



## **ANNUAL GENERAL MEETING 2014**

**Champion Iron Limited (ASX: CIA, TSX: CIA)**

**Chairman's Address at Shareholders Meeting**

**Sydney, 10:00am Friday, 29<sup>th</sup> August, 2014**

The past year has been an exciting and eventful year; one in which we have been able to accomplish much. In December 2013, we announced the merger of our Company with the TSX listed Champion Iron Mines Limited. The merged entity has materially changed the Company's standing and potential,

### **Champion Iron Limited**

Today, Champion Iron Limited is a Canadian iron ore explorer and developer with 14 fully owned projects situated in the highly prospective Fermont Iron Ore District in northern Quebec, in addition to the Snelgrove Lake Project.

Whilst Champion is yet to publish a JORC resource for its Australian reporting requirements, as reported in Canada, the Company's overall Canadian National Instrument (NI 43-101) compliant resource is 5.3bn tonnes grading on average 29% Fe.

Fermont is an established iron ore district, with some 40Mt in annual iron ore production coming from ArcelorMittal, Cliffs and IOC/Rio Tinto last year. Significantly, the wider region already has year-round rail, power and port infrastructure which has the potential to be extended to accommodate production growth from emerging iron ore projects, including the Company's.

This requires new investment, and the government and industry are fully committed to securing support to further enhance Quebec's standing as a world class iron ore region for the world's export markets and global steel industries.

Included in the above, the Consolidated Fire Lake North is now the Company's flagship project with a completed Prefeasibility Study ("PFS") and a well-developed strategy to advance to production. The immediate term focus of the board and management is on completing a full Feasibility Study for the development of a long-life, low-cost operation yielding 9.3Mtpa of concentrate at 66% Fe.

When in production, the saleable product is planned to be railed to the Port of Sept-Iles and then shipped to customers in Asia and Europe, where it is expected to command a premium.

If 2014 is seen as a year of formation for the Company, 2015 will be a year of transformation, with work already having commenced to complete a full Feasibility Study at Consolidated Fire Lake North, and with the Company already initiating discussions with a number of end-user groups on sampling and potential investment, and project funding options.

### **A successful merger**

Champion Iron recorded a loss of C\$48.6M for the period to 31 March 2014. Of the total loss for the year, C\$41.2M is attributable to the impairment of goodwill and the balance relates primarily to costs of implementing the merger.

The merger, which was completed on 31 March 2014 after receiving approvals from the shareholders and the regulatory authorities, has seen our Company's asset base and potential to grow significantly. The combined entity was renamed Champion Iron Limited with its shares listed for trading on both the Australian and Toronto Stock Exchanges.

The completion of the merger also coincided with the completion of a successful capital raise of A\$10 million at A\$0.50 per share and the adoption of a 31 March financial year-end.

The merger increased the Company's presence in Canada's premier iron ore producing district, the Labrador Trough where the Company had been advancing and exploring the Snelgrove Property.

Through the merger with Champion Iron Mines Limited, now a wholly owned subsidiary of the Company, an extensive portfolio of highly prospective iron ore projects in the prolific southern Labrador Trough have been brought into the fold, including the flagship Consolidated Fire Lake North Project.

The Company's 100% owned Consolidated Fire Lake North Project, is located in close proximity to producing iron mines, existing transportation and power infrastructure. In 2013, Champion Iron Mines Limited completed a Prefeasibility Study which indicates iron ore production of 9.3Mtpa with a Net Present Value of C\$3.3 billion and operating costs of C\$44/t.

As mentioned, the Consolidated Fire Lake North Project does not have any mineral resource or reserves under JORC code at this stage. However, the project contains a Canadian National Instrument NI 43-101 Inferred Resource of 2.7 billion tonnes grading 28.9% FeT, plus 717 million tonnes grading 31.1% FeT in the Indicated category, and 26.9 million tonnes grading 35.1% FeT in the Measured category. The iron ore is metallurgical coarse-grained hematite which beneficiates easily with an 83% recovery achieved in the Prefeasibility Study to produce a 66% Fe grade.

Work has commenced to complete a full Feasibility Study on the Consolidated Fire Lake North project. This includes infill drilling to further define resources together with drilling to obtain geomechanical data for pit slope optimization and condemnation and geotechnical data collection.

The Company also completed re-logging all of the diamond drill hole intersections obtained to date at the Consolidated Fire Lake North West Pit and East Pit deposits in order to collect additional data with respect to hardness of the mineralized zones, whereby the data is being modelled to better understand hardness distribution within the deposits in order to maximize AG/SAG mill throughput during production.

The Company is also progressing discussions with various infrastructure providers, including power, rail and port facilities. It is envisioned that exports of iron ore will be through the Pointe Noire terminal at the Port of Sept-Iles in Quebec.

Furthering this strategy is the Quebec government's announcement of a series of actions and measures to support mining development in Quebec. Among these measures, the government recently announced that it will evaluate the need for a new rail link to the Labrador Trough.

Specifically, the government announced that it has set aside a maximum of C\$20 million from its Northern Plan Fund to contribute to the study to determine the optimum rail option for iron miners in the Labrador Trough region to reach ports to service international markets competitively. It is intended that these funds be allocated towards evaluating the anticipated transportation needs between the Labrador Trough and the Port of Sept-Iles.

The study will consider the concerns of all potential users and in doing so ensure a multi-user system favouring the conclusion of joint investment. I am pleased to confirm that the Company has already announced its intention to participate in this feasibility study.

### **Outlook for Champion**

Due to the advanced nature of the Consolidated Fire Lake North Project, the Company will focus on the development of that project in the year ahead.

Currently, Champion Iron – along with the majority if not all emerging iron ore producers – has clearly been marked down by the market due to a negative outlook for iron ore pricing. Yet, Champion's flagship project is economically robust as the most conservative of outlooks.

As the commercial performance of the project is sensitive to any variation in the major project assumptions, including iron ore pricing, it is worth commenting that any improvement in the iron ore price has the potential to have a material and positive impact on the project's NPV and the Company's share price.

I am confident that board and management will be able to work with government and major investors to review and address infrastructure constraints, and I am equally confident that by the time we are in production and exporting to the world's steel producers, the outlook for iron ore pricing will have strengthened to our advantage.

Furthermore, I am certain that – following the merger and the recent decision by the Quebec government to fund a rail feasibility study - the Company has never been in a better position to secure a strategic investor and to raise project funding going forward.

In closing, I would like to extend my appreciation to all the stakeholders of the Company; our employees in Australia and Canada for their efforts and contribution in what has been a very busy year; our shareholders for their patience and support; and, the traditional owners of the land and the local inhabitants for their continuing support of the Company's activities.

I look forward with confidence to the Company's future as we progress development of the Consolidated Fire Lake North Project where the current year will be dedicated to advancing and completing the ongoing Feasibility Study as well as attracting a strategic investor to the project. In delivering the above, directors and management are committed to build shareholder value.

Michael O'Keeffe

Executive Chairman

Sydney, 29<sup>th</sup> August, 2014

## **ABOUT CHAMPION IRON LIMITED**

Champion is an iron exploration and development company with offices in Montreal, Toronto and Australia, and is focused on developing its significant iron resources in the Labrador Trough in the province of Québec. Champion holds a 100% interest in the Fermont Iron Holdings, including its flagship Consolidated Fire Lake North Project, that is located in Canada's major iron ore producing district, in close proximity to producing iron mines, existing transportation and power infrastructure.

Consolidated Fire Lake North is located immediately north of Arcelor Mittal's operating Fire Lake Mine and 60 km south of Cliffs Natural Resources Inc.'s Bloom Lake Mine in northeastern Québec. Champion's management and advisory board includes mining and exploration professionals with the mine development and operations experience to build, commission and operate the future Consolidated Fire Lake North mine.

For additional information, please visit our website at [www.championiron.com](http://www.championiron.com).

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