

**NOTICE OF EXTRAORDINARY GENERAL MEETING,
EXPLANATORY STATEMENT
AND MANAGEMENT INFORMATION CIRCULAR**

**FOR THE EXTRAORDINARY GENERAL MEETING
OF THE SHAREHOLDERS OF**

CHAMPION IRON LIMITED

**To be held at 10.00 a.m. (Sydney time)
on March 31, 2016
at
the offices of Ashurst Australia
Level 11, 5 Martin Place, Sydney NSW
(7.00 p.m. (Toronto time) on March 30, 2016)**

Dated as of February 23, 2016

YOUR VOTE AS A SHAREHOLDER IS IMPORTANT

This document requires your immediate attention. If you are in doubt as to how to deal with this document or the matters to which it refers, please consult a professional advisor.

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1. **IMPORTANT INFORMATION**

1.1 **Purpose of this document**

The purpose of this document is to explain the terms and effect of the Resolutions (as set out hereinafter) to the holders of ordinary fully paid shares in the capital of Champion Iron Limited ("**Champion**" or the "**Company**") (each an "**Ordinary Share**") (the "**Shareholders**") including to provide such information as is prescribed by the ASX Listing Rules and the TSX Listing Rules.

1.2 **General**

You should read this document in its entirety before making a decision on how to vote on the resolutions to be considered at the Extraordinary General Meeting of the Company (the "**Meeting**").

The Notice of Meeting in section 2 should be read in conjunction with the accompanying Explanatory Statement in section 3, Regulatory Disclosure in section 4, information on how to vote in sections 5 and 6, the Statement of Executive Compensation in section 7 and the additional information in section 8 which together form part of this Notice of Meeting.

1.3 **Meeting Materials**

The Company has distributed printed copies of this document (collectively, the "**Meeting Materials**"), directly to registered shareholders and to intermediaries for forward distribution to all Non-Objecting Beneficial Owners ("**NOBOs**") and to all Objecting Beneficial Owners ("**OBOs**") (as such terms are defined herein) unless a holder has waived the right to receive them.

Meeting Materials forwarded to beneficial shareholders (as defined below) will likely not include the Company'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 Company and to seek instructions as to how to vote their Ordinary Shares. Brokers or agents can only vote the Ordinary Shares of the Company if instructed to do so by the beneficial shareholder.

If you are a non-registered owner, and the Company 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 Company (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.

1.4 **ASX**

A copy of this document has been lodged with ASX. None of ASX nor any of its respective officers takes any responsibility for the contents of this document.

1.5 **Cautionary statements with respect to forward looking statements**

Certain information contained in this document may include "forward-looking information". Without limiting the foregoing, the information and any forward-looking information may include statements regarding projects, costs, objectives and future returns of the Company or

hypotheses underlying these items. In this document, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking statements and information are based on information available at the time and/or the Company management's good-faith beliefs with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond the Company's control. These risks uncertainties and assumptions include, but are not limited to, those described in the section "Risk Factors" of this document and those described in the section of the Company's Management's Discussion and Analysis (MD&A) entitled "Risk and Uncertainties" for the most recently completed financial period as filed on SEDAR on February 11, 2016.

1.6 Defined terms

Capitalised terms in this document are defined either in the Glossary in section 9 at the end of this document or where the relevant term is first used.

1.7 Currency

All references in this document are in Canadian dollars, unless otherwise specified. References to "A\$" are references to the lawful currency of Australia and references to "US\$" are references to the lawful currency of the United States of America.

2. NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of Champion Iron Limited will be held at Level 11, 5 Martin Place, Sydney 10.00am (Sydney time) on March 31, 2016 for the purposes of transacting the following business.

2.1 Resolution 1 – Approval for share placement and acquisition

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the Condition and Shareholders approving Resolution 2:

- (a) the issue and allotment of up to 140,625,000 fully paid Ordinary Shares in the Company and up to 13,500,000 options to acquire Ordinary Shares in the Company and the acquisition of Ordinary Shares upon the exercise of those options (representing the issuance of a maximum of 154,125,000 Ordinary Shares) on the terms and conditions set out in the Explanatory Statement be approved for the purposes of ASX Listing Rule 7.1 and for all other purposes; and*
- (b) the acquisition by Quebec Iron Ore Inc. of certain Bloom Lake Mine assets, related rail assets and mineral claims held by Quinto Mining Corporation in Québec from Cliffs Quebec Iron Mining ULC, Quinto Mining Corporation, Bloom Lake General Partner Limited, Bloom Lake Railway Company Limited, the Bloom Lake Iron Ore Mine Limited Partnership, pursuant to the terms of the asset purchase agreement dated December 11, 2015 between those parties and the Company as guarantor be approved”*

The “Condition” means that the Asset Purchase Agreement dated December 11, 2015 between Cliffs Quebec Iron Mining ULC, Quinto Mining Corporation, Bloom Lake General Partner Limited, Bloom Lake Railway Company Limited, the Bloom Lake Iron Ore Mine Limited Partnership (as Vendors) (the “**Vendors**”) and Quebec Iron Ore Inc. (as Purchaser) and Champion Iron Limited (as Guarantor) becomes free of all conditions and is not terminated.

Voting Exclusion: As required by the ASX Listing Rules, the Company will disregard any votes cast on Resolution 1 by Mr. O’Keefe and by any of his associates:

- (a) any person who may participate in the issue or any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Ordinary Shares in the Company); and
- (b) any associate of such persons.

However, the Company will not disregard a vote on Resolution 1, if:

- (c) it is cast by a person as a proxy for a person, other than any person referred to at (a) or (b), who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the Chair as proxy for a person, other than any person referred to at (a) or (b), who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

As Resolutions 1 and 2 are inter-conditional, a person whose votes are disregarded on Resolution 2 will have their votes on Resolution 1 disregarded.

2.2 **Resolution 2 – approval for share placement to Prospect AG Trading Pty Limited**

"That, subject to and conditional upon the Condition and Shareholders approving Resolution 1 the issue and allotment of up to 46,875,000 fully paid Ordinary Shares in the Company and up to 7,500,000 options to acquire Ordinary Shares in the Company and the acquisition of Ordinary Shares upon the exercise of those options (representing the issuance of a maximum of 54,375,000 Ordinary Shares) on the terms and conditions set out in the Explanatory Statement be approved for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 10.11 and for all other purposes."

The "Condition" means that the Asset Purchase Agreement dated December 11, 2015 between Cliffs Quebec Iron Mining ULC, Quinto Mining Corporation, Bloom Lake General Partner Limited, Bloom Lake Railway Company Limited, the Bloom Lake Iron Ore Mine Limited Partnership (as Vendors) (the "**Vendors**") and Quebec Iron Ore Inc. (as Purchaser) and Champion Iron Limited (as Guarantor) becomes free of all conditions and is not terminated.

Voting Exclusion: As required by the ASX Listing Rules the Company will disregard any votes cast on Resolution 2 by:

- (a) Prospect AG Trading Pty Limited; and
- (b) any associate of Prospect AG Trading Pty Limited.

However, the Company will not disregard a vote on Resolution 2, if:

- (c) it is cast by a person as a proxy for a person, other than any person referred to at (a) or (b) who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the Chair as proxy for a person, other than any person referred to at (a) or (b), who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

As Resolutions 1 and 2 are inter-conditional, a person whose votes are disregarded on Resolution 1 will have their votes on Resolution 2 disregarded.

2.3 **Resolution 3 – Issue of Options to Michael O'Keeffe**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to and conditional upon Shareholders approving Resolution 1 and Resolution 2 the grant of 3,000,000 Options to acquire Ordinary Shares in the capital of the Company under the Company's Incentive Plan to Michael O'Keeffe, Chairman and Chief Executive Officer of the Company, on the terms set out in the Explanatory Statement and the acquisition of Ordinary Shares in the Company upon exercise of those options, be approved for all purposes including for the purposes of ASX Listing Rule 10.14."

Voting Exclusion: As required by the ASX Listing Rules, the Company will disregard any votes cast on Resolution 3 by Mr. O'Keeffe and by any director of the Company who is eligible to participate in the Champion Iron Incentive Plan and by any associate of any such person. However, the Company need not disregard a vote on Resolution 3 if:

- (a) 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
- (b) 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.

As required by the Corporations Act, no member of the Company's key management personnel or a closely related party of any such member may vote as a proxy on Resolution 3 unless:

- (c) a person voting votes as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 3; or
- (d) the person voting is the Chair who votes as a proxy appointed by writing that does not specify the way the Chair is to vote on Resolution 3 but which expressly authorises the Chair to vote on Resolution 3 even though that resolution is connected directly or indirectly with the remuneration of the Chair as a member of the key management personnel.

As Resolution 3 is conditional on Resolutions 1 and 2 being approved, a person whose votes are disregarded on Resolution 1 and 2 will have their votes on Resolution 3 disregarded.

* * *

By order of the Board

Pradip Devalia

Jorge Estepa

Company Secretary, Australia

Corporate Secretary, Canada

February 23, 2016

3. **EXPLANATORY STATEMENT**

3.1 **Approval of the Private Placement (including placement to Prospect AG Trading Pty Limited) and Acquisition**

At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass Resolutions 1 and 2 the text of which appears in the Notice of Meeting in section 2, approving (i) the issuance by the Company, on a private placement basis, of up to 187,500,000 Ordinary Shares of the Company in aggregate (the "**Placement Shares**") at a price of \$0.16 per Placement Share, for a total consideration of up to \$30 million (the "**Private Placement**"); and (ii) the Acquisition (as defined below).

Resolutions 1 and 2 are inter conditional. This means that both Resolutions 1 and 2 need to be approved by Shareholders before the Acquisition is approved and the Private Placement can proceed.

3.2 Background to the Acquisition

(a) Background to the Acquisition

As announced on December 11, 2015, Québec Iron Ore Inc. ("**QIO**"), a wholly-owned subsidiary of the Company, entered into an asset purchase agreement (the "**Asset Purchase Agreement**") to acquire the Bloom Lake Mine and related rail assets (collectively, "**Bloom Lake**") and the Quinto Mining Corporation and Cliffs Quebec Iron Mining ULC mineral claims (the "**Quinto Claims**") in Québec (the "**Acquisition**") from the Vendors.

The Company, through its wholly-owned subsidiary QIO, bid for Bloom Lake under the sale and investor solicitation procedures (the "**SISP**") ordered by the Québec Superior Court on April 17, 2015 and June 9, 2015 as part of the restructuring proceedings of the Vendors under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") which commenced in January 2015. Separately, the Company also bid for the Quinto Claims. The SISP was conducted by the Vendors, with the assistance of and in consultation with Moelis & Company ("**Moelis**") as sale advisor and FTI Consulting Inc. acting as court-appointed monitor under the CCAA proceedings (the "**Monitor**").

The Company's bids were chosen as the preferred bids by the Vendors, in consultation with Moelis and the Monitor, and were formalized with the signing of the Asset Purchase Agreement on December 11, 2015.

The Bloom Lake Mine comprises substantially all mine site infrastructure and mining equipment owned by the Vendors at Bloom Lake and a portion of the Bloom Lake assets comprise approximately 36 km of rail linking the Bloom Lake Mine to the Northern Land Company Railway. The Bloom Lake Mine and Quinto Claims were acquired by the Vendors in 2011 for approximately US\$5 billion. Since that time the Vendors have invested very significant amounts in plant and mine improvements. Additionally, work commenced on a second concentrator plant which is currently 70% complete.

The Quinto Claims have resources which have historically complied with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") of over 900 million tonnes of iron ore and are adjacent to the Company's existing properties.

(b) Financial and technical due diligence

Over the past two years, the Company has closely monitored the development of the Bloom Lake Mine, and several meetings were convened during 2014-2015 with the Vendors, the mine's owner. Since December 2014, the Company has reviewed the Bloom Lake assets and has gained significant insight and confidence in these assets from both a technical and financial perspective. In preparation for the bid, the Company completed financial and technical due diligence and prepared a financial model that reflects the pricing assumptions, production improvements and cost reductions required to achieve profitable operation.

The Company believes there is capacity to reduce the care and upgrade costs at the Bloom Lake Mine which would reduce the overall required capital.

Discussions with leading commodities traders have also confirmed off-take interest with the backing of steel mills, to the extent that the Company has confidence that future Bloom Lake production could be pre-sold.

The Bloom Lake assets and the Quinto Claims are being acquired for cash consideration of \$10.5 million, the obligation to replace certain bonds securing obligations of Bloom Lake totalling \$1.1 million and the assumption of certain liabilities, including environmental obligations which include environmental reclamation liabilities presently assessed at \$41.7 million by the Government of Québec. The Company and the Government of Québec are in discussions regarding the timing of the commencement of the payment of the reclamation liabilities.

The Asset Purchase Agreement is conditional upon the granting of an "Approval and Vesting Order" by the Québec Superior Court as part of the CCAA proceedings approving the Acquisition and providing that the Bloom Lake assets and the Quinto Claims will be acquired free of any security interests and any other encumbrances (subject to certain limited permitted encumbrances). The Approval and Vesting Order was granted on January 27, 2016. The Asset Purchase Agreement also contains customary closing conditions, including regulatory approvals under the *Competition Act* (Canada) and *Rail Service Act* (Newfoundland and Labrador) and the conclusion by the Company of the Private Placement. The Acquisition is expected to be completed in early April 2016.

3.3 Strategy in relation to Bloom Lake Mine and Rail Assets and Quinto Claims

The Bloom Lake Mine has been on care and maintenance since December 2014. The Company's plan is to keep the Bloom Lake Mine on care and maintenance until such time that iron ore prices recover sufficiently to warrant the reopening of the mine.

The Company has also developed a plan to enable production to resume at the Bloom Lake Mine by improving production and significantly reducing operating costs.

Improvements in productivity will principally result from making improvements to the mine plan and increasing iron recovery by making changes to the recovery circuit. The Company has 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. The Company 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. The new mine plan developed by the Company with the assistance of a well-known mining consultant will slightly reduce the life of the mine but will also reduce strip ratio and produce higher Fe-head grades. The Company will improve the mine plan after completion of the Acquisition and announce NI 43-101 compliant information in due course.

The Company also expects to be able to achieve significant cost reductions in mining costs, crushing, processing and tailings costs and site support logistics and shipping costs with the potential to bring operational FOB costs per ton down substantially from the previous levels. Following completion of the Acquisition the Company intends to provide detailed updates outlining the key areas to be targeted by the new management team at Bloom Lake.

The Bloom Lake Mine has access to a fully commissioned and operational land based transport infrastructure which will enable delivery of the ore at a competitive future cost considering that the resource at Bloom Lake is at an iron ore content concentrate which achieves premiums compared to the 62%-Fe content index. Furthermore, the ore quality of Bloom Lake is basically free from deleterious elements and is in strong demand by many steel makers in the world.

3.4 Letters of intent with Ressources Quebec Inc.

As announced on February 19, 2016, the Company and QIO have entered into non-binding Letters of Intent with Ressources Quebec Inc., a subsidiary of Investissement Québec, a Québec Government corporation ("**Ressources Quebec**"). The Letter of Intent between the Company and Ressources Quebec contemplates Ressources Quebec subscribing for 37,500,000 Placement Shares in the Company at a price of \$0.16 per Placement Share ("**Champion Letter of Intent**"). The Letter of Intent between QIO and Ressources Quebec contemplates Ressources Quebec subscribing for \$14 million in equity in QIO and lending \$6 million to QIO ("**QIO Letter of Intent**").

The Letters of Intent are conditional upon a number of matters including Ressources Quebec conducting and completing due diligence, obtaining necessary internal approvals and QIO and Ressources Quebec entering into definitive transaction documents which will include subscription agreements, a shareholders agreement in respect of QIO and a loan agreement with QIO. The Company and Ressources Quebec are in the process of negotiating the terms of these agreements.

The Letters of Intent require the Company to reimburse the costs of Ressources Quebec in connection with the financing provided to the Company and QIO.

3.5 Funding arrangements

(a) Overview of the funding arrangements

The total funds which the Company plans to raise at this stage in connection with the Acquisition, care and upgrade costs and ultimately the recommencement of production at the Bloom Lake Mine are as follows:

- (i) up to \$30 million to be raised by the Company through the issue of up to 187,500,000 Ordinary Shares at a price of \$0.16 per Ordinary Share, subject to the approval of Shareholders at the Meeting; and
- (ii) an additional \$20 million which will be raised through direct investment by Ressources Quebec in QIO, the Company's subsidiary, consisting of \$14 million in the equity of QIO and the provision by Ressources Quebec of a \$6 million loan facility to QIO.

These funds will be used to pay the acquisition price payable to the Vendors under the Asset Purchase Agreement, to provide working capital and to cover up to 24 months of care and upgrade costs in respect of the Assets should iron ore prices remain depressed over this period.

(b) Private Placement

In order to fund the Acquisition, the Company proposes raising \$30 million through the issue of up to 187,500,000 Placement Shares at a price of \$0.16 per Placement Share, subject to the approval of the Company's Shareholders at this meeting.

The 187,500,000 Placement Shares comprise 93,750,000 Committed Shares (see 3.5(b)(i) below), 37,500,000 Ressources Quebec Placement Shares (see 3.5(b)(ii) below) and 56,250,000 Additional Placement Shares (see 3.5(b)(iii) below).

(i) Placement to Initial Subscribers

On December 11, 2015, the Company entered into subscription agreements with Prospect AG Trading Pty. Limited ("**Prospect**"), controlled by the Company's Chairman and Chief Executive Officer, Mr. O'Keeffe and Andrews Capital Ltd., controlled by Michael Crossley Wright, ("**Andrews Capital**" and, together with Prospect, the "**Initial Subscribers**"), copies of which are available on SEDAR (the "**Initial Subscription Agreements**").

Under the Initial Subscription Agreements, the Initial Subscribers agreed to purchase from the Company 93,750,000 of the Placement Shares at a price of \$0.16 per Placement Share (the "**Committed Shares**"), subject to the right of the Initial Subscribers to arrange for substituted purchasers to purchase all or a portion of the Committed Shares. The issue of the Committed Shares will raise \$15 million. On December 10, 2015, the last complete trading day before the execution of the Initial Subscription Agreements, the last reported sale price of the Ordinary Shares on the TSX was \$0.15 and on ASX was AUD\$0.13 per Ordinary Share.

In connection with their commitment to subscribe for the Committed Shares, each Initial Subscriber will receive 7,500,000 options to subscribe for an Ordinary Share for a period of four years following the closing of the Private Placement exercisable at a price of \$0.25 per Ordinary Share (the "**Compensation Options**"). The right to receive the Compensation Options will be assignable by such Initial Subscriber and the Compensation Options will be transferable subject to applicable laws and securities regulations.

The Initial Subscription Agreements also provide that, in the event the Initial Subscribers engage one or more agents or dealers to find substituted purchasers to purchase all or a portion of the Committed Shares directly from the Company, the agent or dealer shall receive from the Company a cash fee in an amount equal to 5% of the gross proceeds raised from the sale of Committed Shares to such substituted purchasers.

The Initial Subscription Agreements provide for a one (1) year period from the closing of the Private Placement during which the Initial Subscribers will be restricted from selling, pledging or granting any rights with respect to the Committed Shares, except in certain limited circumstances.

The closing of the placement of the Committed Shares is subject to the satisfaction of all necessary regulatory approvals as well as to the satisfaction of customary closing conditions provided for in the Initial Subscription Agreements.

(ii) **Placement to Ressources Quebec**

The Company and Ressources Quebec are in the process of negotiating and agreeing the terms of a subscription agreement ("**Ressources Quebec Subscription Agreement**") under which Ressources Quebec will agree to purchase from the Company 37,500,000 of the Placement Shares at a price of \$0.16 per Placement Share which will raise \$6 million ("**Ressources Quebec Placement Shares**").

The Champion Letter of Intent provides that the issue of the Ressources Quebec Placement Shares will be conditional on a number of conditions including, the Company raising a minimum of \$14 million, QIO raising a minimum of

\$38 million in cash and commitments and the concurrent financing being provided by Ressources Quebec to QIO (see section 3.5(c) below).

The Company expects to satisfy the condition regarding raising a minimum of \$14 million through the issuance of the Committed Shares which will raise \$15 million. The Company expects to satisfy the condition regarding QIO raising a minimum of \$38 million in cash and commitments from the aggregate of \$20 million in debt and equity financing provided to QIO (see section 3.5(c) below), the Company lending \$15 million to QIO, the Company providing a \$6 million guarantee to the Ministry of Energy and Natural Resources for the rehabilitation costs of the Lake Bloom Mine and \$3 million of costs incurred by the Company in respect of the Acquisition prior to completion of the Acquisition.

Additionally, the Champion Letter of Intent provides that the Ressources Quebec Subscription Agreement will include a term that the Company will not issue Ordinary Shares for a period of six (6) months after the issue of the Ressources Quebec Placement Shares on terms more favourable than those granted to Ressources Quebec.

(iii) **Potential additional subscribers**

In addition, the Company will offer, directly or through agents or dealers, up to 56,250,000 of the Placement Shares at a price of \$0.16 per Placement Share to sophisticated and institutional investors, for additional gross proceeds of up to \$9 million ("**Additional Placement Shares**"). None of these additional subscribers will be insiders of the Company.

In the event one or more agents or dealers arrange for subscriptions for Additional Placement Shares to be offered by the Company in addition to the Committed Shares and the Ressources Quebec Placement Shares, the agent or dealer shall receive from the Company a cash fee in an amount equal to 5% of the gross proceeds raised from the sale of such Additional Placement Shares.

(iv) **Use of Proceeds**

Net proceeds from the Private Placement will be contributed to QIO to be used to fund the Acquisition, for working capital and general corporate purposes and to assist in meeting care and upgrade costs in respect of the Bloom Lake Mine.

(v) **Issue of the Placement Shares**

If Resolutions 1 and 2 are passed, the Company intends to issue the Placement Shares shortly before completion of the Asset Purchase Agreement (which is expected to be in early April 2016) and, in any event, within one month of the date of the Meeting in the case of Prospect and within three months of the date of the meeting in the case of all other participants in the Private Placement.

(c) **Funding provided to QIO**

Ressources Quebec has also agreed in the QIO Letter of Intent to provide \$20 million in financing directly to QIO comprising \$14 million in the equity of QIO and \$6 million under a loan facility granted to QIO.

The letters of Intent state that this funding commitment is subject to a number of conditions including, the Company raising \$24 million (which includes \$6 million deposited as a suretyship for the rehabilitation fund and costs in the amount of \$3 million incurred by the Company in respect of the Acquisition prior to completion of the Acquisition), the Company providing a guarantee to the Ministry of Energy and Natural Resources for the rehabilitation costs of the Lake Bloom Mine, and a shareholders agreement in respect of QIO being entered into by the Company.

The net proceeds will be used by QIO to fund the Acquisition, for working capital and general corporate purposes and to assist in meeting care and upgrade costs in respect of the Bloom Lake Mine.

(i) QIO equity financing

QIO and Ressources Quebec are in the process of negotiating and agreeing the terms of the subscription agreement under which Ressources Quebec will provide \$14 million in equity financing to QIO in consideration of which it will be issued common shares in the capital of QIO. Following completion of the subscription by Ressources Quebec in QIO, the Company will own 63.2% of QIO and Ressources Quebec will own 36.8% of QIO. Ressources Quebec will have a right to representation on the board of directors of QIO proportionate with its level of shareholding of QIO.

The QIO Letter of Intent provides that the subscription agreement must include the following terms:

- (A) a term that Ressources Quebec will grant the Company the option to repurchase, in minimum increments of \$5 million, the common shares issued in QIO to Ressources Quebec for an amount equal to the fair market value less a discount of 10%, provided that Ressources Quebec shall have achieved a minimum specified return on its investment;
- (B) a term that QIO will grant the Company the option to subscribe for a maximum amount of \$36 million in the share capital of QIO at a price per share equal to fair market value in order to provide financial guarantees for the rehabilitation fund; and
- (C) a term that QIO will, not for a period of twelve (12) months after the issue of the Ressources Quebec Placement Shares, issue common shares on terms more favourable than those granted to Ressources Quebec.

The QIO Letter of Intent contemplates that the Company will issue Ressources Quebec 6,000,000 options to subscribe for one Ordinary Share in the Company at a price equal to \$0.25 per share on or before February 1, 2020 in connection with Ressources Quebec providing QIO with \$14 million in equity financing pursuant to the terms of the subscription agreement to be entered into between QIO and Ressources Quebec.

(ii) **QIO debt financing**

QIO and Ressources Quebec are in the process of negotiating and agreeing the terms of the facility agreement under which Ressources Quebec will provide \$6 million in debt financing to QIO. The key terms to be included in the facility agreement are set out in the QIO Letter of Intent as follows:

- (A) Term loan of \$6 million to be available for 3 years.
- (B) A commitment fee of 1.25% p.a. is payable on any undrawn amount.
- (C) An interest rate to be negotiated by the parties is payable on any amount drawn.
- (D) The loan to be repayable on the earlier of the date of closing of the financing required to recommence operations at the Bloom Lake Mine and five years from closing of the debt facility.
- (E) QIO must make mandatory repayments in certain situations including disposal of assets outside the ordinary course above a certain value threshold, a change in control of QIO and payments made under insurance policies covering the loss of assets.
- (F) The facility to be secured by a first ranking security on all movable and immovable, tangible and intangible, present and future assets of QIO and on the shares of QIO and, if applicable, subordination and postponement in favour of Ressources Quebec in respect of all amounts owing by QIO to affiliated companies.

3.6 Interest in the Company following the fundraising

(a) **Mr. O’Keeffe and Prospect**

As of the date hereof, Mr. O’Keeffe is the Company’s Chairman and Chief Executive Officer and therefore is considered to be a “related party” of the Company under ASX Listing Rule 10.11 and Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Private Placement is a “related party transaction” under MI 61-101 but it is exempt from formal valuation and minority approval requirements under MI 61-101 because the fair market value of the Committed Shares to be issued to Prospect, an entity controlled by Mr. O’Keeffe, under the Private Placement did not exceed 25% of the market capitalization of the Company at the time Prospect and the Company entered into the Initial Subscription Agreement.

Prospect has agreed to purchase 46,875,000 Committed Shares under the Initial Subscription Agreement, subject to its right to engage dealers to find substituted purchasers to purchase all or a portion of such Committed Shares. Consequently, following the closing of the Private Placement, Mr. O’Keeffe could, directly or indirectly, beneficially own, or have control or direction over, up to 17.7%¹ of the aggregate number of issued and outstanding Ordinary Shares, taking into account the 11,401,930 Ordinary Shares beneficially owned by Mr. O’Keeffe, directly or indirectly, or over which Mr. O’Keeffe has control or direction prior to the closing of the Private

¹ This assumes that only Committed Shares and Ressources Quebec Placement Shares are issued under the Placement, (i.e. no Additional Shares are issued under the Placement) and no Committed Shares are issued to substituted purchasers.

Placement (15.1% if all Placement Shares are issued so that the total amount of \$30 million is raised).

In addition, as one of the Initial Subscribers, Prospect will receive up to 7,500,000 Compensation Options exercisable into a maximum of 7,500,000 additional Ordinary Shares. Assuming the exercise of the 7,500,000 Compensation Options granted to Prospect only, Mr. O'Keeffe could, directly or indirectly, beneficially own, or have control or direction over, up to 19.5% of the aggregate number of issued and outstanding Ordinary Shares (approximately 16.7% if all Placement Shares are issued so that the total amount of \$30 million is raised). Assuming the exercise of all 15,000,000 Compensation Options and the 6,000,000 options granted to Ressources Quebec, Mr. O'Keeffe could, directly or indirectly, beneficially own, or have control or direction over, up to 18.8% of the aggregate number of issued and outstanding Ordinary Shares (approximately 16.2% if all Placement Shares are issued so that the total amount of \$30 million is raised).

As of the date hereof, Mr. O'Keeffe is not aware of any material non-public information. Mr. O'Keeffe does not intend to exercise or convert securities of the Company if such exercise or conversion were to result in the aggregate number of Ordinary Shares beneficially owned by Mr. O'Keeffe, or over which Mr. O'Keeffe would have control or direction, representing more than 19.99% of the then issued and outstanding Ordinary Shares of the Company, unless the exercise or conversion is made in accordance with regulatory requirements. Under Chapter 6 of the Corporations Act, a person is prohibited from acquiring a relevant interest in 20% or more of the Ordinary Shares on issue unless a specific exception applies. These exceptions include, amongst others, acquisitions under a takeover bid, a scheme of arrangement, with Shareholder approval, pursuant to participation in a pro rata rights issue and the acquisition of a further 3% every 6 months.

(b) **Andrews Capital**

As at the date hereof, neither Andrews Capital nor Mr. Crossley Wright beneficially owns, or has control or direction over, any securities of the Company.

Andrews Capital, an entity controlled by Michael Crossley Wright, has agreed to purchase 46,875,000 Committed Shares under the Initial Subscription Agreement, subject to its right to engage dealers to find substituted purchasers to purchase all or a portion of such Committed Shares. Consequently, following the closing of the Private Placement, either Andrews Capital or Mr. Crossley Wright could, directly or indirectly, beneficially own, or have control or direction over, up to 14.2%² of the aggregate number of issued and outstanding Ordinary Shares (12.1% if all Placement Shares are issued so that the total amount of \$30 million is raised).

In addition, as one of the Initial Subscribers, Andrews Capital will receive up to 7,500,000 Compensation Options exercisable into a maximum of 7,500,000 additional Ordinary Shares. Assuming the exercise of the 7,500,000 Compensation Options granted to Andrews Capital only, either Andrews Capital or Mr. Crossley Wright could, directly or indirectly, beneficially own, or have control or direction over, up to 16.1% of the aggregate number of issued and outstanding Ordinary Shares (approximately 13.8% if all Placement Shares are issued so that the total amount of \$30 million is

² This assumes that only Committed Shares and Ressources Quebec Placement Shares are issued under the Placement, (i.e. no Additional Shares are issued under the Placement) and no Committed Shares are issued to substituted purchasers.

raised). Assuming the exercise of all 15,000,000 Compensation Options and the 6,000,000 options granted to Ressources Quebec, either Andrews Capital or Mr. Crossley Wright could, directly or indirectly, beneficially own, or have control or direction over, up to 15.5% of the aggregate number of issued and outstanding Ordinary Shares (approximately 13.4% if all Placement Shares are issued so that the total amount of \$30 million is raised).

(c) **Ressources Quebec**

As at the date hereof, Ressources Quebec does not beneficially own, or have control or direction over, any securities of the Company.

If Ressources Quebec subscribes for the 37,500,000 Ressources Quebec Placement Shares under the Ressources Quebec Subscription Agreement as contemplated by the Champion Letter of Intent, Ressources Quebec could, directly or indirectly, beneficially own, or have control or direction over, up to 11.4%³ of the aggregate number of issued and outstanding Ordinary Shares (9.7% if all Placement Shares are issued so that the total amount of \$30 million is raised).

In addition, if Ressources Quebec provides the equity financing described in section 3.5(c)(i) above, it will be issued with 6,000,000 options on the terms described in section 3.5(c)(i) above exercisable into a maximum of 6,000,000 additional Ordinary Shares. Assuming the exercise of those 6,000,000 options, Ressources Quebec will directly or indirectly, beneficially own, or have control or direction over, up to 12.4%⁴ of the aggregate number of issued and outstanding Ordinary Shares (approximately 10.7% if all Placement Shares are issued so that the total amount of \$30 million is raised and all Compensation Options are exercised).

3.7 **Regulatory and Shareholders' Approval**

(a) **Shareholder approval**

As noted above, the Company needs to raise at least \$10.5 million to pay the cash purchase price for the Acquisition. Consummation of the transactions contemplated in the Asset Purchase Agreement is conditional upon Resolutions 1 and 2 being passed.

(b) **Australian Stock Exchange**

The issue of the Placement Shares represents approximately 94.5% of the Company's current issued share capital of 198,319,784 Ordinary Shares (approximately 105.1% of the Company's current issued share capital assuming full exercise of the Compensation Options and the 6,000,000 options granted to Ressources Quebec).

Shareholder approval to the issue is required because, under ASX Listing Rule 7.1, a company may not issue more than 15% of its issued share capital on a private placement basis in any 12 month period without the prior approval of its Shareholders.

Shareholder approval is also required under ASX Listing Rule 10.11 because Mr. O'Keeffe, who is the Company's Chairman and Chief Executive Officer, through

³ This assumes that only Committed Shares and Ressources Quebec Placement Shares are issued under the Placement, (i.e. no Additional Shares are issued under the Placement) and no Committed Shares are issued to substituted purchasers.

⁴ This assumes that all Compensation Options are exercised.

Prospect, proposes to participate in the Private Placement for up to a maximum of 46,875,000 Placement Shares. As mentioned above, it is also proposed to issue 7,500,000 Compensation Options to Prospect in connection with the Private Placement.

(c) **Toronto Stock Exchange**

(i) **Conditional approval from the TSX**

The Company has obtained the conditional approval from the TSX for the listing of all Ordinary Shares issuable in connection with the Private Placement, including the Ordinary Shares underlying the Compensation Options and options to be granted to Ressources Quebec, subject to the Company fulfilling certain conditions, including obtaining the necessary approvals from the Shareholders of the Company, as described below. The Company has applied to the ASX for the quotation of the Placement Shares.

Champion Securities	Issue price / exercise price	Subscribers	Section Reference
93,750,000 Ordinary Shares	\$0.16	Private placement to Prospect and Andrews Capital (controlled by Messrs. O'Keefe and Wright respectively)	3.5(b)(i)
15,000,000 Compensation Options	\$0.25	Compensation Options issued to Prospect and Andrews Capital (controlled by Messrs. O'Keefe and Wright respectively) for committing to subscribe for the Committed Shares.	3.5(b)(i)
37,500,000 Ordinary Shares	\$0.16	Private placement to Ressources Quebec	3.5(b)(ii)
6,000,000 options	\$0.25	Options issued to Ressources Quebec for the \$14 million equity financing to QIO	3.5(c)(ii)
56,250,000 Ordinary Shares	\$0.16	Private placement to potential additional subscribers.	3.5(b)(iii)
TOTAL = 187,500,000 Ordinary Shares and 21,000,000 options (208,500,000 Ordinary Shares issuable under the Private Placement, assuming exercise of the 21,000,000 options)			

(ii) **Shareholder approval under the TSX Manual**

Under the requirements of the TSX set forth in Section 607(g)(i) of the TSX Company Manual (the "**TSX Manual**"), shareholder approval is required for private placements that result in an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed company outstanding, on a non-diluted basis, prior to the date of the private placement. Under the requirements set forth in Section 607(g)(ii) of the TSX Manual,

disinterested shareholder approval is also required for private placements that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the first private placement to an insider during the six month period.

Since a total of 187,500,000 Ordinary Shares and 21,000,000 options (which on conversion of the options will represent 208,500,000 Ordinary Shares, or 105.1% of the Company's 198,319,784 outstanding Ordinary Shares as of the date of this Circular) may be issued pursuant to the Private Placement and QIO debt financing, including 54,375,000 Ordinary Shares (representing 27.3% of the Company's outstanding Ordinary Shares) which may be issued to Prospect (which is controlled by Mr. O'Keefe, an insider of the Company), disinterested shareholder approval is required.

Resolution 2 must be approved by the disinterested holders of a majority of the Ordinary Shares of the Company represented in person or by proxy and voted at the Meeting, other than the 11,401,930 Ordinary Shares beneficially owned by Prospect over which Mr. O'Keefe has control or direction.

3.8 **Recommendation of the Board**

For the reasons set out below, the Board, with Mr O'Keefe abstaining, has resolved that the Private Placement and the Acquisition are in the best interests of the Company and recommends that Shareholders vote FOR Resolutions 1 and 2.

The conclusions and recommendations of the Board are based upon the following factors, among others:

- (a) the fact that the Company has conducted extensive technical and financial due diligence on the Assets and considers that the acquisition of these assets provides the Company with a significant opportunity to deliver value to its Shareholders;
- (b) the fact that the proceeds from the Private Placement are required to fund the purchase price for the Acquisition, to provide working capital and to assist the Company in meeting the costs which it will incur while the Bloom Lake Mine is under care and upgrade; and
- (c) the risks described under "Risk Factors" below.

In the course of its deliberations, the Board also considered a variety of risks and other potentially negative factors including the risk factors listed under the heading "Risk Factors" below.

The foregoing discussion of the information and factors considered by the Board includes the material information and factors (both potentially positive and negative) considered by the Board, but is not, and is not intended to be, exhaustive. In view of the wide variety of factors considered in connection with its evaluation of the Private Placement and of the Acquisition, and the complexity of these matters, the Board did not find it practical or useful, and did not attempt, to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to make its recommendation to its Shareholders. Rather, the Board viewed its decision as being based on the totality of the information available to it and the factors it considered.

The foregoing discussion of the reasons for the recommendation and the information and factors considered by the Board in reaching such conclusion contains forward-looking information and statements, all of which are subject to various risks and assumptions. See "Forward-Looking Information".

3.9 Risk Factors

Shareholders should carefully consider the following risk factors related to the Private Placement and the Acquisition. Shareholders should also carefully review the risks described in the section of the Company's Management's Discussion and Analysis (MD&A) entitled "Risk and Uncertainties" for the most recently completed financial period as filed on SEDAR on February 11, 2016. In addition, the Company may be subject to risks that are not applicable or material to the Company at the present time, but that may apply to the combined business following closing of the Private Placement and the Acquisition. These risks and uncertainties may not be the only risks and uncertainties faced by the Company or the combined business. Other risks and uncertainties not presently known by the Company or that the Company currently believes are not material could also materially and adversely affect the results of operations and/or financial condition of the Company or the combined business. The risk factors set out below relate to the Private Placement, the Acquisition and the combined business and operations of the Company in the event that the Acquisition is consummated.

In coming to its decision to recommend that Shareholder vote for Resolutions 1 and 2, the Board, in addition to considering the perceived benefit of acquiring the Assets, has considered the risks and uncertainties which relate to both the Acquisition and the Private Placement. These risks include the following:

- (a) The significant dilution which will be caused by the proposed capital raising to the current Shareholders in the Company. There can be no assurance that such dilution will not have an adverse impact on the market for and the market price of the Company's Ordinary Shares.
- (b) The Company will incur significant costs for the care and upgrade of the Bloom Lake assets until the Company recommences production at the Bloom Lake Mine. The timing of commencement of production at the Bloom Lake Mine is subject to various conditions, including, but not limited to, commodity price risk (see below) which are not within the Company's control and so are uncertain.
- (c) The anticipated benefits of the Acquisition may not be realised for a variety of reasons including the failure to successfully and efficiently integrate the Assets with the Company's existing assets in a timely and efficient manner and to realise the anticipated growth and development opportunities which the Acquisition is considered to present.
- (d) The Company is exposed to a financing risk as it is not in commercial production on any of its mineral resource properties and accordingly has no revenues. Until the Company commences commercial production it will need to finance its operations by raising capital in the equity markets. There can be no assurance that equity market funding will be available in the future, particularly in light of the volatility and uncertainties associated with current financial equity markets.
- (e) The Company is also exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential delays from circumstances beyond the Company's control and the timing of production, as well as

title risks, risks associated with joint venture agreements and the possible failure to obtain mining licences.

- (f) The Company is also exposed to commodity price risk with respect to iron ore prices. The maintenance of the current level of depressed iron ore prices will adversely affect the Company's ability to recommence production at Bloom Lake and will affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.
- (g) The Company is also exposed to environmental risk in connection with its assumption of certain environmental liabilities as part of the consideration for the acquisition of the Assets.

3.10 Issue of Options under the Champion Iron Incentive Plan

At the Meeting, Shareholders will be asked to examine and, if deemed appropriate, to pass Resolution 3 (the "**Employee Options Resolution**"), approving the grant of 3,000,000 stock options to acquire Ordinary Shares under the Champion Iron Incentive Plan (the "**Employee Options**") to Mr. O'Keeffe, Chairman and Chief Executive Officer of the Company.

Subject to the passing of Resolutions 1 and 2 and the consummation of the transactions contemplated in the Asset Purchase Agreement in accordance with its terms, the Company proposes to grant 7,500,000 Employee Options to members of staff, including Mr. O'Keeffe, under the terms of the Champion Iron Incentive Plan:

The key terms of the Employee Options are summarised below:

Options	3,000,000
Exercise Price	A\$0.20
Grant Date	Shortly after completion of the Asset Purchase Agreement which is expected to be in early April 2016
Expiry Date	4 years from the date of grant
Exercise Period	At any time while the option holder is employed by the Company and within 3 months following cessation of employment for reasons other than termination by the Company for cause
Vesting condition	Nil

The grant of the Employee Options is conditional upon the consummation of the transactions contemplated in the Asset Purchase Agreement in accordance with its terms and is designed to recognise the contribution of Mr. O'Keeffe in facilitating this very significant transaction for the Company. Stock options have also been granted on the same conditional basis to Beat Frei, Head of Finance (2,500,000 Employee Options), and David Cataford, Vice President, Engineering, (2,000,000 Employee Options), the key management members who have been involved in the acquisition of the Assets.

(a) **Shareholder approval**

Shareholder approval of the grant of options is being sought for all purposes including under ASX Listing Rule 10.14.

Under ASX Listing Rule 10.14, a Director may only acquire options over shares under an employee incentive scheme (such as the Champion Iron Incentive Plan) if the Director's participation has been approved by an ordinary resolution of Shareholders. Approval from Shareholders is being sought in relation to Mr. O'Keeffe's participation in the Champion Iron Incentive Plan in respect of the issue of 3,000,000 Employee Options as outlined above.

(b) **Recommendation of the Board**

The Board, with Mr. O'Keeffe abstaining, has resolved that the issue of the Employee Options is in the best interests of the Company and recommends that Shareholders vote FOR Resolution 3.

3.11 **Further information**

Further information regarding the Resolutions which is required to be included in this document under the ASX Listing Rules is set out in section 4 of this document.

4. REGULATORY DISCLOSURE

4.1 Summary of the information required under ASX Listing Rules 7.3 and 10.13

Listing Rule Requirement	Placement Shares	Options
Maximum number of securities to be issued under the placement (7.3.1)	187,500,000, being approximately 94.5% of the Company's current issued capital	21,000,000
Maximum number of securities to be issued to related parties (10.13.2)	The Company proposes to issue up to 46,875,000 Ordinary Shares to Prospect AG Trading Pty Limited (which is controlled by the Company's Chairman and Chief Executive Officer Michael O'Keeffe)	The Company proposes to issue 7,500,000 Compensation Options to Prospect AG Trading Pty Limited
Proposed issue date (7.3.2, 7.3.7, 10.13.3)	Shortly before completion of the Asset Purchase Agreement (which is expected to be in late March or early April) but in any case no later than 3 months after the date of the meeting for all participants in the Private Placement other than Prospect AG Trading Pty Limited and no later than 1 month after the date of the meeting in the case of Prospect AG Trading Pty Limited	On the same date as the issue of the Placement Shares
Proposed issue price (7.3.3, 10.13.5)	\$0.16 per share	The options are being issued in connection with the Initial Subscription Agreements with Prospect AG Trading Pty Limited and Andrews Capital Limited and the subscription agreement with QIO and Ressources Quebec Inc.
Terms of the securities (7.3.5, 10.13.5)	The Placement Shares are fully paid ordinary shares which will rank equally with the Company's existing Ordinary Shares	<p>Exercise Price: \$0.25 Expiry: 1 February 2020 Conversion: 1 Ordinary Share Quoted: No</p> <p>The option holder cannot participate in new issues without exercising the options.</p> <p>The rights of an option holder will be changed to the extent necessary to comply with the listing rules applying to a reorganisation of capital at the time of the reorganisation.</p>

Listing Rule Requirement	Placement Shares	Options
Persons to whom shares will be issued (7.3.4, 10.13.1, 10.13.4)	<p>The Company proposes to issue shares to:</p> <ul style="list-style-type: none"> Prospect AG Trading Pty Limited; Andrews Capital Limited; any substituted purchasers for the Committed Shares; selected sophisticated and professional investors (none of whom will be related parties of the Company) identified by the Company; and Ressources Quebec Inc. 	<p>Prospect AG Trading Pty Limited – 7,500,000</p> <p>Andrews Capital Limited – 7,500,000</p> <p>Ressources Quebec Inc. – 6,000,000</p>
Intended use of funds (7.3.6, 10.13.6A)	To pay the purchase price payable for the Assets to provide for working capital and to meet the care and upgrade costs of the Bloom Lake Mine until production at the mine recommences	N/A - There are no proceeds being raised from the issue of these options
Voting Exclusion Statement (7.3.8)	A Voting Exclusion Statement is included in the notice of extraordinary general meeting	A Voting Exclusion Statement is included in the notice of extraordinary general meeting

4.2 ASX Listing Rule 10.15

The following information is required to be given under ASX Listing Rule 10.15:

(a) **The maximum number of securities that may be acquired**

The maximum number of securities that may be acquired by Mr O'Keeffe under the approval is 3,000,000 Employee Options.

(b) **The price of the securities and the nature of the financial benefit**

Mr O'Keeffe is not required to pay anything for the grant of the Employee Options. The exercise price of the Options is A\$0.20 per Employee Option. This is more than the price of the Company's shares as at close of trading on the business day before the date of this notice. The exercise of the Employee Options is not subject to any vesting condition.

(c) **Interest of each Director**

In respect of Resolution 3, Mr O'Keeffe has an interest in the outcome of the proposed resolution as he will receive the Employee Options on the terms and conditions detailed in this Explanatory Statement if the resolution is approved. No other Director has an interest in this resolution.

(d) **Directors and associates entitled to participate in Champion Iron Incentive Plan**

The names of all directors and their associates entitled to participate in the Champion Iron Incentive Plan who have received securities thereunder since the last approval at the Annual General Meeting on 7 August 2015, the number of securities received and the acquisition price for each security are:

Date of Issue	Issued to	Number of Options issued	Price paid per Option
20 August 2015	Michael O'Keeffe	1,000,000	Nil

Mr O'Keeffe and the other directors of Champion and their respective associates are the only persons entitled to participate in the Champion Iron Incentive Plan to whom ASX Listing Rule 10.14 applies. The directors of Champion other than Mr O'Keeffe are Paul Ankorn, Gary Lawler and Andrew Love.

(e) **Voting Exclusion**

A voting exclusion statement is included in the notice of general meeting.

(f) **Loans**

There is no loan applicable in relation to the acquisition of the Ordinary Shares which will be issued if the Employee Options are exercised.

(g) **Date of issue**

The 3,000,000 Employee Options will be issued to Mr O'Keeffe shortly after the completion of the Asset Purchase Agreement which is expected to be in early April 2016 and, in any event, within 12 months of the date of the Meeting.

5. **HOW TO VOTE – AUSTRALIAN SHAREHOLDERS**

5.1 **Voting entitlement**

In accordance with Corporations Act and the Company's constitution, the Board has determined that, for the purposes of the Extraordinary General Meeting, shares will be taken to be held by the persons who are registered holders as at 7.00 p.m. (Sydney time) on March 29, 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

5.2 **Appointment of a proxy**

A Shareholder entitled to attend and vote at the meeting is entitled to appoint up to 2 persons as the Shareholder's proxy to attend and vote at the meeting instead of the Shareholder. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. The proxy does not need to be a Shareholder of the Company.

A proxy form accompanies this Notice. To vote by proxy, please complete and sign the attached proxy form as soon as possible and either:

email to registrar@securitytransfer.com.au

fax to +61 8 9315 2233

deliver to Security Transfer Registrars Pty Ltd, Alexandria House, Suite 1, 770 Canning Highway Applecross, Western Australia 6153

mail the proxy form to Security Transfer Registrars Pty Ltd, PO Box 535, Applecross, Western Australia 6953

For an appointment of a proxy to be effective, the proxy form must be received by the Company or its share registrar by no later than 10.00am (Sydney time) on March 29, 2016.

5.3 **Attending the meeting**

A Shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6. HOW TO VOTE - CANADIAN SHAREHOLDERS

6.1 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 document. 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.

(a) 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 Company. A Shareholder has the right to appoint a person (who need not be a Shareholder of the Company), 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 Company or the Company's registrar and transfer agent, TMX Equity Transfer Services Inc.).

(b) Depositing, Mailing or Faxing Proxy

Form of proxies to be exercised at the Meeting must be mailed to or deposited with the Company's registrar and transfer agent, TMX Equity Transfer Services Inc., Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, Attention: Proxy Department⁵, 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.

⁵ TMX Equity Transfer Services Inc. is operating the transfer agency and corporate trust business in the name of Equity Financial Trust Company for a transition period.

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

(c) **Voting by Internet**

If you are a Canadian registered Shareholder, go to 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 7.00 p.m. (Toronto time), on March 28, 2016 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.

(d) **Voting by Telephone**

TMX Equity Transfer Services Inc. currently does not offer telephone voting.

6.2 **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 Company 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 NOBOs. Beneficial shareholders who have objected to an intermediary providing ownership information are 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 Equity Transfer Services Inc.:

- By regular mail in the return envelope provided,
- By fax at 416.595.9593

- By voting online at 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.

6.3 **Voting procedure for Canadian beneficial shareholders**

Brokers or agents can only vote the Ordinary Shares of the Company 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 Company 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 Company 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 Company 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 Company 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".

(a) 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, 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** 7.00 p.m. (Toronto time), on March 28, 2016 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.

6.4 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:

- with the Company'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;
- 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
- 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.

6.5 **Voting and Discretionary Authority**

The proxyholders named in the accompanying form of proxy shall and will vote or withhold from voting 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 FOR (I) THE APPROVAL OF THE PRIVATE PLACEMENT AND ACQUISITION RESOLUTIONS; AND (II) THE APPROVAL OF THE OPTIONS RESOLUTION. 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 document, management of the Company 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.

7. 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 Company and to help investors understand how decisions about executive compensation are made.

7.1 Summary compensation table

This section and 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, 2015, to the Named Executive Officers (“**NEOs**” or “**NEO**”) as required by Form 51-102F6 under National Instrument 51-102 *Continuous Disclosure Obligations*. In this section, the NEOs means the Chief Executive Officer who is also the Executive Chairman of the Company, the former Chief Executive Officer, the Chief Financial Officer and each of the three most highly compensated executive officers at the end of most recently completed financial year whose total compensation was more than \$150,000 per annum.

The following table sets forth particulars concerning the compensation paid for services rendered to the Company by its NEOs in all capacities during the most recently completed financial year ended March 31, 2015.

Name and principal position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ^{(2) (3)} (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
Michael O'Keeffe, CEO and Executive Chairman	2015	142,657	Nil	96,250	Nil	Nil	Nil	14,293 ⁽⁵⁾	253,200
	2014	65,400	Nil	56,146	Nil	Nil	Nil	6,049 ⁽⁵⁾	127,595
Miles Nagamatsu ⁽¹⁾⁽²⁾⁽⁴⁾ CFO	2015	157,500	Nil	Nil	Nil	Nil	Nil	90,000 ⁽⁶⁾	247,500
Thomas Larsen, Former CEO	2015	125,000	Nil	120,000	Nil	Nil	Nil	300,000 ⁽⁷⁾	545,000
Alexander Horvath, COO ⁽¹⁾⁽²⁾⁽⁴⁾	2015	240,000	Nil	5,972	Nil	Nil	Nil	Nil	245,972
Beat Frei, Head of Finance ⁽¹⁾⁽²⁾⁽⁴⁾	2015	240,000	Nil	5,972	Nil	Nil	Nil	Nil	245,972
Jorge Estepa, Corporate Secretary Canada ⁽¹⁾⁽²⁾⁽⁴⁾	2015	153,000	Nil	Nil	Nil	Nil	Nil	150,000 ⁽⁸⁾	303,000

Notes:

- (1) Thomas Larsen, Miles Nagamatsu, Alexander Horvath, Beat Frei and Jorge Estepa 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 of the Company, Champion Exchange Limited, acquired all outstanding common shares of Champion Iron Mines Limited under a court-approved plan of arrangement (effective on March 31, 2014). On March 31, 2014, the Company issued to Thomas Larsen, Miles Nagamatsu, Alexander Horvath, Beat Frei and Jorge Estepa shares valued at \$600,000, \$360,000, \$180,000, \$180,000 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. The shares were issued to personal services companies controlled by the respective parties.
- (2) Thomas Larsen, Miles Nagamatsu, Alexander Horvath, Beat Frei and Jorge Estepa were granted 1,173,333, 348,334, 385,000, 366,667 and 458,334 Replacement Options (as defined below), respectively on March 31, 2014. During the year ended March 31, 2015, some of the Replacement Options expired unexercised such that their respective holdings of Replacement Options at March 31, 2015 are 586,667, 165,000, 201,667, 366,667 and 183,333. None of the Replacement Options were "in-the-money" at March 31, 2015.
- (3) The amount shown in the column represents the grant date fair value of options and may not represent the amount the NEO will actually receive from the awards. The grant date fair value of these options has been calculated using the Black-Scholes option pricing model with the assumptions described in the Company's audited financial statements for the year ended March 31, 2015.
- (4) Amounts in the Salary column were paid as consulting fees, to a company controlled by the respective NEO.
- (5) Paid to a superannuation fund on behalf of the NEO.
- (6) A one-time payment to a company controlled by the NEO to reduce the annual consulting fees payable to the NEO to \$90,000 per year, effective January 1, 2015.

- (7) A one-time payment to a company controlled by the NEO to terminate the professional services agreement with the NEO.
- (8) A one-time payment to a company controlled by the NEO to terminate the professional services agreement with the NEO and reduce annual consulting fees to the NEO to \$72,000 per year effective January 1, 2015.

7.2 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, whose current members are Gary Lawler (Chair, independent), Michael O'Keeffe (not independent) and Andrew Love (independent), all being Board members. The Remuneration and Nomination Committee makes recommendations to the Board with respect to compensation of the Company'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 Company's overall policy regarding compensation of the Company'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 Company, attract and retain suitable and qualified executive management and establish a compensation framework which is industry competitive. The Company'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 Company's compensation policies and practices, taking into consideration the risks associated therewith. In addition, the Company reviews significant risks associated with its operations, the most significant of which are disclosed in the Company's annual Management's Discussion and Analysis for each fiscal year. The Company has not identified any risks associated with the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company 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 Company granted as compensation or held, directly or indirectly, by the NEO or director, without prior approval from the Executive Chairman.

7.3 Compensation Policy and Key Compensation Components

The Company's compensation program for its NEOs comprises base salaries or consulting fees, incentive bonuses, and incentive stock options. The Company 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. Salaries or consulting fees are paid by the Company to executives or companies they control at competitive industry rates for work of a similar nature by arm's length service providers.

The Company 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 Company's performance and development and each NEO's performance. As the Company'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.

(a) **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 Company and its Shareholders.

(b) **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 Company 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 Company'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 Company to raise money in such markets, and the need for the Company to preserve its capital from time to time in such markets, compared to the needs of the Company to retain and reward experienced qualified individuals to advance the Company's projects. The Board concluded it was not advisable to award bonuses to its NEOs and directors for their efforts during fiscal 2015.

(c) **Replacement Plan**

On March 31, 2014, a business combination was completed pursuant to which the Company 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. Between April 1, 2014 and March 31, 2015, 2,671,168 Replacement Options expired unexercised whereby there were, as of June 29, 2015, which is the date on which the annual financial statements for the period ended March 31, 2015 were filed, 4,273,499 Replacement Options remaining.

7.4 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 Company which were outstanding on March 31, 2015:

Name	Option-based Awards				Share-based Awards ⁽⁵⁾		
	Number of securities underlying unexercised options (#)	Option Exercise price ⁽³⁾ (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾⁽³⁾ (\$)	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, CEO and Executive Chairman	1,000,000 ⁽⁴⁾	0.48	Nov. 29, 2018	Nil	Nil	Nil	Nil
Miles Nagamatsu CFO	91,667 73,333	1.36 1.77	Oct. 3, 2015 Dec. 23, 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Thomas Larsen, Former CEO	1,000,000 366,667 220,000	0.45 1.36 1.77	Sep. 1, 2018 Oct. 3, 2015 Dec. 23, 2016	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
Alexander Horvath, COO	91,667 110,000 500,000 ⁽²⁾	1.36 1.77 0.29	Oct. 3, 2015 Dec. 23, 2016 Oct. 30, 2017	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
Beat Frei, Head of Finance	366,667 500,000 ⁽²⁾	0.55 0.29	Dec. 20, 2016 Oct. 30, 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Jorge Estepa, Corporate Secretary-Canada	110,000 73,333	1.36 1.77	Oct. 3, 2015 Dec. 23, 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) This amount is based on the difference between the closing market price of the Company's Ordinary Shares on the Australian Stock Exchange ("ASX") of A\$0.13 on March 31, 2015, and the exercise price of the option.
- (2) These options have not vested as of March 31, 2015.
- (3) The Company used the Bank of Canada noon rate of exchange of \$1 = A\$0.9669 for March 31, 2015.
- (4) 500,000 of these options have not vested as of March 31, 2015.
- (5) On March 31, 2014, the Company issued to Thomas Larsen, Miles Nagamatsu, Alexander Horvath, Beat Frei and Jorge Estepa shares valued at \$600,000, \$360,000, \$180,000, \$180,000 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 (effective as of March 31, 2014).

7.5 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, 2015.

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Michael O’Keeffe, CEO and Executive Chairman	Nil	Nil	Nil
Miles Nagamatsu CFO	Nil	Nil	Nil
Thomas Larsen, Former CEO	Nil	Nil	Nil
Alexander Horvath, COO	Nil	Nil	Nil
Beat Frei, Head of Finance	Nil	Nil	Nil
Jorge Estepa, Corporate Secretary- Canada	Nil	Nil	Nil

Notes:

- (1) This amount is based on the difference between the closing market price of the Company’s shares on the ASX of \$0.13 per share on March 31, 2015, and the exercise price of all “in-the-money” options. There were no “in-the-money” options as at March 31, 2015.

7.6 Pension Plan Benefits

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

7.7 NEO Employment Contracts, Termination and Change of Control Benefits

The Company has written consulting services contracts with its NEOs. Some of the contracts provide for the payment and provision of other benefits triggered by a termination without cause or as a result of a change of control as described below:

The Company has an employment contract with its Executive Chairman and Chief Executive Officer, Michael O’Keeffe. Mr. O’Keeffe’s contract is for a two year period and may be extended for an additional two year term, subject to the provision of written notice by either the Company or Mr. O’Keeffe. Under the terms of the employment contract, Mr. O’Keeffe received annual fees consisting of base salary and superannuation of A\$109,250 per year up to June 1, 2014, and thereafter, A\$171,780 to be reviewed annually. Pursuant to the employment contract, if there is a change in control of the Company 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 Company 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 Company has a professional services agreement, with a personal services corporation for the services of its Chief Financial Officer, Miles Nagamatsu which unless terminated, renews automatically on November 30. The professional services agreement provided for annual

consulting fees of \$180,000 per year up to March 31, 2015, payable to Marlborough Management Limited, a corporation controlled and wholly-owned by Mr. Nagamatsu. Effective January 1, 2015 a one-time fee of \$90,000 was paid to reduce fees to \$90,000 per year payable to Marlborough Management Limited, pursuant to an amended professional services agreement, which unless terminated, renews automatically on November 30. Pursuant to the professional services agreement the contract may be terminated by the Company with a termination benefit equivalent of six month's fees.

The Company has a professional services agreement, with a personal services corporation for the services of its Chief Operating Officer, Alexander Horvath which unless terminated, renews automatically on November 30. The professional services agreement provided for annual consulting fees of \$180,000 per year up to March 31, 2014, and \$240,000 per year thereafter, payable to A.S. Horvath Engineering, a corporation controlled by Mr. Horvath. Pursuant to the professional services agreement the contract may be terminated by the Company with a termination benefit equivalent of six month's fees.

The Company has a professional services agreement, with a personal services corporation for the services of its Head of Finance, Beat Frei which unless terminated, renews automatically on September 30. The professional services agreement provides for annual consulting fees of \$240,000 per year, payable to Comfortra GmbH, a corporation controlled by Mr. Frei. Pursuant to the professional services agreement the contract may be terminated by the Company with a termination benefit equivalent of one year's fees.

The Company had a professional services agreement, with a personal services corporation for the services of its Corporate Secretary-Canada, Jorge Estepa. The professional services agreement provided for annual consulting fees of \$180,000 per year up to December 31, 2014, payable to J. Estepa Consulting Inc., a corporation controlled and wholly-owned by Mr. Estepa. Effective January 1, 2015, a one-time fee of \$150,000 was paid to terminate the professional services agreement and reduce fees to \$72,000 per year payable to J. Estepa Consulting Inc., pursuant to an engagement letter, which may be terminated by either party on 30 days advance notice.

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, 2015. In addition, the Replacement Plan contains provisions for a change of control, a sale by the Company of all or substantially of all its assets, or termination, details of which are set out below under "*Replacement Plan*".

Name and principal position	Estimated Cash Payout on		Estimated Value Vested Option Awards on Termination without Cause ⁽¹⁾⁽²⁾ (\$)
	Without Cause (\$)	Change of Control and Termination (\$)	
Michael O'Keeffe, CEO and Executive Chairman	41,524 ⁽²⁾	166,094 ⁽²⁾	Nil
Miles Nagamatsu, CFO	90,000	90,000	Nil
Alexander Horvath, COO	120,000	120,000	Nil
Beat Frei, Head of Finance	240,000	240,000	Nil
Jorge Estepa, Corporate Secretary-Canada	6,000	6,000	Nil

Notes:

- (1) This amount is based on the difference between the closing market price of the Company's shares on the ASX of \$0.13 per share on March 31, 2015, and the exercise price of all "in-the-money" options. There were no "in-the-money" options as at March 31, 2015.
- (2) The Company used the Bank of Canada noon rate of exchange of CDN\$1 = A\$1.0250 for March 31, 2014.

7.8 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, 2015, the Company compensated its non-executive directors. The following table sets forth the value of all compensation paid to directors of the Company who were not NEOs during the most recently completed financial year ended March 31, 2015:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards ⁽⁷⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Richard Wright ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gary Lawler ⁽²⁾	\$77,567.48 ⁽⁶⁾	Nil	130,000	Nil	Nil	7,671 ⁽⁸⁾	212,671
Andrew Love ⁽³⁾	\$77,567.48 ⁽⁶⁾	Nil	130,000	Nil	Nil	7,671 ⁽⁸⁾	212,671
Paul Ankcorn	48,000	Nil	Nil	Nil	Nil	2,376 ⁽⁹⁾	50,376
Donald A. Sheldon ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Wang ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Wright left as a director on April 5, 2014.
- (2) Mr. Lawler was appointed as a director on April 9, 2014.
- (3) Mr. Love was appointed as a director on April 9, 2014.
- (4) Mr. Sheldon's term as a director ended on August 29, 2014.
- (5) Mr. Wang's term as a director ended on August 29, 2014.
- (6) The Company used the Bank of Canada noon rate of exchange of CDN\$1 = A\$0.9669 for March 31, 2015.
- (7) The amount shown in the column represents the grant date fair value of options and may not represent the amount the director will actually receive from the awards. The grant date fair value of these options has been calculated using the Black-Scholes option pricing model with the assumptions described in the Company's audited financial statements for the year ended March 31, 2015.
- (8) Paid to a superannuation fund on behalf of the director.
- (9) Amount relates to employer portion of contributions to the Canada Pension Plan.

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

The following table sets forth the options to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year ended March 31, 2015 granted to the directors of the Company 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(1) (2) (\$)	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 (4)	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Gary Lawler	500,000	0.48 ⁽²⁾	Apr. 9, 2017	Nil	N/A	N/A	N/A
Andrew Love	500,000	0.48 ⁽²⁾	Apr. 9, 2017	Nil	N/A	N/A	N/A
Paul Ankcorn	36,667 ⁽³⁾ 73,333	1.36 0.55	Oct 3, 2015 Dec 20, 2016	Nil Nil	N/A	N/A	N/A
Donald A. Sheldon (5)	73,333 ⁽³⁾ 73,333	1.36 1.77	Oct 3, 2015 Dec 20, 2016	Nil Nil	N/A	N/A	N/A
James Wang (5)	220,000 ⁽³⁾	0.55	Dec 20, 2016	Nil	N/A	N/A	N/A

Notes:

- (1) This amount is based on the difference between the closing market price of the Company's shares on the ASX of A\$0.13 on March 31, 2015, and the exercise price of the option. No options were in-the-money on March 31, 2015.
- (2) The Company used the Bank of Canada noon rate of exchange of CDN\$1 = A\$0.9669 for March 31, 2015.
- (3) Options issued to Donald A. Sheldon, Paul Ankcorn and James Wang were issued under the Replacement Plan.
- (4) Mr. Wright left as a director on April 5, 2014.
- (5) Mr. Sheldon and Mr. Wang's terms as directors ended on August 29, 2014.

7.10 Incentive plan awards for certain directors – 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 directors who are not NEOs during the most recently completed financial year ended March 31, 2015:

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 (\$)
Richard Wright ⁽²⁾	Nil	Nil	Nil
Gary Lawler	Nil	Nil	Nil
Andrew Love	Nil	Nil	Nil
Paul Ankcorn	Nil	Nil	Nil
Donald A. Sheldon	Nil	Nil	Nil
James Wang ⁽¹⁾	Nil	Nil	Nil

Notes:

- (1) Mr. Sheldon and Mr. Wang's term as directors ended on August 29, 2014.
(2) Mr. Wright left as a director on April 5, 2014.

7.11 Securities authorized for issuance under equity compensation plans

The following table sets forth information concerning the Replacement Plan and the Champion Iron Incentive Plan at the end of the most recently completed financial year, March 31, 2015.

Plan Category	(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	(B) Weighted average option price of outstanding options, warrants and rights (\$)	(C) Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column A) (#)
Champion Iron Incentive Plan (approved by	23,950,000 ⁽¹⁾	0.30 ⁽²⁾	15,711,390
Replacement Plan (approved by Shareholders)	4,273,499	1.34	Nil
Total	28,223,499		15,711,390

Notes:

- (1) As of the date hereof, the maximum number of Ordinary Shares which may be reserved for issuance under the Champion Iron Incentive Plan is 39,663,957 of which 7,950,000 Ordinary Shares were reserved for issuance under outstanding options.
(2) The Company used the Bank of Canada noon rate of exchange of CDN\$1 = A\$0.9669 for March 31, 2015.

7.12 PERFORMANCE GRAPH

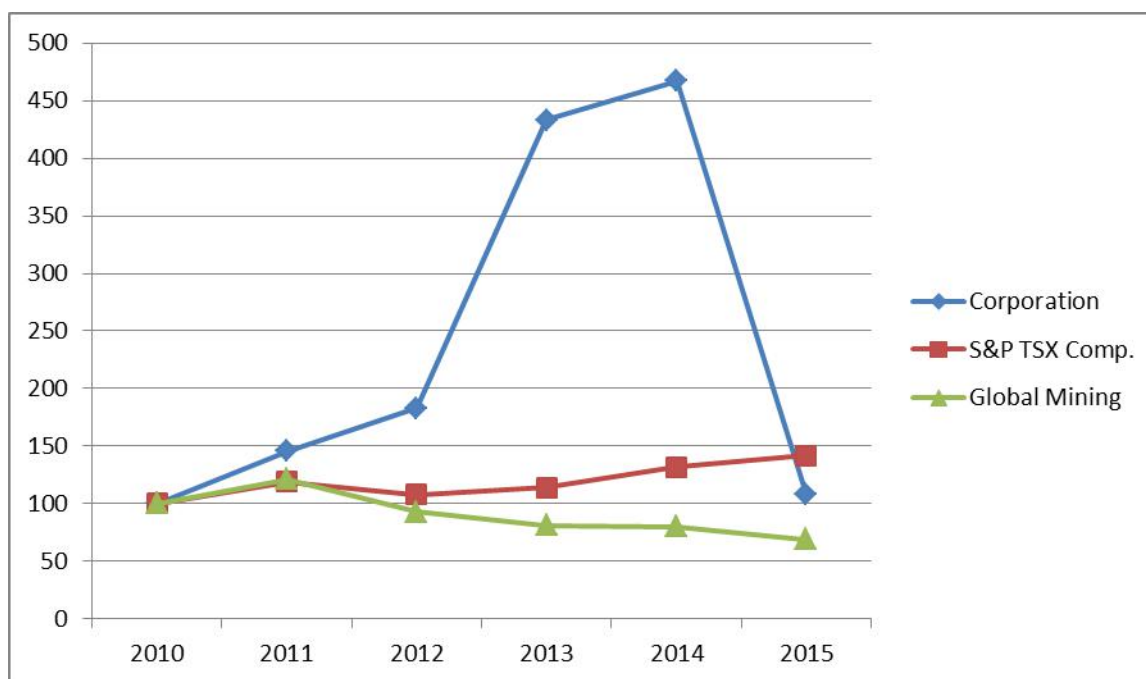
The Ordinary Shares of the Company have been listed and posted for trading on the ASX under the trading symbol "CIA" since April 3, 2014 and on the TSX under the trading symbol

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 Company's five-year cumulative total shareholder return had \$100 been invested in the Company 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 Company and the trend in the Company's compensation of its executive officers reported over the same period, with the exception of the fiscal year completed on March 31, 2014. From 2010 through 2012, the level of compensation of the Company's executive officers decreased dramatically, despite moderate gains in the "Shareholder Return" line as demonstrated in the graph. The significant rise from 2012 to 2014 in the Company's "Shareholder Return" in the graph below is attributable in part to: (i) the positive market sentiment towards the Company acquiring an iron ore project in Canada's Labrador Trough region, (ii) the Company's change in directorships and management in 2013, and (iii) the Company 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 Company's "Shareholder Return" during 2013/2014 correlates to an increase in compensation of its executive officers in the fiscal year completed March 31, 2014, 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 Company and the required management of a feasibility stage iron-ore project. The positive market sentiment towards the Company, especially from 2012 to March 31, 2014, 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. The Company's "Shareholder Return" for the most recent fiscal year trended downwards dramatically, attributable to the negative market sentiment towards the iron ore mining market. For the most recent fiscal year there was no direct correlation between the Company's "Shareholder Return" and the level of compensation of its executive officers. Despite the dramatic decrease in the Company's share price, significant advances are being made by the Company towards completing the Feasibility Study which would help develop the asset base of the Company. Changes in remuneration do not precisely track the movements of the Company's Ordinary Shares as the Company does not consider this as an appropriate measure at this stage of the Company's development.



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

	April 1, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 2014	March 31, 2015
S&P/TSX Composite Index	\$100	\$119	\$108	\$114	\$132	\$142
S&P/TSX Global Mining Index	\$100	\$121	\$93	\$81	\$80	\$69
Company	\$100	\$146	\$183	\$433	\$467	\$108

8. **ADDITIONAL INFORMATION**

8.1 **Proxy Solicitation**

This document is furnished in connection with the solicitation by management of the Company of proxies to be used at the Extraordinary and General Meeting (the “**Meeting**”) of the Shareholders of the Company, to be held at the offices of Ashurst, Australia, Level 11, 5 Martin Place, Sydney, NSW, on March 31, 2016, 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**”) and attached explanatory statement (the “**Explanatory Statement**”) accompanying this document.

All costs of this solicitation of proxies by management will be borne by the Company. In addition to the solicitation of proxies by mail, directors, officers and certain employees of the Company 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 February 22, 2016, unless otherwise noted.

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

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

8.2 **Notice-and-Access**

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 Company is utilizing the Notice-and-Access mechanism 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 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 Company will not rely upon the use of 'stratification'.

The Company anticipates that Notice-and-Access will directly benefit the Company 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.

In order to use Notice-and-Access provisions, a reporting issuer must set the record date for notice of the meeting to be on a date that is at least 40 days prior to the meeting in order to ensure there is sufficient time for the materials to be posted on the applicable website and other materials to be delivered to shareholders.

The Company will deliver the Meeting Materials to Beneficial Shareholders on the Canadian Register by posting the Meeting Materials at <http://noticeinsite.tmxequity.com/ChampionIronASM2016>. The Meeting Materials will be available as of February 26, 2016, 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 as of

February 26, 2016. The Company 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.

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 and a form of proxy (if you are a **Registered Shareholder**) or a voting instruction form (if you are a **Non-Registered Shareholder**).

Shareholders on the Canadian Register may obtain paper copies of this document free of charge, or more information about the Notice-and-Access mechanism, by contacting the Company's transfer agent, TMX Equity Transfer Services Inc., by email at TMXInvestorServices@tmx.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 March 22, 2016.

8.3 **TRANSFER AGENTS CONTACT INFORMATION**

(a) Investor Inquiries (Canada)

TMX Equity Transfer Services Inc.
200 University Avenue, Suite 300
Toronto ON M5H 4H1
By telephone: 1.866.393.4891 ext. 205
By email to: TMXInvestorServices@tmx.com
By facsimile to: 416.595.9593

(b) Security Transfer Registrars (Australia)

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

8.4 **AUDITORS OF THE COMPANY**

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

8.5 **MANAGEMENT CONTRACTS**

Management functions of the Company are not, to any degree, performed by a person or persons other than the directors or senior officers of the Company.

8.6 **RECORD DATE**

In accordance with Corporations Act and the Company's constitution, the Board has determined that, for the purposes of the Extraordinary General Meeting, shares will be taken to be held by the persons who are registered holders as at 7.00 p.m. (Sydney time) on March 29, 2016 (3.00 a.m. (Toronto time), on March 29, 2016). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote 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.

8.7 **Outstanding Voting Shares, Voting at Meetings and Quorum**

The capital of the Company consists of an unlimited number of Ordinary Shares. At the date hereof, the Company has 198,319,784 Ordinary Shares outstanding, each of which carries one vote per Ordinary Share. Holders of Ordinary Shares and exchangeable shares of the Company 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 Company (the "**Constitution**"), a quorum for the Meeting is two voting Shareholders. Each individual present may only be counted once toward the quorum. If a Shareholder has appointed more than one proxy or representative, only one of them may be counted toward a quorum.

8.8 **Principal Shareholders**

To the knowledge of the directors and senior officers of the Company, 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 Company.

As at the date hereof, the directors and officers of the Company as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 16,649,257 Ordinary Shares representing approximately 8.4% of the issued and outstanding Ordinary Shares.

8.9 **Interest of Certain Persons or Companies in Matters to Be Acted Upon**

Other than as disclosed herein, no director or executive officer of the Company who has held such position at any time since the beginning of the Company's last financial year and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

8.10 **Interest of informed persons in material transactions**

Other than provided below and to the knowledge of the Company, with the exception of the information disclosed in this document and in the Company's audited financial statements for the year ended March 31, 2015, none of the directors or any other insiders of the Company nor any of their associates has had a material interest in any transaction conducted since the beginning of the Company's last full financial year which had or might have a significant impact on the Company.

8.11 **Other items on the agenda**

Management of the Company knows of no other matters to come before the Meeting other than those referred to in the notice of meeting. Should any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this document to vote on such matters in accordance with their best judgement.

8.12 **Further information**

Financial information on the Company is provided in the comparative financial statements and the management discussion and analysis for Company's last financial year ended March 31, 2015. Shareholders can obtain additional information on the SEDAR website at www.sedar.com or by making a request to the Company's office, at Level 1, 91 Evans Street, Rozelle, New South Wales 2039, Australia.

8.13 **Approval of this document**

The contents and the sending of this document have been approved by the Board.

Signed in Montreal, (Québec), this 22nd day of February, 2016.

Michael O'Keeffe

Chief Executive Officer and Executive Chairman

9. GLOSSARY

"Acquisition"	means the acquisition of the Assets pursuant to the Asset Purchase Agreement.
"Additional Placement Shares"	means 56,250,000 Ordinary Shares more fully described in section 3.5(b)(iii).
"Andrews Capital"	means Andrews Capital Ltd., an entity controlled by Michael Crossley Wright.
"Arrangement"	means the under a court-approved plan of arrangement pursuant to which the Company and a wholly-owned subsidiary, Champion Exchange Limited, acquired all 137,895,609 outstanding common shares of Champion Iron Mines Limited on March 31, 2014.
"Asset Purchase Agreement" or "APA"	means the Asset Purchase Agreement dated December 11, 2015 between Cliffs Quebec Iron Mining ULC, Quinto Mining Corporation, Bloom Lake General Partner Limited, Bloom Lake Railway Company Limited and Bloom Lake Iron Ore Mine Limited Partnership (as Vendors) and Quebec Iron Ore Inc. (as Purchaser) and Champion Iron Limited (as Guarantor) regarding the sale and purchase of the Bloom Lake Mine and Rail Assets and the Quinto Mining Corporation Mineral Claims.
"Assets"	means Bloom Lake and the Quinto Claims.
"ASX"	means Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.
"ASX Listing Rules"	means the listing rules of the ASX, as applicable from time to time.
"Bloom Lake "	means the Bloom Lake Mine and related rail assets the subject of the Asset Purchase Agreement.
"Board"	means the board of directors of the Company.
"Broadridge"	means Broadridge Investor Communication Solutions.
"CCAA"	means the <i>Companies' Creditors Arrangement Act</i> (Canada).
"Champion"	means Champion Iron Limited, ABN 34 119 770 142.
"Champion Iron Incentive Plan"	means the Company's employee share plan entitled "Champion Iron Incentive Plan" approved by Shareholders on August 29, 2014.
"Champion Letter of Intent"	means the non-binding letter of intent between Champion and Ressources Quebec dated February 19, 2016.
"Committed Shares"	93,750,000 Ordinary Shares to be subscribed for by Prospect and Andrews Capital under the Subscription Agreements as more fully described in section 3.5(b)(i).
"Company"	means Champion Iron Limited, ABN 34 119 770 142.
"Compensation Options"	means each of the 15,000,000 options to subscribe for one Ordinary Share at A\$0.25 on or before 1 February 2020 as more fully described in section 3.5(b)(i).

"Competition Act"	means the Canadian <i>Competition Act</i> R.S.C. 1985, c. C-34.
"Constitution"	means the constitution of the Company.
"Corporations Act"	means <i>Corporations Act, 2001</i> (Cth)(Australia).
"Director"	means a director of the Company.
"Employee Options Resolution"	means resolution 3 in the Notice of Meeting.
"Employee Options"	means the stock options to acquire Ordinary Shares under the Champion Iron Incentive Plan more fully described in section 4 of this document.
"Explanatory Statement"	means the explanatory statement in section 3 of this document.
"Initial Subscription Agreements"	means the subscription agreements between the Company and Prospect and the Company and Andrews Capital more fully described in section 3.5(b)(i).
"Letters of Intent"	means the Champion Letter of Intent and the QIO Letter of Intent.
"market price"	means the volume weighted average trading price of the listed securities on the TSX for the five trading days immediately preceding such date.
"Meeting"	means the meeting of the Shareholders to be held on March 31 at 10.00 a.m. (Sydney time) (March 30, 2016 (7.00 p.m. (Toronto time)) to consider and, if thought fit, approve the Resolutions.
"Meeting Materials"	means this document.
"Moelis"	means Moelis & Company.
"NEO"	means Named Executive Officer.
"Monitor"	means FTI Consulting Inc. acting as court-appointed monitor under the CCAA proceedings.
"NI 43-101"	means National Instrument 43-101 – Standards of Disclosure for Mineral Projects.
"NI 54-101"	means National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer.
"Notice-and-Access"	means the applicable securities legislation which allows for the electronic delivery of Meeting Materials and/or delivery of meeting materials only to those who request them.
"Notice of Meeting"	means the Notice of Meeting as contained in section 2 this document.
"Notice Package"	means the package which will be sent by prepaid mail to Shareholders on the Canadian Register and more fully described in section 8.2.

"Ordinary Share"	means an ordinary fully paid share in the capital of the Company.
"Placement Shares"	means the 187,500,000 Ordinary Shares to be offered to sophisticated and institutional investors to raise up to \$30 million as described in this document.
"Private Placement"	means the issue of up to 187,500,000 Ordinary Shares at \$0.16 per share by way of a private placement to sophisticated and professional investors as described in this document.
"Prospect"	means Prospect AG Trading Pty. Limited ACN 095 003 937, an entity controlled by Michael O'Keeffe.
"QIO"	means Quebec Iron Ore Inc a company incorporated under the laws of Canada, a wholly owned subsidiary of the Company.
"QIO Letter of Intent"	means the non-binding letter of intent between QIO and Ressources Quebec dated February 19, 2016.
"Quinto Claims"	means the mineral claims held by Quinto Mining Corporation and Cliffs Quebec Iron Mining ULC the subject of the Asset Purchase Agreement.
"Rail Service Act"	means the <i>Canadian Rail Service Act, 2009, Statutes of Newfoundland and Labrador, R-1.2</i> (Newfoundland and Labrador).
"Replacement Options"	means the replacement stock options issued under the Replacement Plan to holders of approximately 9.47 million outstanding Champion options pursuant to the Arrangement.
"Replacement Plan"	means the plan under which the Replacement Options were issued pursuant to the Arrangement.
"Resolutions"	means the resolutions put to Shareholders as set out in the Notice of Meeting.
"Ressources Quebec"	means Ressources Quebec Inc.
"Ressources Quebec Placement Shares"	means the 37,500,000 Ordinary Shares to be issued to Ressources Quebec more fully described in section 3.5(b)(ii).
"Ressources Quebec Subscription Agreement"	means the subscription agreement (yet to be finalised or entered into) between Ressources Quebec and the Company as contemplated by the Champion Letter of Intent.
"Shareholder"	means the holder of an Ordinary Share.
"SISP"	means the sale and investor solicitation procedures ordered by the Québec Superior Court on April 17, 2015 and June 9, 2015 as part of the restructuring proceedings of the Vendors under the CCAA.
"TSX"	means the Toronto Stock Exchange operated by the TSX Group Inc. and including any other securities exchanges or markets operated by the TSX Group Inc.
"TSX Manual"	means the TSX Company Manual.
"Vendors"	means Cliffs Quebec Iron Mining ULC, Quinto Mining Corporation, Bloom Lake General Partner Limited, Bloom Lake Railway Company Limited, the Bloom Lake Iron Ore Mine Limited Partnership.

"VIF"

means Voting Instruction Form.

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CHAMPION IRON LIMITED

ACN: 119 770 142

REGISTERED OFFICE:
1ST FLOOR
91 EVANS STREET
ROZELLE NSW 2039

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«EFT_REFERENCE_NUMBER»

«Holder_name»

«Address_line_1»

«Address_line_2»

«Address_line_3»

«Address_line_4»

«Address_line_5»

«Company_code» «Sequence_number»

Code: CIA

Holder Number: «HOLDER_NUM

+

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am (Sydney time) on Thursday 31 March 2016 at Level 11, 5 Martin Place, Sydney NSW and at any adjournment of that meeting.

Important Note: Exercise of proxies by the Chairperson for Resolution 3
Where I/we have appointed the Chairperson of the Meeting as my/our proxy (or the Chairperson of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairperson of the Meeting to exercise my/our proxy in respect of Resolution 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairperson of the Meeting may exercise my/our proxy even though Resolution 3 is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made. Voting restrictions for Resolutions 1, 2 and 3 are described in the Notice of Meeting.

RESOLUTION	For	Against	Abstain*
1. Approval for share placement and acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval for share placement to Prospect AG Trading Pty Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of Options to Michael O'Keeffe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am (Sydney time) on Tuesday 29 March 2016.

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CIAPX2310316

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Name:

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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) 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 contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.