



January 28, 2016

Champion Acquisition of Bloom Lake Receives Court Approval

Montréal, Québec, Canada: Champion Iron Limited (ASX: CIA, TSX: CIA) ("Champion" or the "Company") is pleased to announce that the acquisition of the Bloom Lake Mine and related rail assets (collectively, "Bloom Lake") and the Quinto Mining Corporation mineral claims (the "Quinto Claims") in Québec (the "Acquisition") from Cliffs Québec Iron Mining ULC, Bloom Lake Mine Iron Ore Limited Partnership, Bloom Lake Railway Company Limited and Quinto (collectively, the "Bloom Lake CCAA Vendors") has been approved by the Québec Superior Court under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA").

On December 11, 2015, the Company announced that Québec Iron Ore Inc., a wholly-owned subsidiary of the Company, had entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") to acquire Bloom Lake and the Quinto Claims in Québec from the Bloom Lake CCAA Vendors.

On January 27, 2016, the Superior Court of Québec granted an "Approval and Vesting Order" authorizing the Bloom Lake CCAA Vendors to proceed with the sale of Bloom Lake and the Quinto Claims to Québec Iron Ore Inc. as part of the Bloom Lake CCAA Vendors' CCAA proceedings.

The order provides that the Bloom Lake assets and the Quinto Claims will be acquired free and clear of any security interests and any other encumbrances (subject only to certain limited permitted encumbrances).

With the Court approval now granted, the Acquisition is expected to be completed later this quarter, subject to the satisfaction of other conditions to closing.

Potentially one of the lowest capital cost iron ore mines in the world

Champion Chairman and CEO Michael O'Keeffe said "Bloom Lake represents strong upside potential for our shareholders to leverage the significant level of investment in Bloom Lake made by previous owners, and which we are expecting to acquire at very favourable terms pursuant to the Asset Purchase Agreement, especially when considering original cost".

Mr O'Keeffe said that Champion believes that the mine also has an important potential to add to economic growth for the *Côte-Nord* region, and that Champion is excited about participating in a major way to the implementation of the Québec Government Plan Nord, including employment and positive economic impact across all communities in the region.

"Champion plans to acquire the Bloom Lake Mine because we believe it is an asset of global significance. We think it could potentially become one of the lowest capital cost iron ore mines in

the world, even following an extended care and maintenance and the planned upgrade period” Mr O’Keeffe said.

“As part of the ongoing maintenance and upgrade, the Company is initiating a dialogue with the local authorities and partners to share our work plan. And when it is time to start hiring, we will look to the local and First Nations community, as well as the mine’s former employees. In addition, we intend to obtain supplies from local entrepreneurs to maximize the economic flow-on for the local business communities in the regions in which we operate”, Mr O’Keeffe said.

Mr O’Keeffe said that Champion considers that significant cost reductions are possible at Bloom Lake, with the potential to bring operational FOB costs per ton down substantially from previous levels.

Champion has already identified the potential to improve mine capacity at Bloom Lake. Previous operations historically produced a yearly maximum of 6 million tons of iron fines at 66% Fe. Champion will be looking to increase this to over 7 million tons per year at a similar grade, chiefly through the implementation of a new mine plan as well as improved recoveries.

In support of this strategy, in addition to the anticipated acquisition of Bloom Lake, Champion achieved during 2015 a number of strategic milestones, including projects related to rail and port access. The Company expects to provide updates to shareholders on individual initiatives commencing later this quarter.

With the iron ore producers experiencing pricing pressures globally, as a contingency, Champion is continuing discussions with strategic partners, funds, government agencies and private investors to obtain additional financing in order to secure up to 24 months of care and maintenance should low iron ore prices prevail during this period.

Details of the Acquisition announced December 11, 2015

The Asset Purchase Agreement provides that the Bloom Lake assets and the Quinto Claims are being acquired for a cash consideration of C\$10.5 million and the assumption of certain liabilities. Under the Asset Purchase Agreement, Québec Iron Ore Inc. will also become responsible for environmental obligations which include environmental reclamation liabilities presently assessed at approximately C\$41.7 million by the Government of Québec, as well as the replacement of certain bonds securing certain obligations of Bloom Lake totalling approximately C\$1.1 million.

The Asset Purchase Agreement announced by Champion on December 11, 2015 contained a number of closing conditions, including a requirement to obtain the Approval and Vesting Order, and the obtaining of the approval of shareholders of Champion in connection with a private placement related to the Acquisition, which will be sought as part of a shareholders’ meeting expected to be held on March 21, 2016.

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About Champion

Champion has been working on the development of iron ore deposits in the Labrador Trough for more than 10 years through acquisition of tenements, geological evaluation and development of a Feasibility Study (Consolidated Fire Lake North Project). The management team has a vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

The main focus of Champion's activities, holding over 3 billion tons of high quality iron ore resources, were concentrated on the effort to achieve an economical long term access from mine to ship. The Government of Québec has granted CAD \$20 million for the feasibility study of a new rail linking Fire Lake North / Bloom Lake area to the port of Sept-Îles. This study is being managed by Champion, and is expected to be finalised in 2016.

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

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