



## **ANNUAL GENERAL MEETING 2015**

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

**Chairman's Address at Shareholders Meeting**

**Sydney, 10:00am Friday, 7<sup>th</sup> August, 2015**

Welcome to the 2<sup>nd</sup> Annual General Meeting of Champion Iron Limited following the merger with TSX listed Champion Iron Mines Limited.

The last twelve months have been a volatile and testing time for the resources sector and the iron ore sector has not been immune to the volatility. The negative outlook for iron ore pricing has had a major impact on the market's evaluation of emerging and well established global iron ore producers. Against this backdrop, the Company has continued to pursue its objectives in a measured way.

### **Champion Iron Limited**

Through the merger with Champion Iron Mines Limited, 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.

The Company's immediate term focus is on completing a full feasibility study ("Feasibility Study") for the development of a long-life, low-cost operation at the Consolidated Fire Lake North Property ("Consolidated Fire Lake North" or "CFLN"). The Company continued work on reviewing 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 iron recovery with a better recovery circuit and the decrease in stripping ratio resulting from the new data from the 2014 geotechnical drill hole campaign. We are 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.

### **Review of Operations**

Champion Iron recorded a loss of C\$12.3M for the period to 31 March 2015. Of the total loss for the year, C\$3.7M is attributable to the impairment of investments.

Since completion of the merger on 31 March 2014, the Company has carefully managed its cash resources and at the same time made progress in continuing to focus on the flagship project, Consolidated Fire Lake North. Work continues in completing 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 spent \$6.6m on exploration and development activity on the CFLN project during the year ended 31 March, 2015. Following the completion of the exploration phase of the CFLN project, the exploration camp at the Fire Lake North site has been dismantled in order to minimize costs.

During the year, 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 National Instrument 43-101 (NI 43-101), the Canadian equivalent to JORC for the public reporting of geological information. 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.

At the last annual general meeting I foreshadowed the Company's intention to participate in a joint feasibility study for the development of a multi user rail link in the Labrador Trough. I am delighted that the Company is a founding partner in La Société ferroviaire du Nord Québécois, société en commandite ("SFNQ"). The other partners in SFNQ are the Government of Québec and Lac Otnuk Mining Ltd., a Joint Venture between Adriana Resources Inc. and WISCO International Resources Development & Investment Limited.

SFNQ has been established to complete a feasibility study for the construction of a new multi-user rail link giving mining projects in the Labrador Trough access to the port at Sept-Îles at the lowest possible cost. The Government of Québec has set aside a maximum of \$20,000,000 from its Plan Nord Fund to contribute to SFNQ, while the Company's contribution will consist of previously incurred costs of a minimum of \$5 million and a maximum of \$6 million with the final amount to be determined by an audit of the previously incurred costs.

Since its formation in 3<sup>rd</sup> quarter 2014, SFNQ completed a tender process for a Feasibility study on the first phase (phase 1A) of a new multi-user railway that would link the new Pointe Noire port facilities at the Port of Sept-Îles to Fire Lake North and other miners in the Fermont area. The contract which was awarded to Canarail Consultants Inc. ("Canarail") is being amended to include extending the proposed rail from Fire Lake North to Bloom Lake (Phase 1B) allowing access to a greater number of potential users in the Labrador Trough.

At the end of April 2015, Canarail estimated that the feasibility study for phase 1A was at 38% completion. Canarail is nearing completion of all field activities related to the phase 1A portion of the study.

The Company has selected Australian-based Mineral Technologies to complete a testwork study to improve the concentrate quality and iron recovery from the CFLN prefeasibility results. Previous testwork with a 3 stage spiral circuit produced a 65% iron concentrate with an 82% iron recovery. The Company's objective is to modify the flowsheet to achieve significantly higher grades and recoveries to further reduce costs and increase revenue. These improvements would position the Company's concentrate as one of the highest quality sinter feeds in the world.

On 25<sup>th</sup> June 2015, the Company completed the acquisition of half of the 3% royalty ("Royalty") on the Fermont Holdings property. The consideration paid to the Royalty holder was \$50,000 in cash on closing and the delivery of a \$250,000 note payable 4 months from the closing date of the transaction.

## **Outlook for Champion**

Due to the advanced nature of the Consolidated Fire Lake North Project, the Company will continue to 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 at very conservative of outlooks.

The board and management will continue to engage with government, First Nations and major investors to review and address infrastructure constraints. The formation of the SFNQ partnership and the decision by the Quebec government to fund a rail feasibility study puts the Company in good stead to pursue a strategic investor for its project. I am 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.

In closing, I would like to once again extend my appreciation to all the stakeholders of the Company; our employees in Australia and Canada for their efforts and contribution, 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 remain committed to build shareholder value.

Michael O'Keeffe

Executive Chairman

Sydney, 7<sup>th</sup> August, 2015

## **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.*