrew Love (chair), Gary Lawler and Paul Ankcorn. Reference is made to the Annual Information Form of the Corporation dated June 27, 2014 for the year ended March 31, 2014 (the "**AIF**") and filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) which contains the information required to be disclosed by the Corporation under 52-110. More specifically, reference is made to the "*Audit Committee Information*" section of the AIF for information regarding, among other things, the



composition of the Audit Committee of the Corporation, the independence and relevant education and experience of the Audit Committee members and external auditor service fees, and to Schedule “A” of the AIF which is the Audit Committee Charter.

#### **Remuneration and Nomination Committee**

The Corporation has a Remuneration and Nomination Committee composed of three (3) Board members. The current members are Gary Lawler (Chair), Michael O’Keeffe and Andrew Love. Mr. Lawler was appointed Chairman of the Remuneration and Nomination Committee on June 18, 2014. The Remuneration and Nomination Committee makes recommendations to the Board of Directors in connection with the compensation of officers and directors and nomination matters. Please see “*Statement of Executive Compensation – Compensation Policy and Key Compensation Components*” above and Schedule “A” – “*Statement of Corporate Governance Practices*” for further information.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management is not aware of any material interest, direct or indirect, of any proposed nominee for election as a director, any person who is or has been at any time a director or executive officer within the last financial year or any associate or affiliate of any of the foregoing in any matter, other than the election of directors or the appointment of the auditors, to be acted upon at the Meeting, except as disclosed in this Circular. Management is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, insider of the Corporation, proposed director, person who has been a director or executive officer within the last financial year or any associate or affiliate of any of the foregoing, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation, except as disclosed within this Circular. An “informed person” means, (i) a person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation’s last financial year, (ii) a proposed nominee for director, (iii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, (iv) any person or company who beneficially owns or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, (v) the Corporation, in the event that it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any such securities and (vi) any associate or affiliate of the foregoing.

## **PART FOUR**

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **(a) Financial Statements**

The audited financial statements of the Corporation for the fiscal year ended March 31, 2014, together with the director’s and the auditors’ report thereon, will be placed before the shareholders at the Meeting for consideration by the shareholders. These audited financial statements have been approved by the Board of Directors of the Corporation and are being mailed to the shareholders who have requested them with the Meeting materials. They are also available under the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **(b) Remuneration Report**

The remuneration report is required to be considered for adoption in accordance with section 250R(2) of the *Corporations Act*. The Remuneration Report, which details the Corporation’s policy on the remuneration of non-executive directors, executive directors and senior executives for the financial year ending March 31, 2014, is part of the directors’ report contained in the Corporation’s 2014 Annual Report.

The vote on this resolution is advisory only and does not bind the directors of the Corporation. A reasonable opportunity will be given for the discussion of the Remuneration Report at the Meeting.

In accordance with Division 9 of Part 2G.2 of the *Corporations Act*, if 25% or more of votes that are cast on the resolution are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution for the purposes of section 250V(1) of the *Corporations Act* (“**Spill Resolution**”). If more than 50% of shareholders vote in favour for the Spill Resolution, the Corporation must call another general meeting to be held within 90 days, immediately from the end of which all of the Corporation’s directors will cease to hold office unless re-elected at that meeting.

**The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the adoption of the Remuneration Report, unless the shareholder has specified on the proxy that the shares represented thereby are to be voted against or withheld from voting in respect thereof.**

(c) **Election of Directors**

**Background**

The Constitution of the Corporation provides for a minimum of three (3) and a maximum of nine (9) directors.

The Board of Director may from time to time determine to increase the maximum number of directors but the maximum applying at any time cannot be reduced except by the Corporation in general meeting.

Subject to the Corporation’s Constitution, the Board may appoint a person to be director at any time except at a general meeting and any Director so appointed automatically retires at the next annual general meeting and is eligible for election by that meeting.

The Board of Directors has set the number of directors to be elected at the Meeting at four (4).

**Majority Voting Policy**

New rules of the TSX which became effective December 31, 2012 require a listed issuer to disclose in the materials sent to its shareholders for a meeting at which directors are to be elected whether or not it has adopted a majority voting policy and, if not, to explain why it has not adopted such a policy in its meeting materials. A majority voting policy generally requires that a director tender his or her resignation if the director receives more “withheld” votes than “for” votes (a “**majority withheld vote**”) at any meeting where shareholders vote on the uncontested election of directors. An “uncontested election” means the number of director nominees for election is the same as the number of director positions on the Board. A majority voting policy does not apply in the event of a contested election of directors.

On July 15, 2014 (Toronto time), the Board of Directors adopted a majority voting policy. Under this new policy, a director of the Corporation is required to tender his or her resignation if the director receives a majority withheld vote at any meeting where shareholders vote on the uncontested election of directors. The resignation would become effective upon acceptance by the Board. The Remuneration and Nomination Committee will review the circumstances of the election and make a recommendation to the Board as to whether or not to accept that tendered resignation. The Board must make a decision as soon as reasonably possible and in any event within 90 days of the resignation. The director who tendered the resignation would not be part of the decision-making process. The Board may fill a vacancy created by a resignation which has been accepted or may reduce the size of the Board.

In keeping with the new rules of the TSX, the Corporation will continue to elect each director annually and individually and will forthwith after the shareholders’ meeting issue a press release disclosing the detailed results of the voting for directors.

The enclosed form of proxy allows shareholders to direct proxyholders to vote individually for each of the nominees named below as director of the Corporation.

(d) **Approval of Share Incentive Plan**

The share incentive plan of the Corporation (the “**Plan**”) is designed to promote the long-term interests of the Corporation and its shareholders by fostering a proprietary interest in the Corporation among the employees of the Corporation. The Plan will also be used by the Corporation to attract and retain qualified employees. The Board of

Directors believes that equity ownership by management in the Corporation will be an integral component of its compensation scheme going forward. Providing the right to acquire shares of the Corporation under the Plan is an important element of the Corporation's overall compensation strategy.

At the Meeting, shareholders will be asked to consider, and, if thought advisable, approve the Plan Resolution to ratify, confirm and approve the Plan. As per Section 613 of the TSX Company Manual, where a security based compensation agreement does not contain insider participation limits, disinterested security holder approval is required every three years after institution.

The Plan currently limits the maximum number of Ordinary Shares issuable (a “**Participant**”) to twenty percent (20%) of the issued and outstanding Ordinary Shares of the Corporation at any time.

Accordingly, at the Meeting, the following ordinary resolution will be presented to shareholders:

**RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The shareholders hereby approve the amendments to the share incentive plan of the Corporation, substantially in the form set out in Schedule “B” of the Management Information Circular dated July 22, 2014, incorporating a plan limit of 20% of the issued and outstanding ordinary shares of the Corporation; as more fully described under “*Approval of Share Incentive Plan*” in the Management Information Circular;
2. The shareholders hereby approve the amendments to the share incentive plan of the Corporation, substantially in the form set out in Schedule “B” of the Management Information Circular dated July 22, 2014, incorporating amendment provisions as new sections 17.2 and 17.3; as more fully described under “*Approval of Share Incentive Plan*” in the Management Information Circular;
3. Any director or officer of the Corporation be and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution.

See “*Directors’ Compensation – Share Incentive Plan*” for further details regarding the Plan.

Approval of the Plan Resolution will require that it be passed by a majority of the votes cast by disinterested shareholders thereon in person and by proxy, and excludes votes cast by shareholders and their associates and affiliates benefiting from the Plan including from management and directors of the Corporation. A total of 15,340,559 shares held by directors and executive officers of the Corporation will be excluded.

**The persons designated as proxyholders by management of the Corporation in the form of proxy which accompanies this Circular intend to vote FOR the approval of the Plan Resolution disclosed in this Circular unless the shareholder has specified in the form of proxy that the shares represented by such form of proxy are to be withheld or voted against in respect thereof.**

**(e) Approval of issue of options to Mr. Thomas Larsen**

For the purpose of section 10.11 of the ASX Listing Rules, the TSX listing rules and policies, and for all other purposes, shareholders approve the grant to Mr. Thomas Larsen of 1,000,000 options of Ordinary Shares in the Corporation, exercisable at \$0.45 each and expiring on September 1, 2018, in consideration of Mr. Larsen agreeing to provide consultancy services to the Corporation from September 1, 2014 to August 31, 2015. As Mr. Larsen has been a director of the Corporation up to the date of the Meeting, shareholder approval under Listing Rule 10.11 is required for the issue of options to him.

As required by the ASX Listing Rules, the Corporation will disregard any votes cast on this resolution by Mr. Thomas Larsen, being a person who will receive securities under this resolution, and any associate of Mr. Larsen. However, the Corporation will not disregard a vote on this resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Approval of the issuance of options to Mr. Larsen will require that it be passed by a majority of the votes cast by disinterested shareholders thereon in person and by proxy, and excludes votes cast by shareholders and their associates and affiliates benefiting from the Plan including from management and directors of the Corporation. A total of 15,340,559 shares held by directors and executive officers of the Corporation will be excluded.

**Management of the Corporation recommends that shareholders vote in favour of the resolution to ratify, confirm and approve the issue of options to Mr. Larsen. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the ratification, confirmation and approval of the share issuances under the Share Incentive Plan.**

(f) **Ratification of share issues**

ASX Listing Rule 7.1 provides that a company must not, without shareholder approval, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities would exceed 15% of the total Ordinary Shares on issue at the commencement of that period.

ASX Listing Rule 7.4 allows the Corporation to treat an issue of Ordinary Shares which was made without shareholder approval under ASX Listing Rule 7.1 as being made with such approval, if:

- the issue did not breach ASX Listing Rule 7.1 at the time that it was made; and
- shareholders subsequently approve the issue.

The Corporation issued 3,560,448 ordinary shares at A\$0.50 per share to certain employees and consultants of Champion Iron Mines Limited on March 31, 2014 in lieu of payments due to them as a consequence of the change of control of Champion Iron Mines Limited, as described on pages 31 and 32 of the Champion Iron Mines Ltd. Management Information Circular lodged on the Corporation's ASX platform on February 13, 2014 (the "**Champion Circular**"). The shares were issued utilising the Corporation's 15% capacity under ASX Listing Rule 7.1. Shareholder approval is sought for the issue of these shares for the purposes of ASX Listing Rule 7.4.

The effect of such approval will be to refresh the capacity of the Corporation to issue securities without the need to seek further shareholder approval up to the 15% threshold referred to in Listing Rule 7.1. This affords the Corporation greater flexibility when seeking further capital.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- the number of shares issued by the Corporation on the March 31, 2014 was 3,560,448 shares. These shares were issued without shareholder consent;
- the shares have been issued to the following persons, as described in the Champion Circular:
  - Gambier Holdings Corp. – 1,167,360 shares at A\$0.50 per share;
  - Marlborough Management Limited – 700,416 shares at A\$0.50 per share;
  - J Estepa Consulting Inc. – 700,416 shares at A\$0.50 per share;
  - Alexander Horvath – 350,208 shares at A\$0.50 per share;
  - Comforta GMBH – 350,208 shares at A\$0.50 per share;
  - DHBache & Company Inc – 291,840 shares at A\$0.50 per share
- the shares issued rank equally with the existing fully paid ordinary shares on issue; and
- the shares were issued in lieu of compensation due to the employees and consultants under their contracts of employment and engagement.

For the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the allotment and issue of 3,560,448 fully paid shares on the terms and conditions set out above.

The Corporation will disregard any votes cast on this resolution by any person who participated in the issue and any associate of those persons. However, the Corporation will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Management of the Corporation recommends that shareholders vote in favour of the resolution to ratify, confirm and approve the issue of 3,560,448 fully paid shares. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the ratification, confirmation and approval of the share issues.**

### INFORMATION CONCERNING DIRECTOR NOMINEES

The following table and notes set out the name of each of the individuals proposed by management for election as a director of the Corporation, their principal occupation, the year they first became a director of the Corporation and the approximate number of Ordinary Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly, based upon information furnished to management of the Corporation by each such individual as at July 22, 2014.

Nominee	Description
Michael O'Keeffe New South Wales, Australia Director since 2013 Not Independent Member of the Remuneration and Nomination Committee Shares Held: 6,330,279 Main areas of expertise: Business, Mining	Mr. O'Keeffe was appointed Executive Chairman of Champion Iron Limited on August 13, 2013. Mr. O'Keeffe commenced work with MIM Holdings in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995 he became Managing Director of Glencore Australia (Pty) Limited and held the position until July 2004. Mr. O'Keeffe was the founder and Executive Chairman of Riversdale Mining Limited. He has previously held directorships in Anaconda Nickel Limited, Mt. Lyell Mining Co. Limited and BMA Gold Limited. Mr. O'Keeffe is currently the Chairman of Riversdale Resources Limited.
Gary Lawler, BA, LLB, LLM (Hons), ASIA New South Wales, Australia Director since 2014 Independent Director Member of the Audit Committee Member of the Remuneration and Nomination Committee Shares Held: 800,000 Main areas of expertise: Mergers and Acquisitions Lawyer	Mr. Lawler was appointed as a non-executive director on April 9, 2014. He is a leading Australian mergers and acquisitions lawyer who has been involved in some of Australia's most notable merger and acquisition transactions. Mr. Lawler has over 30 years' experience as a practising corporate lawyer and was a senior partner at the legal firm Ashurst Australia until July 1, 2014 and continues to be a consultant to Ashurst Australia. Mr. Lawler was also previously a director of Riversdale Mining Limited and Dominion Mining Limited. Mr. Lawler is currently a director of Riversdale Resources Limited.

Nominee	Description
<p>Andrew J. Love, FCA  New South Wales, Australia  Director since 2014  Independent Director  Member of the Audit Committee  Member of the Remuneration and Nomination Committee  Shares Held: 520,000  Main areas of expertise: Chartered Accountant</p>	<p>Mr. Love is a Chartered Accountant with more than 30 years of experience in corporate recovery and reconstruction in Australia. He was a senior partner of Australian accounting firm Ferrier Hodgson from 1976 to 2013 and is now a consultant. In that time he advised major local and overseas companies and financial institutions in a broad variety of restructuring and formal insolvency assignments. During this time Mr. Love specialized in the Resources Industry. Mr. Love has been an independent company director of a number of companies over a 25-year period in the Resources, Financial Services and Property Industries. This has involved corporate experience in Asia, Africa, Canada, United Kingdom and United States. Mr. Love's previous recent Board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Ltd., Director of Charter Hall Office Trust and Chairman of Museum of Contemporary Art.</p>
<p>Paul Ankcorn, B.A.  Ontario, Canada  Director since 2014  Independent Director  Member of the Audit Committee  Shares Held: 163,533  Main areas of expertise: Business Administration, Chief Financial Officer, Mining</p>	<p>Mr. Ankcorn is an Executive Officer in the mining business. He was the President and director of the Cartier Iron Corporation from 2012 to 2013, the Chief Financial Officer of Tartisan Resources Corp. and Great Lakes Graphite since 2008, and President of Remington Resources Inc. from 2005 to 2010 (all resource exploration corporations). He is a director of ACME Resources Corp., Great Lakes Graphite, Tartisan Resources Corp. and Fancamp Exploration Ltd. (resource exploration corporations).</p>

The nominees listed above will be elected at the Meeting to hold office until the next annual meeting of shareholders or until such director's successor is duly elected or appointed unless other individuals are nominated by shareholders at the Meeting, in which case voting will be by ballot and the four (4) nominees with the most votes will be elected as directors.

**The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the election of the nominees named above as directors of the Corporation, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against or withheld from voting in respect of one or more nominees. Management has no reason to believe that any of the nominees named above will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy shall have the right to vote for another nominee in such proxyholder's discretion, unless the proxy withholds authority to vote for the election of directors.**

#### **Information relating to bankruptcies, cease trade orders and sanctions**

To the knowledge of the Corporation, no proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been with 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation)

that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, no proposed director and no personal holding company of a proposed director has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no proposed director and no personal holding company of a proposed director (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) since December 31, 2000, has entered into a settlement agreement with a securities regulatory authority or, before January 1, 2001, entered into a settlement agreement with a securities regulatory authority which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director; or (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **OTHER BUSINESS**

While management of the Corporation is not aware of any business other than that mentioned in the Notice to be brought before the Meeting for action by the shareholders, it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the judgment of the persons authorized to act thereunder.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained from the Corporation or under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Securityholders may contact the Corporate Secretary (Canada) of the Corporation, Jorge Estepa, by phone at (416) 866-2200 or by mail at 20 Adelaide Street East, Suite 301, Toronto, ON, M5C 2T6, to request copies of the Corporation's financial statements and management's discussion and analysis, this Circular and the Corporation's AIF.

Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

## **BOARD APPROVAL**

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario, as of the 22<sup>nd</sup> day of July, 2014.

By Order of the Board of Directors

(signed) “*Thomas G. Larsen*”

Thomas G. Larsen, Chief Executive Officer



## SCHEDULE “A”

### CHAMPION IRON MINES LIMITED (the “Corporation”)

#### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

##### 1. Board of Directors

- (a) *Disclose the identity of directors who are independent.*

The board of directors of the Corporation (the “**Board**”) is currently comprised of seven (7) directors, of whom five (5) are independent within the meaning of Section 1.4 of National Instrument 52-110 “*Audit Committees*” (“**NI 52-110**”). The independent directors are Andrew Love, Gary Lawler, Paul Ankcorn, Donald A. Sheldon and James Wang.

- (b) *Disclose the identity of directors who are not independent and describe the basis for that determination.*

Michael O’Keeffe is currently Executive Chairman of the Corporation and is, therefore, not independent. Thomas Larsen is currently Chief Executive Officer (“**CEO**”) of the Corporation and is, therefore, not independent. The Board believes that the current combination of independent and non-independent directors is an acceptable balance, for an issuer of the size and nature of the Corporation, between the objective of independent supervision of management, the insight drawn from outside members of the business and professional community, and the in-depth knowledge of the operations of the Corporation afforded by the participation of its current executive officer on the Board.

- (c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The current Board consists of seven (7) members, a majority of whom, five (5), are independent within the meaning of Section 1.4 of NI 52-110. Following the Annual and Special Meeting of Shareholders on August 29, 2014, if management’s nominees are elected, the composition of the Board will be reduced to four members, and a majority of the directors will continue to be independent.

- (d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the issuer.*

The following current directors and proposed nominees are also directors or trustees of other reporting issuers.

Name of Director	Reporting Issuer
Michael O’Keeffe	Riversdale Resources Ltd.
Gary Lawler	Cartier Iron Corporation, Riversdale Resources Limited
Donald A. Sheldon	KWG Resources Inc., Carlisle Goldfields Limited, Crown Gold Corporation and Metalcorp Limited
Paul Ankcorn	ACME Resources Corp., Great Lakes Graphite, Tartisan Resources Corp. and Fancamp Exploration Ltd.

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such*

*meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.*

The independent directors did not hold regularly scheduled meetings without management and non-independent directors present. The Chairman of the Board has over 30 years' experience in the public company sector as a shareholder, director and CEO and provides strong leadership and counsel to the Board. The independent directors regularly attend Board and committee meetings in person or by teleconference which encourages open, candid discussion. The Audit Committee holds meetings with the external auditors which also encourages open, candid discussion. Directors have the resources to engage outside consultants to review matters on which they feel they require independent advice.

It is responsibility of the Chairman of the Board to ensure that all of the business set out in the agenda is openly and candidly discussed with adequate input by each director and brought to resolution, as required.

- (f) *Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his or her role and responsibilities. If the Board has neither a chair nor a lead director who is independent, describe what the Board does to provide leadership for its independent directors.*

Michael O'Keeffe is Executive Chairman of the Board (and is therefore not independent within the meaning of Section 1.4 of NI 52-110).

- (g) *Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.*

Director	Board Meetings Attended	Audit Committee Meetings Attended
Michael O'Keeffe <sup>(1)</sup>	7 of 7	2 of 2
Niall Lenahan <sup>(1)</sup>	7 of 7	2 of 2
Richard Wright <sup>(1)(3)</sup>	6 of 7	2 of 2
Greg Burns <sup>(2)</sup>	1 of 2	n/a
Robert Hyndes <sup>(2)</sup>	3 of 3	n/a
Neville Bassett <sup>(2)</sup>	3 of 3	n/a

Notes:

- (1) Messrs. O'Keeffe, Lenahan and Wright were appointed on August 13, 2013  
(2) Messrs. Burns, Hyndes and Bassett resigned on August 13, 2013  
(3) Mr. Wright ceased being a director upon his death on April 5, 2014.

## 2. **Board Mandate**

- (a) *Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its roles and responsibilities.*

The Board approved a mandate which includes, among other duties and responsibilities, the following objectives: to approve and monitor the strategic, business and financial plans of the Corporation; to supervise performance and succession planning of senior officers; to assess the principal risk factors relating to the business of the Corporation; and to monitor and oversee the integrity of the financial reporting and disclosure practices of the Corporation. Every Director is required to act honestly and in good faith and in the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person. Responsibilities not delegated to senior management or to a committee of the Board remain those of the full Board.

### 3. **Position Descriptions**

- (a) *Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.*

The Board does not have written position descriptions for the Chairman of the Board or the chair of each committee of the Board, however the Corporation's various charters do touch upon the role and responsibilities of the chairs of each committee of the Board. The Chairman of the Board has a responsibility to the Corporation and the shareholders to act in accordance with best practices of corporate governance. The Chairman of the Board, and the Board as a whole, encourage the chairs of each committee to act in accordance with best practices of corporate governance, with measures ranging from informal advice to more formal governance training.

- (b) *Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.*

The Board has not developed a written position description for the CEO, however since the CEO is also on the Board, the Board is able to delineate the role and responsibilities of the CEO in an open and efficient manner. The CEO has over 30 years' experience in the public company sector as a shareholder, director and CEO and provides strong leadership and direction to the Corporation. The CEO is familiar with the role and responsibilities of a CEO of a mineral resource company such as the Corporation and the Board is willing and able to, and does, provide advice and guidance as required.

### 4. **Orientation and Continuing Education**

- (a) *Briefly describe what measures the Board takes to orient new directors regarding the nature of the Board, its committees and its directors; and the nature and operation of the issuer's business.*

The Board does not have a formal orientation policy. New directors, when elected or appointed, are provided with access to information, including sufficient historical data, to become familiar with the Corporation and its operating facilities and assets, and to familiarize themselves with the procedures of the Board. All directors are given the opportunity to visit the Corporation's offices with management and to interact with and request briefings from management in order to familiarize themselves with the business of the Corporation.

- (b) *Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

The Board does not have a formal continuing education program. Current members of the Board are experienced directors. Members of the Board may also engage outside consultants at the expense of the Corporation to review matters on which they feel they require independent advice.

### 5. **Ethical Business Conduct**

- (a) *Describe whether or not the Board has adopted a written code for the directors, officers and employees.*

The Board expects management to comply with all statutes, regulations and administrative policies applicable to the Corporation, to supervise employees and consultants in such a manner as to be informed of their activities, to promote the free flow of information, and to allow employees, consultants and others to anonymously report to the Corporation on concerns involving accounting and other issues (protection of "whistleblowers"). Corporate policies include, but are not limited to, matters of corporate disclosure on a timely basis, confidentiality and insider trading

restrictions. The Board has adopted a written Code of Conduct for directors, officers and employees. The Board expects management to report to the Board regarding any breaches or concerns with respect to the foregoing, which are of a material nature, whether or not a satisfactory resolution was already implemented by management, or of which management is aware that are reasonably likely to arise in the foreseeable future and which would be of a material nature. Breaches to the Code of Conduct can also be reported to the Chairman of the Corporation.

*If the Board has adopted a written code:*

*disclose how a person or company may obtain a copy of the code:*

A copy of the Corporation's Code of Conduct may be obtained from the Corporation's Secretary at the Corporation's head office, which as at the date hereof, is at 20 Adelaide Street East, Suite 301, Toronto, Ontario M5C 2T6.

*describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code:*

See Section 5(a) above.

*provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code:*

N/A

- (b) *Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

The Corporation's governing statute and its Constitution state that every director of the Corporation who is in any way directly or indirectly interested in a contract or a proposed contract with the Corporation shall declare his interest at a meeting of the directors of the Corporation. Such a declaration should be made at the meeting of directors at which the question of entering into the contract is first considered, if his interest then exists, or in any other case at the first meeting of the directors after the acquisition of his interest and no director shall as a director vote in respect of any contract or arrangement in which he is interested as aforesaid and, if he does so vote, his vote shall not be counted. Any Board materials referencing the contract in question will be redacted for the director concerned and he will absent himself from all Board discussions and decisions relating to such contract.

- (c) *Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.*

In order to avoid the potential for disclosure, or the perception or appearance of disclosure, of confidential insider information, the Corporation observes a quiet period as well as a blackout period during which informed persons are prohibited from discussing non-public material information or trading in securities of the Corporation.

## **6. Nomination of Directors**

- (a) *Describe the process by which the Board identifies new candidates for Board nomination.*

The Board of Directors periodically and at least annually considers the composition of the Board, including the appropriate skills and characteristics required of the directors in the context of the business experience and specific areas of expertise of each current director. The Board, with the assistance of the Remuneration and Nomination Committee is also responsible for recruiting and

recommending candidates for election as directors when necessary. Whenever possible, candidates are interviewed by members of the Board individually and in small groups prior to their nomination for election as a director.

- (b) *Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.*

The Board appointed a Remuneration and Nomination Committee effective June 18, 2014, the majority of which is independent which encourages an objective nomination process.

- (c) *If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Remuneration and Nomination Committee makes recommendations to the Board with respect to compensation of the Corporation's executive officers, including base salaries or consulting fees, annual bonuses and long-term equity participation levels. The Remuneration and Nomination Committee assists the Board in setting performance objectives. The Executive Chairman plays a major role in setting performance objectives and outlining progress in meeting corporate objectives and he will continue to make recommendations in the future. The Board gives final approval on compensation matters.

## 7. **Compensation**

- (a) *Describe the process by which the Board determines the compensation for the issuer's directors and officers.*

The Board, is responsible for reviewing the compensation of the officers and directors of the Corporation on an "as required" basis. The total compensation from all sources, including fees, salary, bonus, and stock options is considered in comparison to current market rates offered by similar issuers in the natural resources sector of the Canadian economy, and is intended to remain competitive in order to attract and retain talented and motivated individuals. In making such determinations, the Board gives due consideration to the recommendations of the Corporation's Remuneration and Nomination Committee before the Board makes its final determinations.

- (b) *Disclose whether or not the Board has a compensation committee comprised entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.*

The Board appointed a Remuneration and Nomination Committee effective June 18, 2014 the majority of which is independent which encourages an objective process for determining such compensation.

- (c) *If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The compensation responsibilities of the Remuneration and Nomination Committee include, without limitation: (i) reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and evaluating the CEO's performance in light of those corporate goals and objectives, (ii) making recommendations to the Board with respect to the CEO's compensation level based on the evaluation of the CEO's performance, (iii) making recommendations to the Board in respect of non-CEO executive compensation, (iv) reviewing the major compensation policies of the Corporation and its subsidiaries, if any, and administering the Corporation's executive compensation program, including bonuses, incentive programs and equity-based programs for senior personnel, (v) making recommendations to the Board regarding awards of stock options pursuant to the Corporation's stock option plan and all executive short-term and long-term incentive compensation programs, (vi) reviewing the management succession

plans for executive officers, (vii) reviewing principles and objectives relating to the recruitment, training, development, compensation and evaluation of employees, (viii) reviewing pension arrangements and performance of the Corporation's pension plan, if any, in conjunction with the Audit Committee of the Board, and (ix) reviewing executive compensation disclosure before the Corporation publicly discloses such information.

8. **Assessments**

*Describe whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees and its individual directors are performing effectively.*

The Board annually reviews the performance of nominees for re-election to the Board, with the objectives of ensuring comprehensive and independent oversight of the management of the Corporation, maintaining its working relationship with management, and promoting open communication and disclosure by management of material information to the Board with respect to the operations of the Corporation. Each of the charters of the committees of the Board provides that such committees will regularly report to the Board with respect to their activities, and make their minutes of meetings and supporting information available to the Board. This is intended to allow the Board to evaluate the effectiveness of its committees on an ongoing basis.

## SCHEDULE “B”

### CHAMPION IRON INCENTIVE PLAN RULES

#### 1. PURPOSE

The purpose of the Champion Iron Incentive Plan is to provide Eligible Employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to shareholders. It is intended that the Champion Iron Incentive Plan will assist the Company in attracting and retaining skilled and experienced employees and provide them with greater incentive to have a greater involvement with, and to focus on the longer term goals of, the Company.

#### 2. DEFINITIONS AND INTERPRETATIONS

##### 2.1 Definitions

In these Rules, unless the context otherwise requires:

**Application Form** means the form that the Board determines is to be used by an Eligible Employee to participate in the Champion Iron Incentive Plan.

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

**Award** means in relation to a Participant, the number of Share Options and/or Share Rights issued to that Participant on the same day.

**Board** means the board of directors of the Company or a committee appointed by the board of directors of the Company for the purposes of this Champion Iron Incentive Plan.

**Business Day** means any day other than a Saturday, Sunday or other day on which commercial banking institutions in Sydney are authorised or required by law to be closed.

**Cash Equivalent** has the meaning given in Rule 7.5.

**Company** means Champion Iron Ltd ACN 119 770 142.

**Constitution** means the Constitution of the Company.

**Control Event** means:

- (a) where a takeover bid is made for the Company and the Board recommends acceptance by the Company's shareholders;
- (b) a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders;
- (c) a person becomes, after the date of this Plan, the ultimate beneficial owner, directly or indirectly, of Shares representing more than 50% of the Company's then total issued Shares;
- (d) a person (or a group of persons acting in concert) obtains control (as defined in section 50AA of the Corporations Act) of the Company, other than as a result of, in the Board's opinion, a person providing capital or other financial support for the Company; or
- (e) the Board determines that some other transaction has occurred, or is likely to occur, which involves a change of control of the Company.

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

**Disposal Event Notice** means a notice in a form determined by the Board specifying the information contemplated by Rule 14.2(b).

**Disposal Price** means for a Share Option or a Share Right, the amount that the Board determines to be the value of a Share Option or a Share Right at the time the Disposal Price is to be determined by applying a generally accepted option valuation methodology selected by the Board (in its absolute discretion).

**Eligible Employee** means any director, secretary or full-time or permanent part-time employee of a Group Entity or other person determined by the Board in its absolute discretion.

**Exercise Period** in respect of a Share Option, means the dates described as the exercise period in a Participant's Champion Iron Incentive Plan Invitation.

**Exercise Price** means the amount payable by the Participant to the Company to exercise a Share Option as set out in the Champion Iron Incentive Plan Invitation.

**Group** means the Company and its Related Bodies Corporate.

**Group Entity** means a member of the Group.

**Last Exercise Date** has the meaning given in Rule 4.2(i) subject to that date being brought forward under Rules 7.3 and/or 14

**Listing Rules** means the listing rules of the ASX as waived or modified in respect of the Company.

**Market Value of a Share** or **Market Price** means:

- (a) if the Shares are not quoted or listed on the ASX or on TSX, the market value of a Share as determined by the Board immediately before the relevant date; or
- (b) if the Shares are quoted on the ASX or TSX (or ASX and TSX), the VWAP per Share during the period of 5 Trading Days immediately prior to the relevant date.

**Participant** means an Eligible Employee who in response to a Champion Iron Incentive Plan Invitation, returns a duly completed and executed Application Form in accordance with Rules 5.1 and 5.2.

**Performance Condition** means any condition determined by the Board and set out in the Champion Iron Incentive Plan Invitation under Rule 7.1(b) that are required to be satisfied in order for the Share Options and/or Share Rights to Vest.

**Performance Period** means the period of time (if any) over which a Performance Condition is measured as specified in the Champion Iron Incentive Plan Invitation.

**Related Body Corporate** has the meaning given to that term in the Corporations Act.

**Restrained Activity** means:

- (a) a business or activity of a type the same or substantially the same in all material respects as the business of the Company or any of its Related Bodies Corporate (or any material part of them);
- (b) a business or activity of a type which is competitive in any material respect with the business of the Company or any of its Related Bodies Corporate (or any part of them);
- (c) joining any organisation (whether incorporated or not) which is engaged in a business or activity covered by paragraphs (a) or (b). For these purposes a Participant will be deemed to have joined



an organisation if the Participant is involved in any way in the establishment of the organisation and/or provides services to such an organisation, either directly or indirectly on the Participant's own behalf or in the service of or on behalf of others as an officer, employee, consultant, partner, independent contractor or in any other capacity, whether remunerated or not;

- (d) directly or indirectly soliciting or enticing away or endeavouring to solicit or entice away any director, employee, consultant, officer, contractor or agent of the Group; and
- (e) directly or indirectly soliciting any person or entity who was a customer or client of the Group at any time in order to render to that person or entity services similar to, competitive with or intended to replace the services provided to that person or entity by the Group.

**Champion Iron Incentive Plan** or **Plan** means the Champion Iron Incentive Plan established in accordance with these Rules.

**Champion Iron Incentive Plan Application Date** has the meaning given to that term in Rule 4.2(m).

**Champion Iron Incentive Plan Invitation** means an invitation to participate in the Champion Iron Incentive Plan in accordance with Rule 4.2.

**Rules** means the rules governing the operation of the Champion Iron Incentive Plan set out in this document as amended from time to time.

**Security Based Compensation Arrangement** has the meaning given such term in the TSX Company Manual.

**Security Interest** means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

**Share** means a fully paid ordinary Share in the capital of the Company.

**Share Appreciation Right** means a right granted under Rule 6 to acquire such number of Shares as determined in accordance with Rule 6.2 and on the terms set out in the Champion Iron Incentive Plan Invitation.

**Share Option** or **Option** means an option, granted to a Participant, to subscribe for one Share subject to the terms and conditions set out in these Rules.

**Share Right** or **Right** means a right, granted to a Participant, to acquire one Share subject to the terms and conditions set out in these Rules, or a Share Appreciation Right.

**Termination for Cause** means a fundamental breach of the Participant's contract of employment such that the Participant could be dismissed without notice, or cessation of employment due to the Participant's resignation to avoid such dismissal.

**Trading Day** has the meaning given to that term in the Listing Rules.

**TSX** means the Toronto Stock Exchange.

**TSX Company Manual** means the company manual of the TSX containing the rules of the TSX applicable to listed companies.

**Uncontrollable Event** means:

- (a) death;
- (b) serious injury, disability or illness which prohibits continued employment;

- (c) involuntary early retirement, retrenchment or redundancy; or
- (d) such other circumstances which results in a Participant leaving the employment of the Group and which the Board determines is an Uncontrollable Event.

**Vest** means:

- (a) in respect of a Share Option, the point in time at which a Participant may exercise the Share Option in accordance with Rule 7; and
- (b) in respect of a Share Right, the point in time at which a Participant becomes absolutely entitled to the Share which is the subject of the Share Right in accordance with Rule 7,

(and **Vesting** and **Vested** will be construed accordingly).

**Vesting Date** has the meaning given to that term in Rule 4.2(h), or in the event of cessation of employment before that date or exercise of the Board's discretion under Rules 7.3 or 14, an earlier date determined by the Board in its absolute discretion.

**VWAP** means the higher of (i) volume weighted average price of Shares sold on the ASX during the relevant period but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the operating rules of the ASX, or any overseas trades or trades pursuant to the exercise of options over Shares, and (ii) the volume weighted average trading price of the Shares on the TSX, calculated by dividing the total value by the total volume of securities traded for the relevant period.

## 2.2 Interpretation

In these Rules, unless the context otherwise requires:

- (a) a gender includes all genders;
- (b) the singular includes the plural and conversely;
- (c) a reference to a person includes the legal personal representatives, successors and assigns of that person, and also corporations and other entities recognised by law;
- (d) headings are for convenience only and do not affect the interpretation of these Rules;
- (e) a reference to a Rule or paragraph is a reference to a Rule or paragraph of these Rules, or the corresponding Rule or Rules of this Champion Iron Incentive Plan as amended from time to time;
- (f) where any word or phrase is given a definite meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (g) where the time for doing any act, matter or thing under these Rules falls on a day which is not a Business Day, it shall be done on the next succeeding Business Day; and
- (h) a reference to an act includes an omission and a reference to doing any act includes executing a document.

## 3. OPERATION OF THE CHAMPION IRON INCENTIVE PLAN

### 3.1 General

This Champion Iron Incentive Plan must be operated in accordance with these Rules.

### 3.2 **Binding Rules**

These Rules bind each Group Entity and each Participant.

## 4. **INVITATION TO PARTICIPATE IN THE CHAMPION IRON INCENTIVE PLAN**

### 4.1 **Invitation to participate**

Subject to these Rules, and in particular Rule 4.2, the Board in its absolute discretion may from time to time invite Eligible Employees selected by the Board to participate in the Champion Iron Incentive Plan.

### 4.2 **Champion Iron Incentive Plan Invitation**

The Board must give to each Eligible Employee who is invited to participate in the Champion Iron Incentive Plan a Champion Iron Incentive Plan Invitation and Application Form together with details of the following information:

- (a) the date of the Champion Iron Incentive Plan Invitation;
- (b) the name of the Eligible Employee to whom the Champion Iron Incentive Plan Invitation relates;
- (c) the number of Share Options and/or the number of Share Rights to which the Champion Iron Incentive Plan Invitation relates;
- (d) the minimum number (if any) of Share Options and/or Share Rights that the Eligible Employee may apply for and, if an Eligible Employee may apply for less than the number of Share Options and/or Share Rights to which the Champion Iron Incentive Plan Invitation relates, the multiples (if any) in which Share Options and/or Share Rights must be applied for;
- (e) the amount (if any) and manner of payment of the consideration to be paid by the Eligible Employee to acquire the Share Options and/or Share Rights;
- (f) the Exercise Period and Exercise Price (or the method of calculating the Exercise Price) in respect of each Share Option but provided that the Exercise Price shall not be less than the Market Price determined on the date the Exercise Price is set by the Board;
- (g) the Performance Conditions in respect of the Share Options and/or Share Rights and any corresponding Performance Period;
- (h) the date on which the Share Options and/or Share Rights will Vest (the **Vesting Date**);
- (i) the latest date prior to which the Share Options may be exercised (the Last Exercise Date) which must be no later than 5 years after the date the Share Options are granted to a Participant under Rule 6 or 6 months after the last date on which the Performance Conditions are tested;
- (j) the disposal restrictions (if any) that will apply to Shares issued or transferred to a Participant on Vesting;
- (k) whether the Share Options and/or Share Rights are to be satisfied on Vesting in Shares and/or cash at the election of the Company;
- (l) any other terms or conditions imposed by the Board in relation to the Share Options and/or Share Rights which in the opinion of the Board are fair and reasonable but not inconsistent with these Rules;
- (m) the latest date by which a duly completed Application Form must be received by the Company (Champion Iron Incentive Plan Application Date);

- (n) in respect of the initial application made by an Eligible Employee, a copy of these Rules; and
- (o) any other information or documents that the Corporations Act, Listing Rules or other applicable laws require the Company to give to the Eligible Employee.

## **5. APPLICATION TO PARTICIPATE**

### **5.1 Application Form**

An Eligible Employee may only make an application to participate in the Champion Iron Incentive Plan in response to an Champion Iron Incentive Plan Invitation by delivering to the Company on or before the Champion Iron Incentive Plan Application Date:

- (a) a duly completed and signed Application Form; and
- (b) the consideration, if any, payable for the acquisition of the Share Options and/or Share Rights.

### **5.2 Participant in Champion Iron Incentive Plan**

If, on lodging the duly completed Application Form in accordance with Rule 5.1 the Eligible Employee's employment with the Group or appointment with a Group Entity has not ceased, the Applicant:

- (a) agrees to participate and acquire Share Options and/or Share Rights in accordance with the Champion Iron Incentive Plan Invitation;
- (b) agrees to be bound by the terms of the Champion Iron Incentive Plan Invitation, the Application Form, these Rules and the Constitution;
- (c) will be taken to have accepted responsibility for their own taxation affairs with respect to participation in the Champion Iron Incentive Plan;
- (d) consents to the collection, holding, processing and exchange of their personal data by the Group for any purpose related to the proper administration of their participation in the Champion Iron Incentive Plan; and
- (e) subject to Rule 5.3, becomes a Participant.

### **5.3 Non-acceptance of Application Form**

- (a) Notwithstanding any other provision of this Plan, an Eligible Employee has no entitlement to be granted any Share Options and/or Share Rights unless and until such Share Options and/or Share Rights are granted under Rule 6.
- (b) If the Board determines at its sole discretion not to accept an Application Form, the Company shall:
  - (i) provide notification to that Eligible Employee that it does not accept that Eligible Employee's Application Form;
  - (ii) refund the moneys (if any) provided by that Eligible Employee as consideration to apply for Share Options and/or Share Rights under the Plan; and
  - (iii) undertake any other action as it sees fit.

#### 5.4 **Personal nature**

An application to participate in the Champion Iron Incentive Plan is not transferable and an Eligible Employee may only accept an offer of Share Options and/or Share Rights in the Eligible Employee's name and not on behalf of any other person unless the terms of the Champion Iron Incentive Plan Invitation provides that the offer may be accepted in the name of another associated or related person.

### 6. **ISSUE OF SHARE OPTIONS AND GRANT OF SHARE RIGHTS**

#### 6.1 **Issue of Share Options and grant of Share Rights**

Subject to Rule 5, as soon as practicable after the Champion Iron Incentive Plan Application Date, or on such other date as is specified in the Champion Iron Incentive Plan Invitation, the Company may issue the number of Share Options and/or grant the number of Share Rights applied for by the Participant in the Application Form in accordance with these Rules.

#### 6.2 **Share Appreciation Rights**

Vested Share Appreciation Rights comprised in an Award will entitle the Participant to such number of Shares (or, at the Company's discretion, the Cash Equivalent) determined as follows:

$$\text{VSAR} \times \text{ENS}$$

where

VSAR = the number of Vested Share Appreciation Rights comprised in the Award;

ENS = the Entitlement Number of Shares calculated as  $(A - B) / A$ ;

A = the Market Value of a Share on the Vesting Date of the Share Appreciation Right, or such other value as determined by the Board and specified in a Champion Iron Incentive Plan Invitation; and

B = the Market Value of a Share on the date of grant of a Share Appreciation Right, or such other value as determined by the Board and specified in a Champion Iron Incentive Plan Invitation,

(provided that  $(A - B)$  is a positive number), or as otherwise specified in the Champion Iron Incentive Plan Invitation. Any fraction of a Share will be rounded down to the nearest whole number.

#### 6.3 **Share Option and Share Rights certificate**

The Company must give the Participant a certificate or holding statement setting out the number of Share Options and the number of Share Rights granted to the Participant, the Exercise Period and the Exercise Price applicable to those Share Options.

#### 6.4 **Fractions of Share Options or Share Rights**

Where the number of Share Options or Share Rights to be issued under the Champion Iron Incentive Plan is to be determined in accordance with a formula contained in the Champion Iron Incentive Plan Invitation, and that formula does not result in a whole number, the number shall be rounded down to the nearest whole number.

## **6.5 Rights in respect of Share Options and Share Rights**

Prior to exercise the Participant does not have any interest (legal, equitable or otherwise) in any Shares the subject of a Share Option or Share Right other than as expressly set out in these Rules.

## **7. PERFORMANCE CONDITIONS AND VESTING**

### **7.1 Performance Conditions**

- (a) The Performance Conditions will be determined by the Board from time to time as part of the overall remuneration policies of the Company.
- (b) The Performance Conditions will be specified in the Champion Iron Incentive Plan Invitation.
- (c) Subject to Rules 7.3 and 14, a Share Option or a Share Right will Vest when the Performance Conditions relating to that Share Option or Share Right are satisfied, as contemplated in Rule 7.2(b).

### **7.2 Vesting**

- (a) Subject to Rules 7.3 and 14, the Board will as soon as possible after the expiry of the Performance Period determine:
  - (i) if and to what extent the relevant Performance Condition has been satisfied; and
  - (ii) the number of Share Options and/or Share Rights to Vest (if any) comprised in each Participant's Award.
- (b) Share Options and/or Share Rights will Vest on the Vesting Date in accordance with the Board's determination under Rule 7.2(a) unless:
  - (i) prior to that time, the Share Options or Share Rights have lapsed under Rule 8; or
  - (ii) the Board determines that it considers it to be in the best interests of the Company to vary or waive the satisfaction of relevant Performance Conditions and declare the Share Options or Share Rights to be Vested.
- (c) Subject to Rules 7.3 and 14, Share Options may only be exercised during the Exercise Period if the Share Options Vest in accordance with this Rule 7.2 unless, prior to that, the Share Options have lapsed under Rule 8.

### **7.3 Uncontrollable Event**

Where an Eligible Employee ceases to be employed by the Group as a result of an Uncontrollable Event, the Board may, in its discretion, determine in relation to the Share Options and Share Rights which at the time of the Uncontrollable Event are held by the relevant Participant and have not yet Vested in accordance with Rules 7.2 or 14 that some or all of those Share Options and Share Rights will:

- (a) become Vested at the time of cessation of employment; or
- (b) become Vested at the time of cessation of employment pro-rated to the period of employment of the Participant during the Performance Period up to the date employment ceases as compared with the total Performance Period; or
- (c) continue to be subject to the Performance Conditions with a Vesting Date to be determined by the Board in its absolute discretion.

The Board may determine, in its absolute discretion, whether and to what extent the Performance Conditions shall be applied.

#### 7.4 **Issue/transfer of Shares**

Following the Vesting of a Right or the exercise of a Vested Option, the Company must, within such time as the Board determines, but subject to the Listing Rules and no later than one month after the Vesting Date for the Right or the date of exercise of the Option (as relevant):

- (a) issue to the Participant; or
- (b) procure the transfer to the Participant, of

the number of Shares in respect of which the Right has Vested or the Vested Option has been exercised (as relevant).

#### 7.5 **Cash settlement**

Where a Share Option or a Share Right is granted on terms that entitle the Participant on Vesting to a cash equivalent of the number of Shares in respect of which a Share Right has Vested or a Vested Option has been exercised (as relevant) as determined under Rule 7.4 (the **Cash Equivalent**), the Company will pay the Cash Equivalent to the Participant within such time as the Board determines, but subject to the Listing Rules and no later than one month after the Vesting Date for the Share Right or the date of exercise of the Share Option (as relevant). The Cash Equivalent is the Market Value of those Shares on the Vesting Date. Any Group Entity may deduct from any payment made under this Rule 7.5 any amount to pay any tax, social security contributions or other levies as are required by law or as the Board reasonably considers necessary or desirable.

#### 7.6 **Employee share trust**

Without limiting the manner in which the Company may satisfy its obligation to:

- (a) issue to the Participant; or
- (b) procure the transfer to the Participant of,

Shares on the Vesting of Share Rights or the exercise of Vested Share Options, the Company may, among other things, issue Shares to, or at the direction of, the trustee or procure the transfer of Shares to, or at the direction of, the trustee of an employee share trust established at any time by the Company to facilitate the grant of the Share Options and Share Rights and the acquisition of Shares by the Participant on the Vesting of Share Rights or the exercise of Vested Share Options. The transfer of a Share to the Participant from any such employee share trust will satisfy the obligation of the Company to issue or procure the transfer of a Share to the Participant under the terms and conditions of this Plan.

#### 7.7 **Shares to rank *pari passu***

Subject to any restriction on transfer set out in these Rules and the Constitution of the Company, all Shares issued on following the Vesting of a Share Right or the exercise of a Vested Share Option will rank *pari passu* in all respects with all other Shares for the time being on issue.

#### 7.8 **Share trading policy**

The Company's trading policy which sets out when an Eligible Employee would be precluded from dealing in Shares will apply in relation to any dealing by a Participant in Shares acquired by the Participant on the Vesting of Rights or the exercise of Vested Share Options.

## **8. LAPSE**

### **8.1 Unvested Share Options or Share Rights on Vesting Date**

Any Share Options and Share Rights held by a Participant which have not Vested in accordance with Rule 7 (and which have not otherwise lapsed in accordance with this Plan including Rule 8) by the Vesting Date will lapse at 12:01am on the day immediately following the Vesting Date.

### **8.2 Cessation of employment prior to Vesting**

- (a) Where a Participant ceases to be employed by the Group other than as a result of an Uncontrollable Event - any Share Options and Share Rights held by the relevant Participant which have not Vested in accordance with Rule 7 (and not lapsed in accordance with Rule 8.4, 8.5 or any other Rule) on or before cessation of employment will lapse on cessation of employment.
- (b) Where a Participant ceases to be employed by the Group as a result of an Uncontrollable Event, and the Board exercises its discretion under Rule 7.3 to Vest some or all of the Share Options and Share Rights on cessation of employment, any Share Options and Share Rights held by the relevant Participant which have not Vested on or before cessation of employment in accordance with Rule 7 or by exercise of the Board's discretion under Rule 7.3 will lapse on cessation of employment.
- (c) Where a Participant ceases to be employed by the Group as a result of an Uncontrollable Event, and the Board does not exercise its discretion under Rule 7.3 to Vest some or all of the Share Options and Share Rights on cessation of employment, any Share Options and Share Rights held by the relevant Participant which have not Vested on or before cessation of employment in accordance with Rule 7 will lapse on cessation of employment.

### **8.3 Cessation of employment after Vesting**

- (a) A Vested Share Right will not lapse merely because a Participant ceases employment between the Vesting Date and the date on which the Share relating to that Vested Share Right is issued or transferred to the Participant, except as contemplated in Rules 8.4 and 8.5.
- (b) Where a Participant ceases to be employed by the Group, any Options held by the relevant Participant which have Vested in accordance with Rule 7 and not lapsed in accordance with Rules 8.4 and 8.5 or any other Rule will lapse in accordance with Rule 8.6.

### **8.4 Restrained Activity**

Where a Participant has engaged in a Restrained Activity during the course of their employment, unless the Board determines otherwise, any Share Option or Share Right held by the relevant Participant:

- (a) to the extent it has not Vested, will lapse;
- (b) to the extent it has Vested, will be forfeited, provided that the Share relating to the Vested Share Option or Share Right has not been issued or transferred to the Participant,

immediately at the determination of the Board.

### **8.5 Termination for Cause**

Where an Eligible Employee ceases to be employed by the Company or any of its Related Bodies Corporate as a result of Termination for Cause, unless the Board determines otherwise, any Share Option or Share Right held by the relevant Participant:

- (a) to the extent it has not Vested, will lapse;



- (b) to the extent it has Vested, will be forfeited, provided that the Share relating to the Vested Share Option or Share Right has not been issued or transferred to the Participant,

immediately on the Eligible Employee ceasing to be so employed.

#### **8.6 Lapse of Share Options**

If a Participant does not accept the Offer to Acquire or Cancellation Offer (as applicable) by the Offer Expiry Date and the Share Options have not otherwise been exercised by the Participant prior to the Offer Expiry Date, the Share Options lapse.

#### **8.7 Consequence of lapse**

Upon the lapse of a Share Option or Share Right, all of the Participant's rights in respect of that Share Option or Share Right (as applicable) cease.

#### **8.8 Cessation of employment**

For the purpose of these Rules, a Participant will not be treated as ceasing employment with the Group until they are no longer an executive director, secretary or employee of:

- (a) a Group Company; or
- (b) a joint venture company in which the Group holds a substantial interest at the time of employment and which has been approved by the Board as an associated company for the purpose of the Plan.

### **9. EXERCISE OF SHARE OPTIONS**

#### **9.1 Exercise Period**

A Share Option may only be exercised during the Exercise Period if:

- (a) the Share Option has Vested in accordance with Rule 7.2;
- (b) the Share Option has not lapsed under Rule 8 (or another provision of this Plan); and
- (c) the Share Option has been exercised in accordance with Rule 9.2.

#### **9.2 Exercise of a Share Option**

- (a) During the Exercise Period, a Participant may exercise one or more Share Options by providing to the Company:
  - (i) a written notice of exercise (in a form approved by the Board) setting out the number of Share Options that the Participant wishes to exercise; and
  - (ii) a bank cheque payable to the Company or electronic funds transfer to the Company's bank account for the aggregate Exercise Price, or such other form of payment as may be approved by the Board.
- (b) Within 5 Business Days of receipt of a valid Exercise Notice together with payment of the aggregate Exercise Price, the Company must issue to the Participant (or its nominee) the number of Shares to which the Participant is entitled under these Rules.

### 9.3 **Exercise in whole or part**

A Participant's Vested Share Options may be exercised in whole or in part. If a Participant has not exercised all of their Share Options, a revised Share Options holding statement will be issued in respect of the remaining Share Options.

### 9.4 **Controllable event – Vested Options**

Where a Participant ceases to be employed by the Group other than as a result of Termination for Cause or an Uncontrollable Event, any Share Options held by the relevant Participant which at the time of cessation of employment have Vested in accordance with Rule 7 and not lapsed in accordance with these Rules:

- (a) may be exercised by the Participant during the 6 month period following the date the Participant ceases to be so employed (or, if shorter, until 5.00pm on the Last Exercise Date); and
- (b) will lapse at 12.01am on the day immediately following the last day of that 6- month period (or, if earlier, at 5.01pm on the Last Exercise Date).

### 9.5 **Uncontrollable Event – Vested Options**

Where a Participant ceases to be employed by the Group as a result of an Uncontrollable Event, any Share Options held by the relevant Participant which at the time of cessation of employment have Vested in accordance with Rule 7 and not lapsed in accordance with these Rules:

- (a) may be exercised by the Participant (or the Participant's legal personal representative, as applicable) during the 6 month period following the date on which the Participant ceases to be so employed (or, if shorter, until 5.00pm on the Last Exercise Date); and
- (b) will lapse at 12.01am on the day immediately following the last day of that 6 month period (or, if earlier, at 5.01pm on the Last Exercise Date).

### 9.6 **Uncontrollable Event – Options which are not Vested**

Where a Participant ceases to be employed by the Group as a result of an Uncontrollable Event, any Share Options held by the relevant Participant which are not Vested at the time of ceasing employment but which later become Vested in accordance with Rule 7.3 and not lapsed in accordance with these Rules:

- (a) may be exercised by the Participant (or the Participant's legal personal representative, as applicable) during the 6 month period following the date the Share Options Vest under these Rules (or, if shorter, until 5.00pm on the Last Exercise Date); and
- (b) will lapse at 12.01am on the day immediately following the last day of that 6 month period (or, if earlier, at 5.01pm on the Last Exercise Date).

### 9.7 **Transaction costs**

The Participant is responsible for all brokerage, commission, stamp duty or other transaction costs payable in relation to the acquisition of the Shares. The Company may require the Participant to provide an amount of money which the Company estimates is necessary to meet the Participant's liability (if any) to pay stamp duty or other taxes in respect of the acquisition.

## 10. **RESTRICTIONS ON TRANSFER**

Except in respect of the transmission of a Share Option or Share Right to a Participant's legal representative upon death or with the prior approval of the Board, and subject to Rule 14, a Participant must not sell, transfer, assign, encumber, dispose or otherwise deal with any Share Options, Share Rights

or any interest therein before it is exercised. If a Participant purports to sell, transfer, assign, encumber, dispose or otherwise deal with any Share Options, Share Rights or any interest therein before it is exercised, whether voluntarily or involuntarily, the relevant Share Option or Share Right will lapse immediately, unless the Board determines otherwise, and will be taken to have lapsed in accordance with Rule 8.

## **11. SECURITY INTEREST**

Participants shall not grant any Security Interest in or over or otherwise dispose of or deal with any Share Options, Share Rights or any interest therein, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

## **12. FORFEITURE**

### **12.1 Forfeiture**

If:

- (a) the Board determines the Participant has committed or is intending to commit acts of dishonesty or fraud by the Participant; or
- (b) the Company determines that the Participant has breached the rules set out in this Champion Iron Incentive Plan or provided incorrect information to the Company,

then, notwithstanding anything else in this Champion Iron Incentive Plan (other than Rule 12.2 below), the Participant automatically forfeits any interest in all Share Options and Share Rights held by that Participant.

### **12.2 Discretion to determine that the Share Options and Share Rights are not forfeited**

Notwithstanding Rule 12.1, the Board may in its absolute discretion (on any conditions which it thinks fit) decide that some or all of the Participant's Share Options and/or Share Rights will not be forfeited at that time, but will be forfeited at the time and subject to the conditions it may specify by notice to the Participant.

## **13. SHARE ISSUES**

### **13.1 New issues**

- (a) Subject to the Listing Rules, an Award does not confer on a Participant the right to participate in new issues of shares by the Company until the relevant Shares are either issued or transferred to the Participant.
- (b) If Shares are issued pursuant to the Vesting of a Share Right or the Exercise of a Vested Share Option prior to determination of entitlements to a new issue, the Shares so issued will be entitled to participate in the new issue.

### **13.2 Adjustment under certain events**

The Board will:

- (a) reduce the Exercise Price of the Share Options in the event of a rights issue; or
- (b) change the number of underlying Shares to which the Share Options and the Share Rights relate in the event of a bonus issue;

in a manner which is fair and equitable to Participants and which is consistent with the relevant provisions of the Listing Rules.

### 13.3 **Reorganisation**

In the event of a reorganisation of the Company's share capital, including a return of capital, the Board will review and modify the terms of the Share Options and Share Rights if required by, and in accordance with, the Listing Rules, at the time of the reorganisation.

### 13.4 **Dividends**

The Share Options and Share Rights will not give any right to participate in dividends unless, pursuant to the Vesting of the Share Right or the exercise of the Vested Share Option, Shares are issued or transferred (as the case requires) to, and registered in the name of, the Participant before the record date for determining entitlements to the dividend.

## 14. **CONTROL EVENT**

### 14.1 **Change of Control**

- (a) If the Company considers that a Control Event will occur, it may, at the absolute discretion of the Board:
  - (i) give Participants a Disposal Event Notice at a time determined by the Board;
  - (ii) bring forward the Last Exercise Date of Options;
  - (iii) determine that any Share Option or Share Right that has not become Vested in accordance with Rule 7 will become Vested on, and in the case of a Share Option may be exercised on and from, a date determined by the Board;
  - (iv) determine that any Share Option or Share Right that has not become Vested will lapse on a date determined by the Board (or earlier in accordance with this Plan); or
  - (v) determine that the Share Options and/or Share Rights under this Plan will be exchanged and each Participant will be granted new rights and/or options in replacement in respect of any body corporate determined by the Board.
- (b) The Board may by notice to Participants amend a Disposal Event Notice previously given to Participants under this Rule 14.

### 14.2 **Disposal Event Notice**

- (a) A Disposal Event Notice given to a Participant under Rule 14.1(a)(i) will be either:
  - (i) an offer by the Company or a person nominated by the Company (**Buyer**) to acquire all (but not part) of the Share Options and/or Share Rights held by the Participant on the terms set out in the Disposal Event Notice (**Offer to Acquire**); or
  - (ii) an offer by the Company to cancel all (but not part) of the Share Options and/or Share Rights held by the Participant in exchange for the payment of the Disposal Price for each Share Option and Share Right held by the Participant (**Cancellation Offer**).
- (b) A Disposal Event Notice given to a Participant under Rule 14.1(a)(i) must specify:
  - (i) in the case of an Offer to Acquire, the name and address of the Buyer;

- (ii) the Disposal Price for each Share Option and/or Share Right held by the Participant;
  - (iii) all other material terms of the Offer to Acquire or Cancellation Offer (as applicable); and
  - (iv) a date as the last date for the Participant to accept the Offer to Acquire or Cancellation Offer (as applicable) (**Offer Expiry Date**).
- (c) The Disposal Event Notice must be given at least 15 Business Days before the Offer Expiry Date and must be accompanied by a notice in a form approved by the Company to enable the Participant to accept the Offer to Acquire or Cancellation Offer (as applicable) (**Acceptance Notice**).

#### 14.3 **Offer to Acquire**

- (a) If the Company has not revoked the Disposal Event Notice, the Participant may accept an Offer to Acquire by delivering to the Buyer (at the address specified in the Disposal Event Notice) before the Offer Expiry Date:
- (i) an Acceptance Notice in respect of all the Participant's Share Options and/or Share Rights; and
  - (ii) the Share Option and/or Share Right Certificates.
- (b) If a Participant accepts the Offer to Acquire in accordance with Rule 14.3(a), the Buyer and the Participant must complete the sale and purchase of the Participant's Share Options and Share Rights on such date as is determined by the Board (**Completion**).
- (c) At Completion:
- (i) the Participant must do anything (including executing any document) reasonably required by the Buyer to give effect to the sale and purchase of the Participant's Share Options and Share Rights free from any encumbrance; and
  - (ii) the Buyer must pay the Disposal Price for each Share Option and Share Right to the Participant by bank cheque or electronic funds transfer or as the Buyer and the Participant otherwise agree.
- (d) If the Company is not the Buyer, it must procure that the Buyer complies with Rule 14.3(b) and (c).
- (e) For the purposes of this Rule 14.3 and subject to the Participant accepting the Offer to Acquire in accordance with Rule 14.3(a), the Participant irrevocably appoints each director of the Company severally as their attorney to do anything (including execute any document) necessary to effect the disposal of their Share Options and Share Rights to the Buyer under this Rule 14.3.

#### 14.4 **Cancellation Offer**

- (a) If the Company has not revoked the Disposal Event Notice, the Participant may accept a Cancellation Offer by delivering to the Company before the Offer Expiry Date:
- (i) an Acceptance Notice in respect of all the Participant's Share Options and Share Rights; and
  - (ii) the Share Option and Share Right Certificates.
- (b) If a Participant accepts the Cancellation Offer in accordance with Rule 14.4(a), the Share Options and Share Rights held by the Participant will be cancelled on the same date the Control Event that

gave rise to the Company giving a Disposal Event Notice is completed or such other date determined by the Board (**Completion**).

(c) At Completion:

- (i) the Participant must do anything (including executing any document) reasonably required by the Company to give effect to the cancellation of the Participant's Share Options and Share Rights; and
  - (ii) the Company must pay the Disposal Price for each Share Option and Share Right cancelled to the Participant by bank cheque or as the Company and the Participant otherwise agree.
- (d) For the purposes of this Rule 14.4 and subject to the Participant accepting the Completion Offer in accordance with Rule 14.4(a), the Participant irrevocably appoints each director of the Company severally as their attorney to do anything (including execute any document) necessary to effect the cancellation of their Share Options and Share Rights under this Rule 14.4.

**14.5 Exercise of Share Options**

Nothing in this Rule 14 hinders or restricts the ability of a Participant to validly exercise all or any of their Share Options that are exercisable in accordance with these Rules at any time prior to the Offer Expiry Date and if a Participant does exercise any or all of their Share Options between the date of the Disposal Event Notice and the Offer Expiry Date, the Disposal Event Notice will be taken to have been withdrawn in respect of those Share Options validly exercised by the Participant.

**15. ATTORNEY**

Each Participant, in consideration of a grant of Share Options or Share Rights, shall be deemed to irrevocably appoint the Company and any person nominated from time to time by the Board (each an **attorney**), severally, as the Participant's attorney to complete and execute any documents including, without limitation, applications for Shares and Share transfers or any document or agreement to give effect to the terms and conditions of this Plan and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of the terms and conditions of this Plan, and the Participant shall be deemed to covenant that the Participant shall ratify and confirm any act or thing done pursuant to this power and shall release the Company, the Board, each Related Body Corporate of the Company and each attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule and shall indemnify and hold harmless the Company, the Board, each Related Body Corporate of the Company and the attorney in respect of such liability.

**16. INDEPENDENT ADVICE**

Eligible Employees should obtain their own independent advice on the financial, taxation and other consequences which may apply to them as a result of or relating to their participation in the Plan, including the Vesting of Share Rights or the exercise of Vested Share Options and disposal of any or all Shares acquired as a result of the Vesting of those Share Rights or exercise of those Vested Share Options.

**17. POWERS OF THE BOARD**

**17.1 Powers of the Board**

The Champion Iron Incentive Plan will be managed by the Board, which will have power to:

- (a) determine appropriate procedures and make regulations for the administration of the Champion Iron Incentive Plan consistent with these Rules;

- (b) resolve and bind the Company and the Participants absolutely regarding any question of fact, interpretation, effect or application arising in connection with the Champion Iron Incentive Plan;
- (c) determine matters falling for determination under these Rules in its absolute discretion having regard to the interests of and for the benefit of the Company;
- (d) exercise the discretions conferred on it by these Rules or which may otherwise be required in relation to the Champion Iron Incentive Plan; and
- (e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Champion Iron Incentive Plan.

## 17.2 **Powers to Amend**

Subject to 23.1, the Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Champion Iron Incentive Plan that does not require the approval of shareholders under 17.3, which may include but are not limited to:

- (a) any amendment of a “housekeeping” nature, including without limitation those made to clarify the meaning of an existing provision of the Champion Iron Incentive Plan, correct or supplement any provision of the Champion Iron Incentive Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Champion Iron Incentive Plan regarding its administration;
- (b) a change to the vesting provisions of the Champion Iron Incentive Plan;
- (c) a change to the provisions governing assignability and the effect of termination of a Participant’s employment, contract or office, or cessation of a Participant’s directorship; and
- (d) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted.

## 17.3 **Subject to 23.1, shareholder approval is required for the following amendments to the Champion Iron Incentive Plan:**

- (a) any reduction in the Exercise Price after an Option has been granted, except in the case of an adjustment pursuant to the Champion Iron Incentive Plan;
- (b) any extension of the Expiry Date of an Option or any cancellation of an Option held by an insider, and the substitution of that Option, with a new Option with extended Expiration Date, except in case of an extension due to a black-out period;
- (c) any amendment which increases the maximum number of Shares that may be issued under the Champion Iron Incentive Plan;
- (d) any amendment to sections 17.2 and 17.3; and
- (e) any other matters that may require shareholder approval under the rules and policies of the TSX and ASX.

## 17.4 **Commencement of Champion Iron Incentive Plan**

The Champion Iron Incentive Plan will take effect on and from such date as the Board may resolve.

**17.5 Suspension or termination of Champion Iron Incentive Plan**

- (a) The Champion Iron Incentive Plan may be suspended or terminated at any time by resolution of the Board.
- (b) In the event of a suspension or termination, these Rules will continue to operate with respect to any Share Options and Share Rights acquired under the Champion Iron Incentive Plan prior to that suspension or termination.

**18. CONTRACTS OF EMPLOYMENT AND OTHER EMPLOYMENT RIGHTS**

**18.1 No compensation under employment contract**

- (a) The Champion Iron Incentive Plan does not form part of any contract of employment or services between any Eligible Employee and either the Company or any Related Body Corporate.
- (b) It is a condition of these Rules that the Champion Iron Incentive Plan may be terminated at any time at the discretion of the Board (subject to Rule 17.5(b)) and that no compensation under any employment contract will arise as a result. For the avoidance of doubt, any such termination will not affect any Share Options or Share Rights already on issue.

**18.2 Termination of employment**

This Champion Iron Incentive Plan:

- (a) does not confer on any Eligible Employee or Participant the right to continue as an employee of the Company or any Related Body Corporate of the Company;
- (b) does not confer on any Eligible Employee the right to become or remain an Eligible Employee or to participate under the Plan;
- (c) does not affect any rights which the Company, or any Related Body Corporate of the Company, may have to terminate the employment of the Eligible Employee or Participant;
- (d) may not be used to increase damages in any action brought against the Company, or any Related Body Corporate of the Company, in respect of that termination;
- (e) does not confer any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any tax liabilities of the Eligible Employees or Participants.

**19. CONNECTION WITH OTHER PLANS**

Unless the Board otherwise determines, participation in the Champion Iron Incentive Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise or unless otherwise stated in the Champion Iron Incentive Plan Invitation.

**20. CHAMPION IRON INCENTIVE PLAN COSTS**

The Company:

- (a) is not responsible for any brokerage, commission, stamp duty or other transaction costs in connection with any issue, transfer or disposal of Share Options, Share Rights or Shares under the Champion Iron Incentive Plan;



- (b) may make any withholding or payment which it is required by law to make in connection with the Plan or the grant of Share Options, Share Rights or Shares; and
- (c) when issuing Share Options, Share Rights or Shares to a Participant under the Plan, may require the Participant to provide an amount of money which the Board estimates is necessary to meet the Participant's liability (if any) to pay stamp duty or other taxes in respect of the issue.

## 21. **OVERSEAS ELIGIBLE EMPLOYEES**

The Company, at the Board's discretion, may:

- (a) grant Share Options and/or Share Rights to Eligible Employees who are resident outside Australia; and
- (b) make regulations for the operation of the Champion Iron Incentive Plan which are not inconsistent with these Rules to apply to Eligible Employees and Participants who are resident outside of Australia.

## 22. **OVERRIDING RESTRICTIONS**

- (a) Notwithstanding any Rule, Share Options, Share Rights or Shares may not be issued, transferred or dealt with under the Champion Iron Incentive Plan if to do so would contravene the Corporations Act, Listing Rules or any other applicable laws or where the compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.
- (b) Offers must not be made under the Plan if it would cause the Company to exceed the 5% threshold set out in ASIC Class Order 03/184 (or any class order or law which supersedes it or individual instrument of relief) such that the Company would need to create and lodge a disclosure document with ASIC in order to offer or issue the Share Options or Share Rights.
- (c) For so long as the Shares are listed on the TSX, the aggregate number of Shares that may be reserved for issuance under this Plan (together with any other Securities Based Compensation Arrangement of the Company in effect from time to time but excluding the Company's Arrangement Option Plan) shall not exceed 20% of the Shares on issue from time to time on a non-diluted basis. This Plan is a rolling plan, meaning that the reloading of Options is permitted under the Plan and Options that are exercised, surrendered, terminated or expire without being exercised no longer represent Shares reserved for issuance under this Plan and do not decrease the number of Shares issuable under this Rule 22(c).

## 23. **AMENDMENT**

### 23.1 **Limitation on amendments**

No amendment to the provisions of these Rules may be made which reduces the rights of Participants in respect of Share Options and Share Rights acquired by them prior to the date of the amendment, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, or the Listing Rules;
- (b) to correct any manifest error or mistake; or
- (c) to address possible adverse tax implications in respect of the Rules arising from, among other things:
  - (i) rulings from the Commissioner of Taxation;

- (ii) changes to tax legislation (including an official announcement by the Commonwealth of Australia); or
- (iii) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction

## 23.2 **Error Correction**

- (a) In the event that in the opinion of the Board any error or mistake has been made in relation to the number of Share Options and Share Rights the subject of:
  - (i) an Champion Iron Incentive Plan Invitation under Rule 4; or
  - (ii) any certificate or notification for Share Options or Share Rights issued under Rule 6,
 that Champion Iron Incentive Plan Invitation, certificate or notification, as the case may be, shall be null and void and of no effect to the extent of any such error or mistake and the Board may in its absolute discretion, correct such error or mistake, without the need to obtain consent from the relevant Eligible Employee or relevant Participant, by notice to the Eligible Employee or that Participant and, where appropriate, may issue an amended Champion Iron Incentive Plan Invitation, certificate or notification.
- (b) The Board will notify the relevant Eligible Employee or Participant within a reasonable period after discovering and correcting the error or mistake.

## 24. **WAIVER**

No failure, delay, or indulgence by a party in exercising any power or right under these Rules shall operate as a waiver of such power or right. No single exercise of any power or right under this Champion Iron Incentive Plan shall preclude any other or future exercise of that (or any other) power or right.

## 25. **SEVERANCE**

If any provision of these Rules is rendered void, unenforceable or otherwise ineffective, such avoidance, unenforceability or ineffectiveness shall not affect the enforceability of the remaining provisions.

## 26. **NOTICES**

Any notice, instruction or direction given under or pursuant to these Rules:

- (a) is validly given if it is handed to the addressee, faxed to the address at the fax number last notified by that person or posted by ordinary prepaid post (by air-mail if to an overseas address) to the last known address of the addressee;
- (b) must be signed by the sender or a person duly authorised by the sender;
- (c) except as provided in paragraph (d), will be taken to have been given:
  - (i) in the case of personal delivery, when personally received;
  - (ii) in the case of post to a domestic address, three Business Days after posting;
  - (iii) in the case of post to an overseas address, seven Business Days after posting; or
  - (iv) in the case of a fax, on production of a transmission report by the machine from which the fax was sent that indicates that the fax was transmitted in its entirety to the fax number of the addressee,

unless it is personally received or faxed after 5.00 pm any day, in which case it shall be deemed to be received or faxed on that next succeeding Business Day;

- (d) in the case of any Application Form, that application will not be taken to have been received by or on behalf of the Company until it is actually received by the Company at the address nominated from time to time by the Board.

27. **GOVERNING LAW**

These Rules are governed by the laws of New South Wales, Australia. The Company and each Participant submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there in connection with matters concerning these Rules.

## **SCHEDULE “C”**

### **AUDIT COMMITTEE CHARTER – CHAMPION IRON LIMITED (the "Company")**

The Audit Committee is a committee of the Board of Directors of the Company to which the Board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

#### **Membership**

Membership will be not less than three non-executive Directors as appointed by the Board.

#### **Overall Purpose**

The overall purpose of the Audit Committee is to protect the interests of Champion Iron shareholders and other stakeholders by overseeing:

- On behalf of the Board:
  - The integrity of financial reporting;
  - The adequacy of the control environment and the processes for identifying and managing risk;
  - The internal and external audit functions;
  - Treasury and taxation practises; and
- As requested by the Board:
  - Compliance with applicable legal and regulatory requirements and internal codes of conduct.

The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

#### **Chairman**

The Chairman of the Audit Committee will be appointed by the Board. The Chairman of the Committee shall be independent (ie have no material relationships with Champion other than Board and Committee roles) and shall not be the Chairman of the Board.

The Chairman of the Committee shall:

- Be knowledgeable of Champion’s business and financial and auditing processes;
- Oversee planning and conduct of Committee meetings including approval of agendas and minutes;
- Oversee written and verbal reporting to the Board on key matters arising from the Committee, and
- Be involved in the selection of Committee members.

#### **Member Requirements**

All members of the Committee will be non-executive Directors and will be independent. Whilst the Chairman of the Board is precluded from chairing the Committee, the Chairman of the Board is not precluded from being a member of the Committee. All Committee members will be financially literate and at least one member will have accounting or related financial expertise.

## **Meeting Arrangements**

The Committee shall meet at least four times a year. Additional meetings may be held if requested by the Committee Chairman. A quorum for Committee meetings will require at least two members.

The Chief Executive Officer and Chief Financial Officer will be present for the entirety of all meetings except when the Committee Chairman requests or consents otherwise. The Chairman may invite other senior management to attend meetings as appropriate.

The external and internal auditor will attend meetings at the invitation of the Chairman. The Committee will regularly meet with external and internal auditors, without management present.

All board members are to be issued an invitation to attend each meeting, including those where the focus of the discussion is period and financial reporting.

## **Secretarial**

The Company Secretary or his designate shall be the secretary of the Committee and will be responsible for the minutes of meetings.

## **Responsibilities**

The Committee shall oversee the external audit function. This oversight will include:

- Reviewing the performance of the external auditor;
- Making recommendations to the Board of Directors regarding the continuation or termination of the external auditor's engagement and/or any material revision to the terms of engagement;
- Evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- Reviewing the appropriateness of the audit approach, scope and methodology;
- Reviewing the results of the auditor's work with particular emphasis on unresolved or unadjusted issues between auditors and management;
- Providing a direct line of communication between the external auditor and the Board which is independent of management;
- Reviewing all reports to the Board and Committee by the external auditor; and
- Approving external auditor's fees.

The Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- Reviewing compliance with Accounting Standards, Financial Reporting Standards, Stock Exchange requirements and other legal requirements;
- Reviewing the position taken by management on significant transactions and accounting issues and any unusual or highly judgemental matters;
- Monitoring the effectiveness of the accounting and internal control systems;
- Reviewing quarterly, half year and full year Financial Statements and making the necessary recommendations to the Board;
- Considering capital management matters, including proposed dividends, prior to consideration by the Board;
- Ensuring that there are no material unresolved issues between management and the external auditor; and
- Reviewing other financial information distributed externally as required.

The Committee will review other key financial processes, in particular the tax and treasury operations, to ensure prudent management practices are in place.

The Committee shall assist the Board with regard to oversight of the Company's risk management processes by:

- Developing an understanding of key risk areas and the consequences of major risk events;
- Gaining assurance as to the adequacy of the Company's policies and processes for integrating risk management into its operations; and
- Reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the Company.

The Committee shall oversee the internal audit function. The oversight will include:

- Reviewing the performance of the internal auditor and the approval of the annual internal audit plan;
- Reviewing significant internal audit findings and action by management to address these;
- Facilitating a direct line of communication from the internal auditor which is independent of management; and
- Approving the appointment of the Manager Risk and Internal Auditor.

As requested by the Board, the Committee shall review the processes and internal controls that management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

### **Reporting Mechanism to the Board**

The Committee Chairman will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.

### **Access to Information and Independent Advice**

The Committee has the authority, subject to the law, to require access to any information, document, report or material in the possession of any employee of the Company or any related body corporate, and all employees must comply with such requests from the Committee.

The Committee may, with prior written approval of the Chairman of the Board, obtain such independent legal, financial, and other advice as it considers necessary, with the cost borne by the Company.

### **Reliance**

Audit Committee members are entitled to rely on employees of the Company or professional advisers or consultants engaged by the Committee or the Company where:

- There are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and
- The reliance was made in good faith and after making an independent assessment of the information.

### **Review Processes**

The Charter, composition and annual agenda for the Committee will be reviewed at least annually. Any changes to this Charter will require the approval of the Board. The Committee will undertake a formal process of self-assessment on an annual basis. The results of this assessment will be communicated to the Board in order to assist the Board in its periodic review of the Committee's effectiveness.

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