

29 January 2015

ASX Market Announcements
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge St
Sydney NSW 2000

December 2014 Quarterly Activities Report

- **\$4,589,000 cash on hand at 31 December 2014**
- **Champion Iron Limited formalises partnership for rail feasibility study**
- **Initial JORC Resource and Reserve Statement announced**
- **Acquisition of Units in Cartier Iron Corporation**

REPORTING CURRENCY

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

CONSOLIDATED FIRE LAKE NORTH (CFLN) PROJECT

The Company’s exploration activity on the CFLN Project was limited to the collection of a 10 tonne bulk sample and expenditures of \$557,000 in the quarter to 31 December 2014.

On 27 October 2014 Champion announced that P&E Mining Consultants completed an independent audit of the CFLN project database and produced an updated Mineral Resource Estimate of over 1.2 billion tonnes, including 755 million tonnes of Measured and Indicated metallurgical coarse grained hematite mineralization for CFLN in compliance with JORC and Canadian National Instrument 43-101 guidelines. The Company is not aware of any new information or data that materially affects the information included in the JORC report and confirms that all material assumptions and technical parameters underpinning the estimates in the JORC Resource & Reserve statement continue to apply and have not materially changed.

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 at CFLN yielding 9.3Mtpa of concentrate at 66% Fe. During the quarter, the Company continued work on reviewing the prefeasibility study, and preparing the Feasibility Study which is targeted for completion during the final quarter of calendar 2015. The major improvements targeted are the increase in Fe recovery with a better recovery circuit and the decrease in stripping ratio resulting from the new data from the 2014 geotechnical drill hole campaign. Champion is also in discussion with major equipment suppliers to develop a long term partnership from the feasibility study to the start-up/ramp-up phases of the CFLN project.

OTHER PROJECTS

There were minimal activities at the Company's other exploration projects.

ACQUISITION OF UNITS IN CARTIER IRON CORPORATION

During the quarter, Champion, through its wholly-owned subsidiary Champion Iron Mines Limited ("CIML"), acquired 6,176,471 units ("Units") of Cartier Iron Corporation ("Cartier Iron") at \$0.17 per Unit pursuant to the conversion of \$1,050,000 of debt owed by Cartier Iron to CIML and it also received 1,000,000 common shares of Cartier Iron as option payments pursuant to the Gagnon Holdings Option and Joint Venture Agreement executed between CIML and Cartier Iron on 10 December 2012. At 31 December 2014 CIML owned 11,019,971 common shares of Cartier Iron, representing 33.0% of the issued and outstanding common shares of Cartier Iron. CIML also holds 3,088,235 warrants of Cartier Iron, each exercisable at \$0.22 into one common share of Cartier Iron, expiring 17 April 2016. During the quarter, Cartier Iron raised aggregate cash proceeds of \$1,360,000 which will be used to finance ongoing exploration at the optioned Gagnon Holdings, previously termed "Cluster 3" by CIML.

On 19 December 2013, Cartier Iron announced that the Penguin Lake deposit (which underlies part of the Round Lake claim group – a key component of the Gagnon Holdings) hosts an in-pit NI 43-101 compliant Inferred Resource of 531 million tonnes grading 33% Total Iron at a 15% cut-off grade.

FORMATION OF PARTNERSHIP FOR RAIL FEASIBILITY STUDY

During the quarter, the Government of Québec and Lac Otelnuik Mining Ltd., a joint venture between Adriana Resources (TSX-V:ADI) ("Adriana") and WISCO International Resources Development & Investment Limited, formed a partnership with Champion, "La Société ferroviaire du Nord québécois, société en commandite ("SFNQ").

Champion's subsidiary Champion Iron Mines Limited is a founding partner of the SFNQ, which is open to all miners in the region. SFNQ has oversight of the work contributing to the Feasibility Study for the development of a multi-user rail from the port of Sept-Îles to the Labrador Trough.

During the quarter, the SFNQ completed the tender process for a Feasibility study on the first phase of a new multi-user railway that would link the new Pointe Noire port facilities at the Port of Sept-Iles to Fire Lake North and other miners in the Fermont area. The contract was awarded to Canarail with a completion date of 15 November 2015.

By the end of the quarter Canarail had completed an initial flyover of the entire 310 km proposed railway alignment and commenced field investigations of specific sites for surveying and geotechnical data collection. Approximately 60% of the sites intended for investigation have been visited. Forty percent (40%) of the sites requiring deforestation to accommodate geotechnical investigations have been cleared, 25% of the sites have been surveyed and 5% of geotechnical investigations are completed. Canarail estimates the feasibility study has advanced 6% towards completion.

BOARD AND MANAGEMENT

Following the resignation of Thomas Larsen, Michael O’Keeffe was appointed as Chief Executive Officer on 3 October 2014 and continues in his role as Executive Chairman of the Company. During the quarter, David Cataford joined the Company as Vice President, Engineering and assumed responsibility for delivering the full Feasibility Study for the Company’s CFLN Project.

CASH POSITION

As at 31 December 2014, Champion had \$4.59 million cash in hand. During the quarter ended 31 December 2014, \$1.67 million was spent on exploration and administration activities and the Company received tax refunds of \$682,000. Further detail is provided in the attached Appendix 5B.

About Champion

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 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 further information please contact:

Michael O’Keeffe, Chairman on +1 (514)-316-4858

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

This news release includes certain information that may constitute "forward-looking information" under applicable Australian and Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about planned operations at the Company’s projects, including its joint venture projects. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Champion’s annual information forms, management discussion and analysis and other securities regulatory filings by Champion on ASX and SEDAR (including under the heading "Risk Factors" therein). There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion’s forward-looking information contained in this 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 and no regulatory authority has approved or disapproved the information contained herein.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Champion Iron Limited

ABN

34 119 770 142

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter C\$000's	Year to date (9 months) C\$000's
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(557)	(5,720)
(b) development	-	-
(c) production	-	-
(d) administration	(734)	(3,752)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	60
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Canadian refundable sales taxes)	682	650
Other (refundable tax credit on exploration)	-	1,649
Other (credit on duties refundable for losses)	-	1,325
Other (includes Arrangement transaction costs)	(375)	(5,424)
Net Operating Cash Flows	(982)	(11,211)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(15)
1.11 Loans repaid by other entities	-	-
1.12 Other	216	116
Net investing cash flows	216	99
1.13 Total operating and investing cash flows (carried forward)	(766)	(11,112)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(766)	(11,112)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(766)	(11,112)
1.20	Cash at beginning of quarter/year to date	5,599	16,221
1.21	Exchange rate adjustments to item 1.20	(244)	(520)
1.22	Cash at end of quarter	4,589	4,589

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter C\$000's
1.23	Aggregate amount of payments to the parties included in item 1.2	1,679
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

Includes payments for exploration and evaluation of \$381,000 salaries, consulting fees, director fees and rent.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available C\$000's	Amount used C\$000's
3.1 Loan facilities	–	–
3.2 Credit standby arrangements	–	–

Estimated cash outflows for next quarter

	C\$000's
4.1 Exploration and evaluation	450
4.2 Development	–
4.3 Production	–
4.4 Administration	1,294
Total	1,744

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter C\$000's	Previous quarter C\$000's
5.1 Cash on hand and at bank	4,589	5,600
5.2 Deposits at call	–	–
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)	4,589	5,600

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	–	–	–	–
6.2 Interests in mining tenements acquired or increased	–	–	–	–

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference ⁺securities <i>(description)</i>	–	–	–	–
7.2 Changes during quarter				
(a) Increases through issues	–	–	–	–
(b) Decreases through returns of capital, buy-backs, redemptions	–	–	–	–
7.3 ⁺Ordinary securities	196,643,323	196,643,323	–	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues				
(i) Placement	–	–	–	–
(ii) Conversion of exchangeable shares	12,613	–	–	–
(b) Decreases through cancellation	–	–	–	–
7.5 ⁺Convertible debt securities <i>(description)</i>	–	–	–	–
7.6 Changes during quarter				
(a) Increases through issues	–	–	–	–
(b) Decreases through securities matured, converted	–	–	–	–
7.7 Options <i>(description and conversion factor)</i>	<i>Total number</i>		<i>Exercise price</i>	<i>Expiry date</i>
	1,008,334	–	\$1.0910	14/01/2015
	36,666	–	\$1.1591	02/02/2015
	256,666	–	\$1.3637	02/03/2015
	17,000,000	–	A\$0.25	08/08/2015
	1,466,667	–	\$1.3637	03/10/2015
	183,333	–	\$1.3637	04/10/2015
	366,667	–	\$2.0455	04/10/2015
	500,000	–	A\$0.50	15/12/2015
	73,333	–	\$2.9591	10/01/2016
	715,000	–	\$2.0455	09/09/2016
	1,173,333	–	\$0.5455	20/12/2016
	676,500	–	\$1.7728	23/12/2016
	1,000,000	–	A\$0.50	09/04/2017
	150,000	–	A\$0.50	18/06/2017
	2,300,000	–	A\$0.50	29/11/2018
	1,000,000	–	\$0.45	01/09/2018
	1,000,000	–	A\$0.30	30/10/2017
	2,000,000	–	A\$0.30	11/12/2017
7.8 Issued during quarter	<i>Total number</i>		<i>Exercise Price</i>	<i>Expiry Date</i>
	1,000,000	–	A\$0.30	30/10/2017
	2,000,000	–	A\$0.30	11/12/2017
7.9 Exercised during quarter	–	–	–	–
7.10 Expired during quarter	36,667	–	\$0.5523	09/11/2014
7.11 Performance Shares	<i>Total number</i>	<i>Number quoted</i>	<i>Issue Price</i>	<i>Amount paid up</i>
	–	–	–	–
7.12 Exchangeable Shares 12,613 converted to ordinary shares during the quarter	<i>Total number</i>	<i>Number quoted</i>	<i>Issue Price</i>	<i>Amount paid up</i>
	1,791,016	–	–	–

+ See chapter 19 for defined terms.

7.13	Special Voting Share	<i>Total number</i> 1	<i>Number quoted</i> –	<i>Issue Price</i> –	<i>Amount paid up</i> –
7.14	Warrants	<i>Total number</i> 5,133,333	<i>Number quoted</i> –	<i>Exercise Price</i> \$4.0909	<i>Expiry Date</i> 17/05/2015
		11,000,000	–	\$0.4091	31/07/2015
7.15	Unsecured notes (totals only)	–	–	–	–

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

(Company Secretary)

Date: 29 January 2015

Print name: Pradip Devalia

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

=====

+ See chapter 19 for defined terms.