

**Form 603**Corporations Act 2001  
Section 671B**Notice of initial substantial holder**To: Company Name/Scheme **CHAMPION IRON LIMITED**ACN/ARSN **ABN 34 119 770 142****1. Details of substantial holder (1)**Name **WC STRATEGIC OPPORTUNITY, L.P.**

ACN/ARSN (if applicable)

The holder became a substantial holder on **11 /04/ 16****2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
<b>Ordinary Shares</b>	<b>62,500,000</b>	<b>62,500,000</b>	<b>16.20%</b>

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
<b>WC Strategic Opportunity, L.P.</b>	<b>REGISTERED HOLDER</b>	<b>62,500,000 Ordinary Shares</b>
<b>See Annexure A.</b>		

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
<b>WC Strategic Opportunity, L.P.</b>	<b>WC Strategic Opportunity, L.P.</b>	<b>WC Strategic Opportunity, L.P.</b>	<b>62,500,000 Ordinary Shares</b>
<b>See Annexure B.</b>			

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
<b>WC Strategic Opportunity, L.P.</b>	<b>April 11, 2016 (pursuant to Subscription Agreements - see Annexure D.)</b>	<b>C\$0.16 per Ordinary Share = C\$10,000,000</b>		<b>62,500,000 Ordinary Shares</b>

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:


Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
WC Strategic Opportunity, L.P.	6250 N. River Road, Suite 10-100, Rosemont, IL 60018, United States of America
See Annexure C.	

**Signature**

print name: Roy Sroka capacity: Chief Financial Officer  
 sign here:  date: 15 / 04 / 2016

**DIRECTIONS**

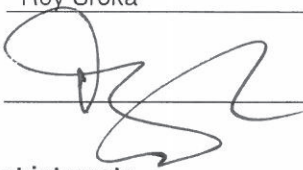
- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

**Annexure A to Form 603**

This is Annexure A of 1 page referred to in Form 603 – Notice of initial substantial holder prepared by WC Strategic Opportunity, L.P. in respect of Champion Iron Limited (ACN/ARSN: ABN 34 119 770 142) and signed by me and dated:

Print name Roy Sroka Capacity Chief Financial Officer

Sign here  Date 15 / 04 / 2016

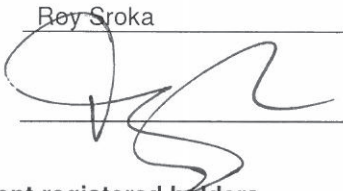
**3. Details of relevant interests**

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
John A. Hatherly	INDIRECT CONTROL  100% Owner of Wynnchurch Management, Ltd.	62,500,000 Ordinary Shares
Wynnchurch Management, Ltd.	INDIRECT CONTROL  0.00% Owner of WC Strategic Opportunity, L.P. (its General Partner)  0.07% Owner of Wynnchurch Partners IV, L.P. (its General Partner)	62,500,000 Ordinary Shares
Wynnchurch Partners IV, L.P.	INDIRECT CONTROL  2.913% Owner of Wynnchurch Capital Partners IV, L.P. (its General Partner)  0.20% Owner of WC Partners Executive IV, L.P. (its General Partner)	62,500,000 Ordinary Shares
Wynnchurch Capital Partners IV, L.P.	INDIRECT CONTROL  97.0764% Owner of WC Strategic Opportunity, L.P. (as a Limited Partner)	62,500,000 Ordinary Shares
WC Partners Executive IV, L.P.	INDIRECT CONTROL  2.9236% Owner of WC Strategic Opportunity, L.P. (as a Limited Partner)	62,500,000 Ordinary Shares

**Annexure B to Form 603**

This is Annexure B of 1 page referred to in Form 603 – Notice of initial substantial holder prepared by WC Strategic Opportunity, L.P. in respect of Champion Iron Limited (ACN/ARSN: ABN 34 119 770 142) and signed by me and dated:

Print name Rey Sroka Capacity Chief Financial Officer

Sign here  Date 15 / 04 / 2016

**4. Details of present registered holders**

Holder of relevant interest	Registered holder of securities	Person entitled to be a registered holder (8)	Class and number of securities
John A. Hatherly	WC Strategic Opportunity, L.P.	WC Strategic Opportunity, L.P.	62,500,000 Ordinary Shares
Wynnchurch Management, Ltd.	WC Strategic Opportunity, L.P.	WC Strategic Opportunity, L.P.	62,500,000 Ordinary Shares
Wynnchurch Partners IV, L.P.	WC Strategic Opportunity, L.P.	WC Strategic Opportunity, L.P.	62,500,000 Ordinary Shares
Wynnchurch Capital Partners IV, L.P.	WC Strategic Opportunity, L.P.	WC Strategic Opportunity, L.P.	62,500,000 Ordinary Shares
WC Partners Executive IV, L.P.	WC Strategic Opportunity, L.P.	WC Strategic Opportunity, L.P.	62,500,000 Ordinary Shares

**Annexure C to Form 603**

This is Annexure C of 1 page referred to in Form 603 – Notice of initial substantial holder prepared by WC Strategic Opportunity, L.P. in respect of Champion Iron Limited (ACN/ARSN: ABN 34 119 770 142) and signed by me and dated:

Print name Roy Sroka Capacity Chief Financial Officer

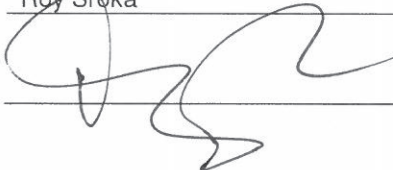
Sign here  Date 15 / 04 / 2016

**7. Addresses**

Name	Address
John A. Hatherly	6250 N. River Road: Suite 10-100, Rosemont, IL 60018, United States of America
Wynnchurch Management, Ltd.	6250 N. River Road: Suite 10-100, Rosemont, IL 60018, United States of America
Wynnchurch Partners IV, L.P.	6250 N. River Road: Suite 10-100, Rosemont, IL 60018, United States of America
Wynnchurch Capital Partners IV, L.P.	6250 N. River Road: Suite 10-100, Rosemont, IL 60018, United States of America
WC Partners Executive IV, L.P.	6250 N. River Road: Suite 10-100, Rosemont, IL 60018, United States of America

**Annexure D to Form 603**

This is Annexure D of 61 pages referred to in Form 603 – Notice of initial substantial holder prepared by WC Strategic Opportunity, L.P. in respect of Champion Iron Limited (ACN/ARSN: ABN 34 119 770 142) and signed by me and dated:

Print name	<u>Roy Sroka</u>	Capacity	<u>Chief Financial Officer</u>
Sign here		Date	<u>15 / 04 / 2016</u>



## SUBSCRIPTION AGREEMENT

(Canadian, Offshore and United States Subscribers)

**THE SECURITIES BEING OFFERED FOR SALE MAY ONLY BE PURCHASED PURSUANT TO AVAILABLE EXEMPTIONS UNDER APPLICABLE SECURITIES LEGISLATION.**

**TO: Champion Iron Limited (the “Company”)**

The undersigned (hereinafter referred to as the “**Subscriber**”) hereby irrevocably subscribes for and agrees to purchase from the Company the number of ordinary shares of the Company (the “**Placement Shares**”) set forth below, for the aggregate consideration set forth below, representing a subscription price of C\$0.16 per Placement Share (the “**Subscription Price**”); upon and subject to the terms and conditions set forth in “Terms and Conditions of Subscription Agreement for Ordinary Shares of Champion Iron Limited” attached hereto (together with the first three pages hereof and the attached Exhibits, the “**Subscription Agreement**”).

### SUBSCRIPTION AND SUBSCRIBER INFORMATION

*Please print all information (other than signatures), as applicable, in the space provided below*

WC Strategic Opportunity, LP (Name of Subscriber)	Number of Placement Shares: 12,500,000 x C\$0.16
Account Reference (if applicable)	
By: <u>(s) Roy E. Sroka</u> Authorized Signature	Aggregate Subscription Cost: <u>C\$ 2,000,000</u> (the “ <b>Subscription Amount</b> ”)
Chief Financial Officer (Official Capacity or Title – if the Subscriber is not an individual)	
Roy E. Sroka (Name of individual whose signature appears above if different than the name of the subscriber printed above.)	<b>Please complete if purchasing as agent or trustee for a principal (beneficial subscriber) and not purchasing as trustee or agent for accounts fully managed by it.</b>
<u>[REDACTED]</u> (Subscriber’s Address, including Municipality and Province)	(Name of Beneficial Subscriber)
<u>[REDACTED]</u>	(Address of Beneficial Subscriber)
<u>[REDACTED]</u>	(Account Reference, if applicable)
(Telephone Number)	
(Email Address)	

<b><u>Account Registration Information:</u></b>
[REDACTED]
(Brokerage Firm)
[REDACTED]
(Account Number)
[REDACTED]
[REDACTED]
[REDACTED]

<b><u>Delivery Instructions as set forth below:</u></b>
[REDACTED]
(Name)
[REDACTED]
(Account Reference, if applicable)
[REDACTED]
(Address)
[REDACTED]
(Contact Name) (Telephone Number)

<p>Number and kind of securities of the Company held, directly or indirectly, by the Subscriber or over which the Subscriber has control or direction (including convertible securities):</p> <p>None <input checked="" type="checkbox"/>; or</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
---

<p>1. State whether Subscriber is an Insider of the Company:</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>2. State whether Subscriber is a member of the Pro Group:</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>3. State whether Subscriber is a Registrant:</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>(Note: A Registrant means a dealer, adviser, investment fund manager, an ultimate designated person or chief compliance officer as those terms are used pursuant to applicable securities laws, or a Person (as defined herein) registered or otherwise required to be registered under applicable securities laws)</p>
---

**Note Regarding Delivery of Placement Shares.** The Company reserves the right to issue all or part of the Placement Shares as a non-certificated book position credited to CDS & Co. In such a case, the Subscriber will not receive definitive certificates representing the Placement Shares and instead will receive only a customer confirmation from a registered dealer through which the Placement Shares are purchased. If the Company does not proceed with the non-certificated issuance of the Placement Shares, the Subscriber will receive definitive certificates representing the Placement Shares. Consequently, all subscribers must complete the registration and delivery instructions above.

<p style="text-align: center;"><b><u>INSTRUCTIONS FOR SUBSCRIBERS</u></b></p> <p><b>The Subscriber must:</b></p> <p>(1) <b>Read this Subscription Agreement;</b></p> <p>(2) <b>Complete and execute the face page of this Subscription Agreement;</b></p> <p>(3) <b>Read and complete the Exhibits attached hereto, as applicable, referred to on the face page of this Subscription Agreement;</b></p> <p>(4) <b>Make payment for the Placement Shares as required by Section 9 of the “Terms and Conditions of Subscription for Ordinary Shares of Champion Iron Limited”; and</b></p> <p>(5) <b>Deliver the signed documents as required by such Section 9.</b></p>
--



**ACCEPTANCE:** The Company hereby (i) accepts the above subscription subject to the “Terms and Conditions of Subscription for Ordinary Shares of Champion Iron Limited” contained in this Subscription Agreement; and (ii) represents and warrants to the Subscriber that the representations and warranties made by the Company are true and correct as of the date hereof and will be true and correct as of the Closing Time (as defined herein).

Accepted and agreed to this 11<sup>th</sup> day of April, 2016.

**CHAMPION IRON LIMITED**

Per:(s) *W. Michael O’Keeffe*

\_\_\_\_\_  
Authorized Signatory

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
ORDINARY SHARES OF CHAMPION IRON LIMITED**

**1. Definitions**

“**1933 Act**” means the *United States Securities Act of 1933*, as amended;

“**Acquisition**” has the meaning set forth under Section 4(w) hereto.

“**Agreement**” or “**Subscription Agreement**” means this subscription agreement as the same may be amended, supplemented or restated from time to time;

“**Asset Purchase Agreement**” means the agreement dated December 11, 2015 between, amongst others, the Company, Quebec Iron and Cliffs Quebec Iron Mining ULC pursuant to which Quebec Iron will acquire certain assets related to the iron ore mine and processing facility known as the Bloom Lake Mine and the provincially regulated short-line railway that connects the Bloom Lake Mine to the railway owned by Northern Land Company and certain mineral claims;

“**ASX**” means the Australian Securities Exchange;

“**Business Day**” means a day on which Canadian chartered banks are open for the transaction of regular business in the City of Montréal, Québec and the City of Toronto, Ontario;

“**C\$**” means lawful money of Canada;

“**Closing**” means the completion of the issue and sale by the Company of the Placement Shares as contemplated by this Subscription Agreement;

“**Closing Date**” means the date on which the vendors and the Company, pursuant to the terms of the Asset Purchase Agreement, deliver the Conditions Certificate (as such term is defined under the Asset Purchase Agreement) confirming in writing that the conditions of closing under the Asset Purchase Agreement have been satisfied and/or waived, which date, in any event, shall not be later than April 22, 2016;

“**Closing Time**” means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company may determine;

“**Corporations Act**” means the *Australian Corporations Act 2001* (Cth);

“**Exchange**” means the Toronto Stock Exchange;

“**Governmental Entity**” means any (i) international, multinational, federal, provincial, states, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agent or authority of any of the foregoing or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency (including the Securities Regulators) or self-regulatory organization (including the Exchange), exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Initial Subscribers**” means, collectively, Andrews Capital Ltd. and Prospect AG Trading Pty. Ltd.;

**“Initial Subscription Agreements”** means, collectively, the subscription agreement entered into between the Company and each of the Initial Subscribers in connection with their commitment to purchase Placement Shares and as amended from time to time, provided, however, that any such amendments are subject to obtaining the prior written consent from the Subscriber, such consent not to be unreasonably withheld or delayed.

**“Major Shareholders”** means, collectively, the Subscriber, Resources Capital Fund VI LP and Ressources Québec Inc.

**“Material Adverse Change”** means any change, condition, event or development that, when considered individually or in the aggregate, has resulted in, or could reasonably be expected to result in, a material adverse change in the activities, assets, liabilities (absolute, accrued, contingent or otherwise), operations, properties, results of operation, prospects or condition (financial or otherwise) of the Company, its subsidiaries or the Purchased Assets, taken as a whole, and, to the knowledge of the Company, there currently exists no actual, alleged or anticipated event, occurrence, condition or act which may (or would with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in such a material adverse change.

**“NI 45-106”** means National Instrument 45-106 entitled *Prospectus Exemptions*;

**“Ordinary Shares”** means the unlimited number of ordinary shares which may be issued by the Company from time to time as constituted on the date hereof;

**“Person”** means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, a government or an agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

**“Proportional Interest”** means the fraction which has as its numerator the number of Ordinary Shares owned or controlled, directly or indirectly, by the Subscriber or any of its affiliates and which has as its denominator the total number of Ordinary Shares held by all shareholders of Champion Iron Limited;

**“Purchased Assets”** has the meaning ascribed to such term under the Asset Purchase Agreement;

**“Qualifying Jurisdictions”** means, collectively, all of the provinces of Canada except Québec;

**“Quebec Iron”** means Quebec Iron Ore Inc. (a wholly-owned subsidiary of the Company);

**“Regulation S”** means Regulation S under the 1933 Act;

**“Securities Laws”** means, collectively, all applicable securities legislation of each of the Selling Jurisdictions and the respective rules and regulations under such laws together with applicable published instruments, policies, notices and orders of the Securities Regulators;

**“Securities Regulators”** means the securities commissions or other securities regulatory authorities of all of the Selling Jurisdictions or the relevant Selling Jurisdiction as the context so requires;

**“Selling Jurisdiction”** means, in the case of any Subscriber, the province of Canada or other jurisdiction in which such Subscriber is resident;

**“Shareholder Approval”** means the Company obtaining such approvals from its shareholders as required by law, including the ASX listing rules and the Exchange listing rules, in order for the Company to conduct the placement of the Placement Shares as contemplated by this document;

**“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

**“U.S. Accredited Investor”** has the meaning set forth under Section 3(k)(i) hereto; and

**“U.S. Purchasers”** means any person (a) purchasing securities on behalf of, or for the account or benefit of, any person in the United States, (b) who receives or received an offer to acquire the securities while in the United States, and (c) who is in the United States at the time such person's buy order was made or this subscription agreement was executed or delivered.

## **2. Terms of the Offering**

- (a) The Subscriber confirms (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) its irrevocable subscription for and, subject to certain exceptions, agreement to purchase the Placement Shares, which, upon satisfaction or waiver of the conditions herein and upon acceptance by the Company, will constitute a binding agreement of the Subscriber with the Company to purchase from the Company, and, on the part of the Company, to sell to the Subscriber, the Placement Shares subscribed for, on and subject to the terms and conditions set out in this Subscription Agreement, for the Subscription Amount which is payable as described in Section 9 hereto.
- (b) The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that this subscription is subject to rejection or allotment by the Company, in whole or in part.
- (c) The Placement Shares subscribed hereunder are part of an offering by the Company anticipated to be of up to 187,500,000 Placement Shares for anticipated aggregate gross proceeds of up to C\$30 million (the **“Offering”**) in which Andrews Capital Ltd. and Prospect AG Trading Pty. Ltd. have agreed to subscribe for an aggregate of 93,750,000 Placement Shares, subject to their right to arrange for “substituted purchasers” and to assign their rights and obligations with regards to such Placement Shares. The net proceeds from the Offering shall be used on the Closing Date by the Company to fund the Acquisition and for working capital and general corporate purposes.
- (d) The Subscriber acknowledges that it is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.

## **3. Acknowledgements, Representations, Warranties and Covenants of the Subscriber**

By executing this Subscription Agreement, the Subscriber, on its own behalf and, if applicable, on behalf of the others for whom it is contracting hereunder, acknowledges, represents, warrants and covenants to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

- (a) it is purchasing the Placement Shares directly from the Company;

- (b) it has been independently advised as to restrictions with respect to trading in the Placement Shares imposed by applicable Securities Laws in the jurisdiction in which it resides, confirms that no representation has been made to it by or on behalf of the Company with respect thereto, acknowledges that it is aware of the characteristics of the Placement Shares, the risks relating to an investment therein, and that it may not be able to resell the Placement Shares until the expiration of the applicable hold period except in accordance with limited exemptions under applicable securities legislation and regulatory policy and it agrees that any certificates representing the Placement Shares will bear a legend indicating that the sale of such securities is restricted. The Subscriber further acknowledges that it should consult its own legal counsel in its jurisdiction for full particulars of applicable resale restrictions;
- (c) it has not received, nor has it requested, nor does it have any need to receive, any prospectus, sales or advertising literature, offering memorandum or any other document describing the business and affairs of the Company which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Placement Shares, and it has not become aware of any advertisement in printed public media, radio, television or telecommunications, including electronic display such as the Internet with respect to the distribution of the Placement Shares;
- (d) it has relied solely upon publicly available information relating to the Company and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Company except as expressly set forth herein;
- (e) it is purchasing the Placement Shares as principal or deemed to be purchasing as principal in accordance with applicable Securities Laws, it is resident of, or otherwise subject to the laws of, the jurisdiction disclosed under "Subscriber's Address" on the second page of this Agreement, and it fully complies with the criteria set forth below:
  - (i) it is resident in or otherwise subject to applicable securities legislation of a Qualifying Jurisdiction in Canada and it is an "accredited investor" as such term is defined in NI 45-106 and it has concurrently executed and delivered to the Company a Representation Letter in the form attached as Exhibit "1" to this Subscription Agreement and, if applicable, it has concurrently executed and delivered, in duplicate, to the Company a Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix "B" to Exhibit "1"; or
  - (ii) it is not a resident in or otherwise subject to applicable securities legislation of a Qualifying Jurisdiction in Canada; however, it is an "accredited investor" as such term is defined in NI 45-106 and it has concurrently executed and delivered to the Company a Representation Letter in the form attached as Exhibit "1" to this Subscription Agreement and, if applicable, it has concurrently executed and delivered, in duplicate, to the Company a Risk Acknowledgement Form For Certain Individual Accredited Investor in the form attached as Appendix "B" to Exhibit "1", and it has concurrently executed and delivered to the Company either the Offshore Subscribers' Certificate in the form attached as Exhibit "2" or the U.S. Accredited Investor Certificate in the form attached as Exhibit "3" to this Subscription Agreement;

- (f) if it is acting on behalf of one or more beneficial subscribers, it is duly authorized to enter into this Subscription Agreement and to execute all documentation in connection with the purchase on behalf of each beneficial subscriber, each of whom is named under “Name of Beneficial Subscriber” on the second page of this Agreement, and to provide and agree to all of the Subscriber’s representations, warranties and covenants on behalf of such beneficial subscribers. This Agreement has been duly authorized, executed and delivered by or on behalf of each of such beneficial subscribers and constitutes a legal, valid and binding agreement of such beneficial subscribers enforceable against each of them in accordance with its terms;
- (g) as of the date of this Agreement, the Subscriber and its affiliates, directly or indirectly, owned the number of securities of the Company indicated at page 3 of this Agreement;
- (h) it acknowledges that:
  - (i) unless the context otherwise requires, references to the Subscriber in this Subscription Agreement are to the Subscriber and any beneficial subscriber on whose behalf the Subscriber is contracting for hereunder as agent or trustee;
  - (ii) no prospectus has been filed with any Securities Regulator in connection with the Offering and no Securities Regulator has reviewed or passed on the merits of the Placement Shares;
  - (iii) there is no government or other insurance covering the Placement Shares;
  - (iv) there are restrictions on the Subscriber’s ability to resell the Placement Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Placement Shares;
  - (v) the Company has advised the Subscriber that the Company is relying on an exemption from the requirement to provide the Subscriber with a prospectus under the applicable Securities Laws and, as a consequence of acquiring securities pursuant to such an exemption:
    - (1) certain protections, rights and remedies provided by applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the Subscriber;
    - (2) the Subscriber may not receive information that would otherwise be required to be given under the Securities Laws of the Qualifying Jurisdictions, and
    - (3) the Company is relieved from certain obligations that would otherwise apply under the Securities Laws of the Qualifying Jurisdictions;
  - (vi) **AN INVESTMENT IN THE PLACEMENT SHARES INVOLVES A HIGH DEGREE OF RISK AND THE SUBSCRIBER MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**
  - (vii) no Person has made any written or oral representation to the Subscriber:
    - (1) that any Person will resell or repurchase the Placement Shares;

- (2) that any Person will refund the purchase price of the Placement Shares, or
    - (3) as to the future price or value of any Placement Shares or Ordinary Shares;
  - (viii) the Company may complete additional financings in the future in order to develop the business of the Company and fund its ongoing development, and such future financings may have a dilutive effect on current shareholders or securityholders of the Company, including the Subscriber;
  - (ix) the offer, issuance, sale and delivery of the Placement Shares is conditional upon such sale being exempt from the prospectus and registration requirements in connection with the distribution of the Placement Shares under the Securities Laws or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus;
  - (x) in purchasing the Placement Shares, the Subscriber has not relied upon any verbal or written representation, including any investor presentation delivered to Subscribers, as to any fact or otherwise made by or on behalf of the Company or any of its employees, agents or affiliates or any other person associated therewith; the Subscriber acknowledges that the decision to purchase the Placement Shares was made solely on the basis of currently available public information and this Subscription Agreement;
  - (xi) the Company has the right to accept or reject the Subscriber's subscription in whole or in part; and
  - (xii) the Company's counsel is acting as counsel to the Company and not as counsel to the Subscriber;
- (i) it is aware that the Placement Shares have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States and that these securities may not be offered or sold in the United States without registration under the 1933 Act or compliance with requirements of an exemption from registration under the 1933 Act and the applicable laws of all applicable states of the United States and acknowledges that the Company has no present intention of filing a registration statement under the 1933 Act in respect of the Placement Shares;
  - (j) unless it has executed and delivered the U.S. Accredited Investor Certificate attached as Exhibit "3" hereto, it and beneficial subscriber, if any:
    - (i) is not, and is not purchasing the Placement Shares on behalf of or for the account or benefit of, a U.S. Purchaser or a person in the United States;
    - (ii) was not offered the Placement Shares in the United States, and the individuals making the order to purchase the Placement Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed or when this Subscription Agreement was executed or delivered;
    - (iii) have no intention to distribute either directly or indirectly any of the Placement Shares in the United States and undertake and agree that it will not offer or sell



the Placement Shares in the United States unless such Placement Shares are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that it will not resell the Placement Shares, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;

- (iv) did not receive the offer to purchase the Placement Shares as a result of any directed selling efforts, as defined in Rule 902 of Regulation S under the 1933 Act; and
  - (v) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the 1933 Act;
- (k) if it is a U.S. Purchaser, it has executed and delivered concurrently herewith Exhibit “3”, U.S. Accredited Investor Certificate, and understand and acknowledges that the offer and sale of the Placement Shares to it by the Company is being made pursuant to available exemptions from the registration requirements of the 1933 Act, and similar exemptions under applicable state securities laws, and that:
- (i) it is an “accredited investor” within the meaning of such term in Rule 501(a) of Regulation D under the 1933 Act (“**U.S. Accredited Investor**”) and as set forth in Exhibit “3” hereto, and is acquiring the Placement Shares as principal for its own account or for the account of one or more U.S. Accredited Investors for which it is acting as fiduciary or agent, for investment purposes only, and not with any view to resale, distribution or other disposition of the Placement Shares, in violation of United States federal or state securities laws, and it has concurrently herewith completed, executed and delivered Exhibit “3” hereto, which forms a part of this Agreement;
  - (ii) it understands, recognizes and acknowledges that the Placement Shares have not and will not be registered under the 1933 Act or the securities laws of any state of the United States, that the Placement Shares may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws;
  - (iii) it acknowledges that it has not purchased the Placement Shares as a result of any “general solicitation” or “general advertising” (as such terms are used in Regulation D under the 1933 Act), including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
  - (iv) it (A) has been afforded full opportunity to request any and all relevant information and to ask questions concerning the offering of the Placement Shares and the business, business plans, finances, management and ownership of the Company, and has received answers to such questions to its full satisfaction, and (B) has been afforded full opportunity to obtain any additional information that the Company can acquire without unreasonable effort or expense that is necessary to evaluate the merits and risks of an investment in the Company;

- (v) it has no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge to such person, or anyone else, the Placement Shares, or any part thereof, or any interest therein, and the Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement;
- (vi) it acknowledges and agrees that the Placement Shares, will be “restricted securities” within the meaning of Rule 144 under the 1933 Act, and therefore may not be offered, sold, pledged or otherwise transferred by it, directly or indirectly, without registration under the 1933 Act and applicable state securities laws, except in compliance with paragraph (vii) below, and the Subscriber understands that the certificates representing the Placement Shares issued to it will, for so long as required by applicable law, contain a legend in respect of such restrictions which is set out in paragraph (viii) below;
- (vii) it agrees that if it decides to offer, sell, transfer or pledge any of the Placement Shares, it will not offer, sell, pledge or otherwise transfer any of such securities, directly or indirectly, unless such offer, sale, pledge or transfer is made, (A) to the Company; (B) outside the United States in an “offshore transaction” (as defined in Regulation S) and otherwise in accordance with Rule 904 of Regulation S and in compliance with applicable local laws and regulations; (C) in accordance with (i) Rule 144A under the 1933 Act, if available, or (ii) Rule 144 under the 1933 Act, if available, and in either case in compliance with applicable state securities laws; or (D) pursuant to another exemption from the registration requirements of the 1933 Act and in compliance with applicable state securities laws;

provided that prior to any transfer pursuant to clause (C) or (D) above (and, if required by the Company or the transfer agent for the Placement Shares, clause (B) above), an opinion of counsel in form and substance reasonably acceptable to the Company is provided to the effect that such transfer does not require registration under the 1933 Act or applicable state securities laws;

- (viii) it understands and acknowledges that, in addition to any other legends identified in this Agreement, upon the original issuance thereof, and until such time as the same is no longer required under applicable requirements of the 1933 Act or applicable state securities laws, certificates representing the Placement Shares and all certificates issued in exchange therefor or in substitution thereof, shall bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF CHAMPION IRON LIMITED (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION

REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY.”

provided, that if any such Placement Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations, the legend may be removed by providing a declaration to the Company and to the transfer agent for the Company, in the form attached as Exhibit “4” to this Agreement or as the Company may prescribe from time to time; and provided, further, that, if the Placement Shares are being sold pursuant to Rule 144 under the 1933 Act, if available, the legend may be removed by delivery to the registrar and transfer agent for the Placement Shares of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws;

- (ix) it consents to the Company making a notation on its records or giving instructions to any transfer agent for the Placement Shares in order to implement the restrictions on transfer set forth herein;
- (x) acknowledges that the Company has no obligation or present intention to file a registration statement under the 1933 Act in respect of resales of the Placement Shares and, accordingly, the Subscriber acknowledges that there are substantial restrictions on the transferability of the Placement Shares and that it will not be possible to readily liquidate its investment in case of any emergency and the Subscriber has not been supplied with any of the information that would be found in the applicable registration statement if Placement Shares were registered under the 1933 Act;
- (xi) is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Company is organized under the laws of Australia; (ii) some or all of the directors and officers may be residents of jurisdictions other than the United States; and (iii) all or a substantial portion of the assets of the Company and said persons may be located outside the United States;
- (xii) it understands and acknowledges that (i) if the Company is ever deemed to be, or to have at any time previously been, an issuer with (A) no or nominal operations and (B) no or nominal assets other than cash and cash equivalents, then Rule 144 under the 1933 Act may be unavailable for resales of the Placement Shares, and (ii) the Company is not obligated to take, and has no present intention of taking, any action to make Rule 144 available for resales of the Placement Shares;
- (xiii) understands and acknowledges that the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as

issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;

- (xiv) represents and warrants that (a) the funds representing the Subscription Price for the Placement Shares which will be advanced by the Subscriber to the Company will not represent proceeds of crime for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the “**PATRIOT Act**”), and the Subscriber acknowledges that the Company, may in the future be required by law to disclose the Subscriber’s name and other information relating to this Subscription Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act, and (b) no portion of the Subscription Price to be provided by the Subscriber (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity that has not been identified to or by the Subscriber, and it shall promptly notify the Company if the Subscriber discovers that any of such representations ceases to be true and provide the Company with appropriate information in connection therewith; and
- (l) if it is an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;
- (m) this Subscription Agreement has been duly and validly authorized, executed and delivered by and, when accepted by the Company, will constitute a legal, valid, binding and enforceable obligation of the Subscriber;
- (n) if it is a company, partnership, unincorporated association or other entity, it has the legal capacity and competence to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained in order for it to enter into and be bound by this Subscription Agreement and it was not created solely and is not being used solely to purchase or hold securities (i) as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in Section 1.1 of NI 45-106;
- (o) **IT HAS SUCH KNOWLEDGE IN FINANCIAL AND BUSINESS AFFAIRS AS TO BE CAPABLE OF EVALUATING THE MERITS AND RISKS OF ITS INVESTMENT AND IT IS ABLE TO BEAR THE ECONOMIC RISK OF LOSS OF ITS INVESTMENT;**
- (p) it does not act jointly or in concert with any other subscriber for Placement Shares for the purpose of the acquisition of the Placement Shares;
- (q) if required by applicable Securities Laws, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issue of the Placement Shares;
- (r) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber or any agreement to which the Subscriber is a party or by

which it is bound, or, if the Subscriber is not an individual, any of the Subscriber's constating documents;

- (s) the Subscriber has obtained independent legal, tax and investment advice with respect to its subscription for these Placement Shares and has been independently advised as to the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement. The Subscriber is not relying on the Company, its affiliates or counsel to any of them in this regard;
- (t) it acknowledges that all certificates representing the Placement Shares, if applicable, will bear the following restrictive legend required by applicable Securities Laws:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <INSERT DATE THAT IS FOUR (4) MONTHS AND ONE (1) DAY AFTER CLOSING DATE>.”

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (“TSX”); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON TSX.”

- (u) the funds which will be transferred by the Subscriber to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) Act* (Canada) (the “PCMLA”) and *Terrorist Financing Act* (Canada) and the Subscriber acknowledges that the Company may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of the knowledge of the Subscriber, none of the subscription funds to be provided by the Subscriber: (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States, or any other jurisdiction; or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber. The Subscriber shall promptly notify the Company if the Subscriber discovers that any of such representations ceases to be true, and will provide the Company with appropriate information in connection therewith;
- (v) none of the funds that the Subscriber is using to purchase the Placement Shares are to the knowledge of the Subscriber, proceeds obtained or derived, directly or indirectly, as a result of illegal activities;
- (w) the Subscriber has not received, nor does it expect to receive any financial assistance from the Company, directly or indirectly, in respect of the Subscriber's purchase of Placement Shares;
- (x) the Subscriber has no knowledge of a “material fact” or “material change” (as those terms are defined in the applicable Securities Laws) in the affairs of the Company that has not been generally disclosed to the public;

- (y) the representations and warranties, acknowledgements and covenants of the Subscriber herein are made with the intent that they be relied upon in determining the suitability of a subscriber of Placement Shares and are true and correct at the date of this Subscription Agreement and will be true and correct at the Closing Time and will survive the completion of the issuance of the Placement Shares. The Subscriber undertakes to immediately notify the Company at Champion Iron Limited, 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6, Attention: Jorge Estepa, Vice President, Corporate Secretary, of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time;
- (z) there is no Person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee. If any Person establishes a claim that any fee or other compensation is payable by the Company to that Person in connection with this subscription for the Placement Shares, the Subscriber covenants to indemnify and hold harmless the Company with respect thereto and with respect to all costs reasonably incurred in the defence thereof; and
- (aa) the Subscriber agrees to indemnify and hold harmless the Company and its directors, officers, employees, agents, advisers and shareholders (for whom the Company holds such rights in trust) from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Company in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Company in connection herewith.

#### **4. Representations, Warranties and Covenants of the Company**

The Company hereby represents, warrants and covenants and agrees to and with the Subscriber (and acknowledges that the Subscriber is relying thereon) at the date of this Subscription Agreement and at the Closing Time that:

- (a) the Company and each of its subsidiaries is a corporation duly incorporated, continued or amalgamated and validly existing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power and authority and is duly qualified and holds all necessary material permits, licences and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its properties and assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution, winding up, bankruptcy, insolvency, administration or for the appointment of a receiver, administrator, trustee or similar officer of it or any of its assets in any jurisdiction;
- (b) subject to obtaining Shareholder Approval prior to the Closing Time, the Company has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Placement Shares to the Subscriber;
- (c) the Company is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration

or qualification necessary and is carrying on the business thereof in compliance with all applicable laws, rules and regulations of each such jurisdiction;

- (d) when issued, the Placement Shares will be validly created and issued as fully paid and non-assessable and duly listed on the Exchange;
- (e) subject to obtaining Shareholder Approval prior to the Closing Time, all corporate action on the part of the Company, its directors, and its shareholders necessary for the authorization, execution, delivery, and performance of this Subscription Agreement and the transactions contemplated herein by the Company have been taken. This Subscription Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the enforcement of creditors' rights generally and as limited by laws relating to the availability of equitable remedies;
- (f) subject to obtaining Shareholder Approval prior to the Closing Time, all corporate action on the part of the Company, its directors, and its shareholders necessary for the authorization, execution, delivery, and performance of the Asset Purchase Agreement and the transactions contemplated therein by the Company have been taken. The Asset Purchase Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the enforcement of creditors' rights generally and as limited by laws relating to the availability of equitable remedies;
- (g) the representations and warranties of the Company set forth in the Asset Purchase Agreement are true and correct in all material respects (except where already qualified by materiality, in which case they are true and correct in all respects before giving effect to such qualification, and except where such representations are given as of a specific date, in which case this shall be true and accurate as of such date only);
- (h) the Company will use its commercially reasonable efforts to comply with all covenants of the Company set forth in the Asset Purchase Agreement and duly, punctually and faithfully perform all of its obligations under the Asset Purchase Agreement;
- (i) no approval, authorization, consent or other order of, permit, qualification, license, decree, and no filing, registration or recording with, any court or Governmental Entity having jurisdiction over the Company or its subsidiaries is required for the performance by the Company of its obligations under this Agreement and the Asset Purchase Agreement, or the consummation of the transactions contemplated hereunder and thereunder, respectively, except as have been or will be obtained or made prior to Closing;
- (j) the Company has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities legislation or otherwise, with the Exchange (or one of its predecessors) or the applicable securities commissions since December 31, 2014 (the "**Disclosure Documents**"). As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable securities laws; and (ii) none of the Disclosure Documents contained any



untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

- (k) the financial statements of the Company contained in the Disclosure Documents have all been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, accurately reflect the financial position and all material liabilities of the Company as of the date thereof, and no adverse changes in the financial position of the Company have taken place since the date thereof;
- (l) since the date of the latest audited financial statements, no Material Adverse Change has occurred;
- (m) with respect to information set forth in the Disclosure Documents: (i) information relating to the Company's estimates of mineral resources as at the date they were prepared has been reviewed and verified by the Company or independent consultants to the Company as being consistent with the Company's mineral resource estimates as at the date they were prepared; (ii) the mineral resource estimates have been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) by or under the supervision of a qualified person as defined therein; (iii) the methods used in estimating the Company's mineral resources are in accordance with accepted mineral resource estimation practices; and (iv) the Company has duly filed with the securities commissions in compliance with applicable securities laws all technical reports required to be filed with the securities commissions and all such reports comply with the requirements thereof;
- (n) the Company has filed in a timely manner all necessary tax returns and notices and has paid all applicable taxes of whatsoever nature for all tax years prior to the date hereof to the extent that such taxes have become due or have been alleged to be due;
- (o) there is no “material fact” or “material change” (as those terms are defined in applicable securities legislation) in the affairs of the Company that has not been generally disclosed to the public;
- (p) the Company is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of the Company's knowledge no such actions, suits or proceedings are contemplated or have been threatened;
- (q) there are no judgments against the Company which are unsatisfied, nor are there any consent decrees or injunctions to which the Company is subject;
- (r) the Company is a “reporting issuer” (or equivalent) under the applicable securities laws of each of the provinces of Canada other than Québec and is not in default of any requirement under applicable securities laws; and the Company is not included on a list of defaulting reporting issuers or equivalent list, as applicable, maintained by the securities commissions in the jurisdictions in which such lists are maintained; and no order, ruling or determination having the effect of suspending the sale or ceasing the trading of any securities of the Company has been issued or made by any securities commissions or the Exchange and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the Company's knowledge, contemplated or threatened by any such authority;

- (s) no order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued and remains outstanding against the Company or its directors, officers or promoters and no investigations or proceedings for such purposes are pending or threatened;
- (t) the execution and delivery of, and the performance of the terms of, this Subscription Agreement by the Company, including the issue of the Placement Shares to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Company;
- (u) the certificates evidencing the Placement Shares, if any, will be delivered at the Closing Time;
- (v) the Company is not in violation of any term of its articles or by-laws or any of its constating documents. The Company is not in violation of any term or provision of any material agreement, indenture or other instrument to which it is a party or that is applicable to it, which would result in any Material Adverse Change;
- (w) the Company shall use the net proceeds from the sale of the Placement Shares to fund the acquisition by Quebec Iron Ore Inc. (a wholly-owned subsidiary of the Company) of certain assets related to the iron ore mine and processing facility known as the Bloom Lake Mine and the provincially regulated short-line railway that connects the Bloom Lake Mine to the railway owned by Northern Land Company (the “**Acquisition**”) and for working capital and general corporate purposes;
- (x) the Company and each of its subsidiaries as disclosed in the Disclosure Documents holds all requisite licences, leases, registrations, qualifications, permits and consents necessary or appropriate for carrying on its business as currently carried on and all such licences, leases, registrations, qualifications, permits and consents are valid and subsisting and in good standing in all material respects except where the failure to hold such licences, leases, registrations, qualifications, permits and consents would not result in a Material Adverse Change. In particular, without limiting the generality of the foregoing, neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or adverse modification of any material mining or exploration permit, licence or lease, nor have any of them received notice of the revocation or cancellation of, or any intention to revoke or cancel, any mining claims, groups of claims, exploration rights, concessions or leases with respect to any of the resource properties described in the Disclosure Documents where such revocation or cancellation would result in a Material Adverse Change;
- (y) the Company and its subsidiaries hold either freehold title, mining leases, mining concessions, mining rights licenses, mining claims or participating interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which a particular property described in the Disclosure Documents is located (collectively, “**Mining Rights**”), in respect of the ore bodies and minerals located in properties in which the Company and its subsidiaries have an interest as described in the Disclosure Documents under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company or the applicable subsidiary to explore, develop or carry on production of, the minerals relating thereto, as applicable; all property, leases or claims in which the Company or any subsidiary has an interest or right have been validly located and recorded in accordance in all material respects with all applicable laws and are valid and subsisting except where

the failure to be so would not result in a Material Adverse Change; the Company and its subsidiaries have all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which the Company and its subsidiaries have an interest as described in the Disclosure Documents granting the Company or applicable subsidiary the right and ability to explore for, develop, or carry on production of, as applicable, minerals, ore and metals for such purposes as are appropriate in view of the rights and interest therein of the Company or the applicable subsidiary, with only such exceptions as do not materially interfere with the use made by the Company or the applicable subsidiary of the rights or interest so held; and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of the Company or a subsidiary except where the failure to be so would not result in a Material Adverse Change. The Mining Rights in respect of the Company's properties, as disclosed in the Disclosure Documents, constitute a description of all material Mining Rights held by the Company and its subsidiaries;

- (z) except as disclosed in the Disclosure Documents, the Company and its subsidiaries are the absolute legal and beneficial owners of, or hold a good and valid leasehold or other contractual interest or title to, all of the material property or assets thereof as described in the Disclosure Documents, and no other Mining Rights are necessary for the conduct of the business of the Company or any subsidiary as currently conducted, none of the Company or any subsidiary knows of any claim or the basis for any claim that might or could materially and adversely affect the right thereof to use or otherwise exploit such Mining Rights currently held by the Company and its subsidiaries and, except as disclosed in the Disclosure Documents, none of the Company or any subsidiary has any responsibility or obligation to pay any material commission, royalty, licence fee or similar payment to any person with respect to the Mining Rights thereof;
- (aa) except as disclosed in the Disclosure Documents, there are no claims with respect to native rights currently, or to the best of the knowledge of the Company, pending or threatened with respect to any of the material properties of the Company or its subsidiaries;
- (bb) other than for the Acquisition, none of the Company or any subsidiary has approved, is contemplating, has entered into any agreement in respect of, or has any knowledge of: (A) the purchase of any property material to the Company or assets or any interest therein or the sale, transfer or other disposition of any property material to the Company or assets or any interest therein currently owned, directly or indirectly, by the Company or any subsidiary whether by asset sale, transfer of shares or otherwise; or (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Company or any subsidiary or otherwise) of the Company or any subsidiary;
- (cc) other than as disclosed in the Disclosure Documents, no acquisitions or dispositions have been made by the Company or any subsidiary in the three most recently completed fiscal years that are "significant acquisitions" or "significant dispositions", or multiple acquisitions that are not otherwise significant or related, and none of the Company or any subsidiary is a party to any contract with respect to any transaction that would constitute a "probable acquisition";
- (dd) the Company and each of its subsidiaries owns or has the right to use under license, sub-license or otherwise all material intellectual property used by the Company and its

subsidiaries in its business, including copyrights, industrial designs, trade marks, trade secrets, knowhow and proprietary rights, free and clear of any and all encumbrances;

- (ee) any and all of the agreements and other documents and instruments pursuant to which the Company and its subsidiaries hold the property and assets thereof (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, neither the Company nor any subsidiary is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and claims pursuant to which the Company or any subsidiary derives the interests thereof in such property and assets are in good standing and there has been no material default under any such lease, licence or claim;
- (ff) to the best of the knowledge of the Company, none of the properties (or any interest in, or right to earn an interest in, any property) of the Company or its subsidiaries is subject to any right of first refusal or purchase or acquisition right; and
- (gg) TMX Equity Transfer Services at its principal offices in the City of Toronto has been duly appointed as registrar and transfer agent for the Ordinary Shares.

## **5. Board Position**

- (a) Subject to Sections 5(c) and 5(d) below, the Subscriber shall be entitled to designate one nominee for election or appointment to the board of directors of the Company (the “**Subscriber’s Nominee**”), and the Company agrees to include the Subscriber’s Nominee for election to the board of directors of the Company in each slate of directors presented for purposes of any meeting of shareholders of the Company at which directors of the Company are to be elected, and to take any and all such other commercially reasonable actions as may be required to ensure that the Subscriber’s right in this Section 5(a) is enforced.
- (b) If a Subscriber’s Nominee cannot serve as director of the Company for any reason (including by reason of death or failure to obtain shareholder or required Exchange approval), the Subscriber may designate another nominee. If a Subscriber’s Nominee is elected or appointed as a director of the Company and ceases to be a director for any reason (including by reason of death, resignation or retirement), the Subscriber may, at its option, at any time thereafter, designate a replacement Subscriber’s Nominee to fill the vacancy created and the Company shall take any and all such other commercially reasonable actions as may be required to ensure that a quorum of directors fills the vacancy with the replacement Subscriber’s Nominee as soon as practicable.
- (c) The Subscriber’s right to designate a Subscriber’s Nominee for election or appointment to the board of directors of the Company in accordance with this Section 5 shall continue for so long thereafter as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis.
- (d) For purposes of this Section 5, in connection with the designation of any Subscriber’s Nominee for election or appointment to the board of directors of the Company, it shall be a condition to the Company proceeding with such election or appointment that the Subscriber’s Nominee is at such time an individual legally qualified to serve as a member

of the board of directors of a public company and, as applicable, shall be subject to receipt of any required Exchange approval.

- (e) The Company shall use commercially reasonable efforts to cause the election of the Subscriber's Nominee, including soliciting proxies in favour of the election of the Subscriber's Nominee in the event the Company intends to solicit any such proxies in connection with a meeting of shareholders.
- (f) The Company shall provide written notice to the Subscriber not less than 10 days or more than 30 days prior to the record date for shareholders to receive notice of a shareholders meeting at which directors will be elected. Such notice will include a reasonably detailed request for information regarding the Subscriber's Nominee that is required to be included in an information circular of the Company in respect of the meeting. At least 25 days before such meeting, the Subscriber will deliver to the Company in writing the names of the Subscriber's Nominee together with the information regarding such Subscriber's Nominee requested by the Company in accordance with the preceding sentence (the "**Nominee Letter**"). If the Subscriber fails to deliver the Nominee Letter to the Company at least 25 days before the shareholders meeting, the Subscriber shall be deemed to have nominated the same Subscriber's Nominee that serves as a director of the Company at such time under this Section 6.
- (g) So long as the Subscriber's Nominee serves as a member of the board of directors of the Company, such Subscriber's Nominee shall be eligible to serve on any committee of the board of directors of the Company provided that such Subscriber's Nominee satisfies the eligibility criteria for such committee and the board of directors of the Company has approved, and has received regulatory approval, of the Subscriber's Nominee serving as a member of such committee.
- (h) The Company shall ensure the Subscriber's Nominee shall at all times be appointed to the board of directors of Quebec Iron and shall ensure that all the Company's nominees on the board of directors of Quebec Iron are members of the board of directors of the Company.

## **6. Pre-Emptive Right**

- (a) Subject ASX approval, which the Company hereby undertakes to seek as soon as reasonably practicable after Closing, as long as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis, and except as expressly provided in this Agreement, no Ordinary Shares or securities exchangeable for, exercisable into or convertible into Ordinary Shares shall be issued by the Company and no option or other right for the purchase of or subscription for any Ordinary Shares shall be granted at any time after the date hereof except in compliance with this Section 6.
- (b) Subject to ASX approval and as long as the Subscriber and/or any of its affiliate holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis, if the Company proposes to raise equity through any means, including but not limited to stream agreements, or royalty, issue Ordinary Shares or convertible securities or grant any option or other right for the purchase of or subscription for any Ordinary Shares including without limitation, convertible debt securities directly or indirectly, for cash or cash equivalents (the "**Affected Securities**") pursuant to any new public or private equity financing (a "**Subsequent Offering**"):

- (i) the Company shall have obtained prior written consent from the Subscriber to undertake the Subsequent Offering, such consent not to be unreasonably withheld or delayed;
- (ii) the Company shall offer to each of the Major Shareholders, subject to Exchange approval and compliance with applicable law, the right to subscribe for a number of Affected Securities which would result in the Proportional Interest of each Major Shareholder held immediately prior to such Subsequent Offering being maintained immediately following closing of such Subsequent Offering (the “**Proportionate Entitlement**”);
- (iii) the Company shall deliver a notice disclosing the details of the Subsequent Offering to each Major Shareholder in writing as soon as possible after the determination to proceed with a Subsequent Offering (the “**Sale Notice**”). The Sale Notice shall contain a description of the material terms and conditions of the Subsequent Offering and shall include the subscription price at which the Affected Securities are offered and the date by which the purchase of the Affected Securities by the Major Shareholders is to be completed;
- (iv) each Major Shareholder shall have 10 Business Days from receipt of the Sale Notice (the “**Election Deadline**”) to give written notice to the Company of (i) its intention to purchase any or all of its Proportionate Entitlement of the Affected Securities, and/or, if applicable, (ii) its willingness to purchase more than its Proportionate Entitlement of the Affected Securities, if any other Major Shareholder fails to purchase its entire Proportionate Entitlement;
- (v) where such Subsequent Offering is pursuant to a prospectus offering, the Company shall use commercially reasonable efforts to include the Subscriber’s Proportional Interest for sale as part of such prospectus offering, provided however that if the Subscriber’s Proportional Interest is not included in such prospectus offering, the Company shall use commercially reasonable efforts to provide the Subscriber with the opportunity to subscribe for such Ordinary Shares on a private placement basis within 15 Business Days or as soon as reasonably possible thereafter following the closing of the prospectus offering. Notwithstanding the foregoing, any Affected Securities subscribed for by the Subscriber in the case of a public offering that is a “bought deal” shall be issued on a private placement basis;
- (vi) to the extent any Subsequent Offering involves the issuance of Ordinary Shares to be issued as “flow-through shares”, as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the “**Flow-Through Shares**”), at a price per Flow-Through Share that reflects the premium associated with a flow-through designation, if the Subscriber decides to participate in such Flow-Through Share offering, the Company agrees to negotiate, in good faith, the price at which such Flow-Through Shares will be issued to the Subscriber, taking into consideration that any benefits received by a purchaser of Flow-Through Shares will not be received by the Subscriber;
- (vii) if a Major Shareholder does not elect to purchase its Proportionate Entitlement of the Affected Securities within 2 Business Days following the Election Deadline, any unallocated Affected Securities (the “**Remaining Securities**”) will be divided among the remaining Major Shareholders that indicated a willingness to

purchase Affected Securities in excess of their Proportionate Entitlement (the “**Participating Holders**”) as follows:

- (1) an agreement as may be agreed to by each of the Participating Holders; or
  - (2) failing an agreement referred to in paragraph (1) above, each of the Participating Holders will be entitled to subscribe for a number of Remaining Securities equal to the lower of (i) the number of Affected Securities that such Participating Holder had indicated it was willing to purchase in excess of its Proportionate Entitlement; or (ii) the number of Affected Securities equal to the number of Remaining Securities multiplied by the Proportional Interest of each Participating Holder; and
- (viii) once the Company has satisfied its obligations under this Section 6, nothing herein shall prevent the Company from proceeding with the Subsequent Offering on the same terms and conditions as set out in the Sale Notice.
- (c) The Company shall be entitled to issue additional Ordinary Shares without complying with the provisions of this Section 6 when such Ordinary Shares are being issued:
- (i) upon the exercise of conversion or exchange rights of other securities issued by the Company in compliance with the provisions hereof;
  - (ii) to directors, senior officers, employees and consultants pursuant to the exercise of options granted as of the Closing Date or under any stock option plan adopted by the Company; and
  - (iii) upon the exercise of any share purchase warrants or options already issued by the Company as of the Closing Date.

## **7. Restriction on Stock Option Grants**

- (a) The Company undertakes that for as long as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis it will not grant any stock options unless such grant is unanimously approved by the board of directors of the Company.

## **8. Information Rights**

- (a) Subject to the Subscriber entering into a confidentiality agreement in form and content satisfactory to the Company and the Subscriber and the Company complying with their obligations under applicable laws and regulations, as long as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis, the Company shall furnish to the Subscriber (a) operational reports within 5 days after the end of each month, (b) unaudited financial reports within 5 days after the end of each month, and (c) if the Company is not required to file, or does not file, with securities regulatory authorities or the TSX interim and annual financial statements or similar filings pursuant to applicable law, the Company shall furnish to the Subscriber (A) unaudited financial statements within 60 days after the end of each of the Company’s fiscal quarters (except year end), and (B) audited financial statements within 90 days after the Company’s fiscal year end.



## 9. Closing

- (a) The Subscriber shall complete, sign and deliver to the Company, to the attention of Jorge Estepa, Vice President, Corporate Secretary by email at [jestepa@championiron.com](mailto:jestepa@championiron.com) or by fax at (416) 361-1333 as soon as possible:
  - (i) one completed and executed copy of this Subscription Agreement, provided that if less than a complete copy of this Subscription Agreement is delivered by the Subscriber to the Company, the Company and its advisors are entitled to assume that the Subscriber accepts and agrees to all the terms and conditions of the pages not delivered, unaltered;
  - (ii) if the Subscriber is resident or otherwise subject to the laws of one or more of the Qualifying Jurisdictions in Canada, one completed and executed copy of the Representation Letter in the form attached as Exhibit "1" hereto, as well as two completed and executed copies of the Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix "B" to Exhibit "1", if applicable;
  - (iii) if the Subscriber is resident or otherwise subject to the laws of a jurisdiction outside of Canada and the United States, one completed and executed copy of the Representation Letter in the form attached as Exhibit "1" hereto, and one completed and executed copy of the Offshore Subscribers' Certificate in the form of Exhibit "2" attached hereto, as well as two completed and executed copies of the Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix "B" to Exhibit "1", if applicable;
  - (iv) if the Subscriber is a U.S. Purchaser, one completed and executed copy of the Representation Letter in the form attached as Exhibit "1" hereto, and one completed and executed copy of the U.S. Accredited Investor Certificate in the form of Exhibit "3" attached hereto, as well as two completed and executed copies of the Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix "B" to Exhibit "1", if applicable;
  - (v) any other document required by applicable securities laws and the Exchange which the Company requests;

and shall deliver not later than 2 Business Days prior to the anticipated Closing Date, which Champion shall provide the Subscriber with by way of notice, payment to McCarthy Tétrault LLP, as escrow agent, in accordance with the payment instructions attached as Exhibit "5", for the aggregate subscription price of the Placement Shares subscribed for under this Subscription Agreement or payment of the same amount in such other manner as is acceptable to the Company provided, however, that no funds shall be released from escrow in favour of the Company until all of the conditions set forth in the Initial Subscription Agreements have been satisfied or waived to the satisfaction of the Subscriber and, in the event that the Initial Subscription Agreements are terminated in accordance with their terms prior to Closing, all funds held by the escrow agent pursuant to this Section 9(a) shall be promptly returned to the Subscriber, in accordance with Section 13 hereof.

- (b) The Subscriber, on its own behalf and on behalf of each beneficial subscriber, if any, for whom the Subscriber is contracting under this Agreement, acknowledges that the offer, sale and issuance of the Placement Shares as contemplated by this Agreement is subject

to, among other things, the following conditions being fulfilled or performed on or before the Closing Time:

- (i) the Company obtaining all material approvals, authorizations, consents or other orders of, permits, qualifications, licenses, decrees, filings, registrations or recordings with, any court or Governmental Entity having jurisdiction over the Company or its subsidiaries or the shareholders of the Company, in each case, as is required to complete the offer, sale and issuance of the Placement Shares;
  - (ii) the representations and warranties of the Company and the Subscriber having been true and correct as of the date of this Subscription Agreement and being true and correct at the Closing Time;
  - (iii) a Subscriber's Nominee being appointed to serve as a director of the Company effective at Closing until the next meeting of shareholders of the Company at which the directors of the Company are to be elected; and
  - (iv) Mr. Michael O'Keeffe and the Major Shareholders having entered into an agreement pursuant to which Michael O'Keeffe and his affiliates and their respective successors or heirs, executors, administrators and other legal personal representatives, and permitted assigns will have agreed to provide the Major Shareholders with notice of any proposed sale of Ordinary Shares, and each of the Major Shareholders shall have the right to sell up to its *pro rata* portion of the total number of Ordinary Shares of the Company held by it at the same time and on the same terms as the sale by Michael O'Keeffe.
- (c) The Subscriber, on its own behalf and on behalf of each beneficial subscriber, if any, for whom the Subscriber is acting as agent or trustee, acknowledges and agrees that the documents referred to in Sections 9(a)(ii) to (v), when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Company. The Subscriber and each such beneficial subscriber acknowledges and agrees that this Subscription Agreement, the purchase price for the Placement Shares subscribed for hereunder and any other documents delivered in connection herewith will be held in escrow, as applicable, until Closing.
- (d) The Closing will be held at the offices of the Company's counsel at the Closing Time.
- (e) The Subscriber, on its own behalf and on behalf of each beneficial subscriber, if any, for whom the Subscriber is contracting under this Agreement, acknowledges that the Company may register and issue a non-certificated book position credited to CDS & Co. representing the Placement Shares and in such a case:
- (i) the Subscriber acknowledges and agrees that the certificates representing such securities will be registered in the name of CDS & Co. notwithstanding the registration instructions provided on the face page of this Agreement and the Subscriber will receive only a customer confirmation from a registered dealer who is a CDS Clearing and Depository Services Inc. participant and from whom the Placement Shares are purchased against payment of the aggregate subscription proceeds for the Placement Shares; and

- (ii) registration of interests in and transfers of Placement Shares may be made only through non-certificated book positions, and if so made, the ability of the Subscriber to pledge such securities or otherwise take action with respect to the Subscriber's interest in such securities may be limited due to the lack of a physical certificate.
- (f) The Subscriber acknowledges that, subject to Section 9(e), the certificates representing the Placement Shares will be available for delivery upon Closing against payment of the aggregate subscription price for the Placement Shares provided that the Subscriber has satisfied all applicable requirements of Section 9(a) hereof and the Company has accepted this Subscription Agreement.
- (g) The Company shall be entitled to rely on delivery of a facsimile or scanned copy of executed Subscription Agreements, and acceptance by the Company of such agreements shall be legally effective to create a valid and binding agreement between the Subscriber and the Company in accordance with the terms hereof. Notwithstanding the foregoing, the Subscriber shall deliver originally executed copies of the documents listed in Section 9(a) hereof to the Company. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.

#### **10. Privacy Legislation**

The Subscriber acknowledges and consents to the fact that the Company is collecting the Subscriber's (and any beneficial subscriber for which the Subscriber is contracting hereunder) personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar replacement or supplemental provincial or federal legislation or laws in effect from time to time) for the purpose of completing the Subscriber's subscription. The Subscriber acknowledges and consents to the Company retaining the personal information for so long as permitted or required by applicable law or business practices. The Subscriber further acknowledges and consents to the fact that the Company may be required by applicable securities laws, stock exchange rules and/or the Investment Industry Regulatory Organization of Canada rules to provide regulatory authorities any personal information provided by the Subscriber respecting itself (and any beneficial subscriber for which the Subscriber is contracting hereunder). The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of all beneficial subscribers for which the Subscriber is contracting.

In addition, the Subscriber agrees and acknowledges that:

- (a) the Company may use and disclose its personal information, or that of the beneficial subscriber for whom the Subscriber is contracting hereunder, as follows:
  - (i) for internal use with respect to managing the relationships between and contractual obligations of the Company and the Subscriber or the beneficial subscriber for whom the Subscriber is contracting hereunder,
  - (ii) disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trades and similar regulatory filings,

- (iii) disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure,
  - (iv) disclosure to professional advisers of the Company in connection with the performance of their professional services,
  - (v) disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with its prior written consent,
  - (vi) disclosure to a court determining the rights of the parties under this Agreement, or
  - (vii) for use and disclosure as otherwise required by law;
- (b) the Placement Shares subscribed for hereunder form part of a larger issuance and sale by the Company of Placement Shares as described under Section 2;
  - (c) the Company will deliver certain personal information, including information regarding the name, address, telephone number and amount subscribed for, to the Securities Regulators, including the Ontario Securities Commission and the Exchange;
  - (d) the information is being collected indirectly by the securities regulatory authorities under authority granted to them in securities legislation;
  - (e) the information is being collected for the purposes of the administration and enforcement of such securities legislation;
  - (f) the Subscriber can contact the Administrative Support Clerk at the Ontario Securities Commission at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, (416) 593-3684 for information regarding the collection and use of this personal information by the Ontario Securities Commission;
  - (g) the Company may also be required pursuant to applicable Securities Laws to file this Agreement on SEDAR; and
  - (h) by completing this Agreement, the Subscriber authorizes the indirect collection of the information described in this Section 10 by all applicable Securities Regulators and consents to the disclosure of such information to the public through (i) the filing of a report of trade with all applicable Securities Regulators and (ii) the filing of this Agreement on SEDAR.

#### **11. Nature of subscription**

This subscription is irrevocable except that the Subscriber reserves the right to withdraw this subscription and to terminate its obligations hereunder at any time before the Closing Time if the Initial Subscribers terminate their obligations with respect to this Offering under the Initial Subscription Agreements.

#### **12. Delivery of Placement Shares**

The Subscriber hereby authorizes and directs the Company to deliver certificates representing the Placement Shares either: (a) to the residential or business address indicated on the second page of

this Subscription Agreement; (b) to the residential or business address indicated on the third page of this Subscription Agreement; or (c) directly to the Subscriber's account, if any.

**13. Return of Subscription Funds**

The Subscriber hereby authorizes and directs the Company to return any funds for unaccepted subscriptions or funds returned to the Subscriber under the terms of the Placement Shares to the same account from which the funds were drawn, without interest or penalty, including any customer account maintained with a registered dealer or, as directed by the Subscriber, to another account in accordance with instructions provided by the Subscriber.

**14. Acceptance of Subscription**

This subscription may be accepted in whole or in part by the Company in its sole discretion and the right is reserved to the Company in its sole discretion to allot to any Subscriber a number of Placement Shares that is lower than that subscribed for. Confirmation of acceptance or rejection of this subscription will be forwarded to the Subscriber promptly after the acceptance or rejection of the subscription by the Company. If this subscription is rejected in whole, the funds delivered by the Subscriber under Section 9(a) will be promptly returned to the Subscriber, without interest. If this subscription is accepted only in part, the portion of the purchase price representing that portion of the Placement Shares which is not accepted will be promptly returned to the Subscriber, in accordance with Section 13 hereof.

**15. Conditional upon Approvals**

Without limitation, this subscription and the transactions contemplated hereby are conditional upon and subject to the Company receiving Exchange approval and ASX approval of this subscription and the transactions contemplated hereby.

**16. Assignment**

The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Company and their respective heirs, executors, administrators, successors and assigns. This Subscription Agreement is not transferable or assignable by any party to it.

**17. General**

- (a) This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Subscriber and the Company each irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.
- (b) Time shall be of the essence hereof.
- (c) This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof between the parties hereto except as stated or referred to herein.
- (d) Each party will from time to time at the request of the other party do such further acts and execute and deliver such further instruments, deeds and documents as reasonably required in order to fully perform and carry out the provisions of this Agreement. The

parties agree to act honestly and in good faith in the performance of their respective obligations hereunder.

- (e) The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Placement Shares to the Subscriber shall be borne by the Subscriber.
- (f) The Company will have the right to accept or reject the Subscriber's offer to purchase at any time at or prior to the Closing Time. Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional among other things upon the sale of the Placement Shares to the Subscriber being exempt from any prospectus requirements of all applicable securities laws.
- (g) Subject to subsection (h) below, the covenants, representations and warranties contained herein shall survive the Closing and continue in full force and effect for a period of three years notwithstanding any subsequent disposition or exchange of the Placement Shares.
- (h) Section 5, Section 6, Section 7 and Section 8 contained herein shall, subject to their terms, survive Closing and continue in full force and effect after Closing.
- (i) The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
- (j) The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.

## **EXHIBITS**

**[Redacted for confidentiality reasons]**

## SUBSCRIPTION AGREEMENT

(Canadian, Offshore and United States Subscribers)

**THE SECURITIES BEING OFFERED FOR SALE MAY ONLY BE PURCHASED PURSUANT TO AVAILABLE EXEMPTIONS UNDER APPLICABLE SECURITIES LEGISLATION.**

**TO: Champion Iron Limited (the “Company”)**

The undersigned (hereinafter referred to as the “**Subscriber**”) hereby irrevocably subscribes for and agrees to purchase from the Company the number of ordinary shares of the Company (the “**Placement Shares**”) set forth below, for the aggregate consideration set forth below, representing a subscription price of C\$0.16 per Placement Share (the “**Subscription Price**”); upon and subject to the terms and conditions set forth in “Terms and Conditions of Subscription Agreement for Ordinary Shares of Champion Iron Limited” attached hereto (together with the first three pages hereof and the attached Exhibits, the “**Subscription Agreement**”).

### SUBSCRIPTION AND SUBSCRIBER INFORMATION

*Please print all information (other than signatures), as applicable, in the space provided below*

WC Strategic Opportunity, LP (Name of Subscriber)	Number of Placement Shares: 50,000,000 x C\$0.16
Account Reference (if applicable)	
By: <u>(s) Roy E. Sroka</u> Authorized Signature	Aggregate Subscription Cost: <u>C\$ 8,000,000</u> (the “ <b>Subscription Amount</b> ”)
Chief Financial Officer (Official Capacity or Title – if the Subscriber is not an individual)	<b>Please complete if purchasing as agent or trustee for a principal (beneficial subscriber) and not purchasing as trustee or agent for accounts fully managed by it.</b>
Roy E. Sroka (Name of individual whose signature appears above if different than the name of the subscriber printed above.)	(Name of Beneficial Subscriber)
<u>[REDACTED]</u> (Subscriber’s Address, including Municipality and Province)	(Address of Beneficial Subscriber)
<u>[REDACTED]</u> (Telephone Number)	(Account Reference, if applicable)
<u>[REDACTED]</u> (Email Address)	



<b><u>Account Registration Information:</u></b>
[REDACTED]
(Brokerage Firm)
[REDACTED]
(Account Number)
[REDACTED]
[REDACTED]
[REDACTED]

<b><u>Delivery Instructions as set forth below:</u></b>
[REDACTED]
(Name)
[REDACTED]
(Account Reference, if applicable)
[REDACTED]
(Address)
[REDACTED]
(Contact Name) (Telephone Number)

<p>Number and kind of securities of the Company held, directly or indirectly, by the Subscriber or over which the Subscriber has control or direction (including convertible securities):</p> <p>None <input checked="" type="checkbox"/>; or</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
---

<p>1. State whether Subscriber is an Insider of the Company:</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>2. State whether Subscriber is a member of the Pro Group:</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>3. State whether Subscriber is a Registrant:</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>(Note: A Registrant means a dealer, adviser, investment fund manager, an ultimate designated person or chief compliance officer as those terms are used pursuant to applicable securities laws, or a Person (as defined herein) registered or otherwise required to be registered under applicable securities laws)</p>
---

<p style="text-align: center;"><b><u>INSTRUCTIONS FOR SUBSCRIBERS</u></b></p> <p><b>The Subscriber must:</b></p> <p>(1) <b>Read this Subscription Agreement;</b></p> <p>(2) <b>Complete and execute the face page of this Subscription Agreement;</b></p> <p>(3) <b>Read and complete the Exhibits attached hereto, as applicable, referred to on the face page of this Subscription Agreement;</b></p> <p>(4) <b>Make payment for the Placement Shares as required by Section 9 of the “Terms and Conditions” of Subscription for Ordinary Shares of Champion Iron Limited; and</b></p> <p>(5) <b>Deliver the signed documents as required by such Section 9.</b></p>
--

**ACCEPTANCE:** The Company hereby (i) accepts the above subscription subject to the “Terms and Conditions of Subscription for Ordinary Shares of Champion Iron Limited” contained in this Subscription Agreement; (ii) represents and warrants to the Subscriber that the representations and warranties made by the Company to the Initial Subscribers in the Initial Subscription Agreements (as defined herein) are true and correct as of the date hereof and will be true and correct as of the Closing Time (as defined herein) (except as waived by the Subscriber); and (iii) agrees that the Subscriber is entitled to rely, subject to the limitations and other terms of the Initial Subscription Agreements, on the representations and warranties made by the Company to the Initial Subscribers (except as waived by the Subscriber) and on the covenants made by the Company (except as waived or modified by the Subscriber) in the Initial Subscription Agreements, each of which are incorporated by reference in this Subscription Agreement.

Accepted and agreed to this 11<sup>th</sup> day of April, 2016.

**CHAMPION IRON LIMITED**

Per: (s) W. Michael O’Keeffe

Authorized Signatory

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
ORDINARY SHARES OF CHAMPION IRON LIMITED**

**1. Definitions**

“**1933 Act**” means the *United States Securities Act of 1933*, as amended;

“**Acquisition**” has the meaning set forth under Section 4(w) hereto;

“**Agreement**” or “**Subscription Agreement**” means this subscription agreement as the same may be amended, supplemented or restated from time to time;

“**Asset Purchase Agreement**” means the agreement dated December 11, 2015 between, amongst others, the Company, Quebec Iron and Cliffs Quebec Iron Mining ULC pursuant to which Quebec Iron will acquire certain assets related to the iron ore mine and processing facility known as the Bloom Lake Mine and the provincially regulated short-line railway that connects the Bloom Lake Mine to the railway owned by Northern Land Company and certain mineral claims;

“**ASX**” means the Australian Securities Exchange;

“**Business Day**” means a day on which Canadian chartered banks are open for the transaction of regular business in the City of Montréal, Québec and the City of Toronto, Ontario;

“**C\$**” means lawful money of Canada;

“**Closing**” means the completion of the issue and sale by the Company of the Placement Shares as contemplated by this Subscription Agreement and the Initial Subscription Agreements;

“**Closing Date**” means the date on which the vendors and the Company, pursuant to the terms of the Asset Purchase Agreement, deliver the Conditions Certificate (as such term is defined under the Asset Purchase Agreement) confirming in writing that the conditions of closing under the Asset Purchase Agreement have been satisfied and/or waived, which date, in any event, shall not be later than April 22, 2016;

“**Closing Time**” means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company may determine;

“**Corporations Act**” means the *Australian Corporations Act 2001* (Cth);

“**Exchange**” means the Toronto Stock Exchange;

“**Governmental Entity**” means any (i) international, multinational, federal, provincial, states, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agent or authority of any of the foregoing or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency (including the Securities Regulators) or self-regulatory organization (including the Exchange), exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Initial Subscribers**” means, collectively, Andrews Capital Ltd. and Prospect AG Trading Pty. Ltd.;

**“Initial Subscription Agreements”** means, collectively, the subscription agreement entered into between the Company and each of the Initial Subscribers in connection with their commitment to purchase Placement Shares and as amended from time to time, provided, however, that any such amendments are subject to obtaining the prior written consent from the Subscriber, such consent not to be unreasonably withheld or delayed.

**“Major Shareholders”** means, collectively, the Subscriber, Resources Capital Fund VI LP and Ressources Québec Inc.

**“Material Adverse Change”** means any change, condition, event or development that, when considered individually or in the aggregate, has resulted in, or could reasonably be expected to result in, a material adverse change in the activities, assets, liabilities (absolute, accrued, contingent or otherwise), operations, properties, results of operation, prospects or condition (financial or otherwise) of the Company, its subsidiaries or the Purchased Assets, taken as a whole, and, to the knowledge of the Company, there currently exists no actual, alleged or anticipated event, occurrence, condition or act which may (or would with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in such a material adverse change.

**“NI 45-106”** means National Instrument 45-106 entitled *Prospectus Exemptions*;

**“Ordinary Shares”** means the unlimited number of ordinary shares which may be issued by the Company from time to time as constituted on the date hereof;

**“Person”** means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, a government or an agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

**“Proportional Interest”** means the fraction which has as its numerator the number of Ordinary Shares owned or controlled, directly or indirectly, by the Subscriber or any of its affiliates and which has as its denominator the total number of Ordinary Shares held by all shareholders of Champion Iron Limited;

**“Purchased Assets”** has the meaning ascribed to such term under the Asset Purchase Agreement;

**“Qualifying Jurisdictions”** means, collectively, all of the provinces of Canada except Québec;

**“Quebec Iron”** means Quebec Iron Ore Inc. (a wholly-owned subsidiary of the Company);

**“Regulation S”** means Regulation S under the 1933 Act;

**“Securities Laws”** means, collectively, all applicable securities legislation of each of the Selling Jurisdictions and the respective rules and regulations under such laws together with applicable published instruments, policies, notices and orders of the Securities Regulators;

**“Securities Regulators”** means the securities commissions or other securities regulatory authorities of all of the Selling Jurisdictions or the relevant Selling Jurisdiction as the context so requires;

**“Selling Jurisdiction”** means, in the case of any Subscriber, the province of Canada or other jurisdiction in which such Subscriber is resident;

**“Shareholder Approval”** means the Company obtaining such approvals from its shareholders as required by law, including the ASX listing rules and the Exchange listing rules, in order for the Company to conduct the placement of the Placement Shares as contemplated by this document;

**“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

**“U.S. Accredited Investor”** has the meaning set forth under Section 3(k)(i) hereto; and

**“U.S. Purchasers”** means any person (a) purchasing securities on behalf of, or for the account or benefit of, any person in the United States, (b) who receives or received an offer to acquire the securities while in the United States, and (c) who is in the United States at the time such person's buy order was made or this subscription agreement was executed or delivered.

## **2. Terms of the Offering**

- (a) The Subscriber confirms (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) its irrevocable subscription for and, subject to certain exceptions, agreement to purchase the Placement Shares, as substituted purchaser for the Initial Subscribers, and hereby tenders the aggregate Subscription Amount, which, upon satisfaction or waiver of the conditions herein and upon acceptance by the Company, will constitute a binding agreement of the Subscriber with the Company to purchase from the Company, and, on the part of the Company, to sell to the Subscriber, the Placement Shares subscribed for, on and subject to the terms and conditions set out in this Subscription Agreement, for the Subscription Amount which is payable as described in Section 9 hereto.
- (b) The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that this subscription is subject to rejection or allotment by the Company, in whole or in part.
- (c) The Placement Shares subscribed hereunder are part of an offering by the Company anticipated to be of up to 187,500,000 Placement Shares for anticipated aggregate gross proceeds of up to C\$30 million (the **“Offering”**) in which Andrews Capital Ltd. and Prospect AG Trading Pty. Ltd. have agreed to subscribe for an aggregate of 93,750,000 Placement Shares, subject to their right to arrange for “substituted purchasers” and to assign their rights and obligations with regards to such Placement Shares. The net proceeds from the Offering shall be used on the Closing Date by the Company to fund the Acquisition and for working capital and general corporate purposes.
- (d) Subject to the terms and conditions of this Subscription Agreement, the Initial Subscribers, by accepting this subscription (in whole or in part) will assign, and the Subscriber will assume the Initial Subscribers’ right and obligation to purchase from the Company the number of Placement Shares subscribed for hereby (in whole or in part), subject to the Company’s acceptance of this subscription, and the Company will sell such Placement Shares directly to the Subscriber.
- (e) The Subscriber acknowledges that it is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement.

### 3. Acknowledgements, Representations, Warranties and Covenants of the Subscriber

By executing this Subscription Agreement, the Subscriber, on its own behalf and, if applicable, on behalf of the others for whom it is contracting hereunder, acknowledges, represents, warrants and covenants to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

- (a) it is purchasing the Placement Shares directly from the Company;
- (b) it has been independently advised as to restrictions with respect to trading in the Placement Shares imposed by applicable Securities Laws in the jurisdiction in which it resides, confirms that no representation has been made to it by or on behalf of the Company or the Initial Subscribers with respect thereto, acknowledges that it is aware of the characteristics of the Placement Shares, the risks relating to an investment therein, and that it may not be able to resell the Placement Shares until the expiration of the applicable hold period except in accordance with limited exemptions under applicable securities legislation and regulatory policy and it agrees that any certificates representing the Placement Shares will bear a legend indicating that the sale of such securities is restricted. The Subscriber further acknowledges that it should consult its own legal counsel in its jurisdiction for full particulars of applicable resale restrictions;
- (c) it has not received, nor has it requested, nor does it have any need to receive, any prospectus, sales or advertising literature, offering memorandum or any other document describing the business and affairs of the Company which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Placement Shares, and it has not become aware of any advertisement in printed public media, radio, television or telecommunications, including electronic display such as the Internet with respect to the distribution of the Placement Shares;
- (d) it has relied solely upon publicly available information relating to the Company and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Company except as expressly set forth herein;
- (e) it is purchasing the Placement Shares as principal or deemed to be purchasing as principal in accordance with applicable Securities Laws, it is resident of, or otherwise subject to the laws of, the jurisdiction disclosed under "Subscriber's Address" on the second page of this Agreement, and it fully complies with the criteria set forth below:
  - (i) it is resident in or otherwise subject to applicable securities legislation of a Qualifying Jurisdiction in Canada and it is an "accredited investor" as such term is defined in NI 45-106 and it has concurrently executed and delivered to the Company a Representation Letter in the form attached as Exhibit "1" to this Subscription Agreement and, if applicable, it has concurrently executed and delivered, **in duplicate**, to the Company a Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix "B" to Exhibit "1"; or
  - (ii) it is not a resident in or otherwise subject to applicable securities legislation of a Qualifying Jurisdiction in Canada; however, it is an "accredited investor" as such term is defined in NI 45-106 and it has concurrently executed and delivered to the Company a Representation Letter in the form attached as Exhibit "1" to this Subscription Agreement and, if applicable, it has concurrently executed and

delivered, **in duplicate**, to the Company a Risk Acknowledgement Form For Certain Individual Accredited Investor in the form attached as Appendix “B” to Exhibit “1”, and it has concurrently executed and delivered to the Company either the Offshore Subscribers’ Certificate in the form attached as Exhibit “2” or the U.S. Accredited Investor Certificate in the form attached as Exhibit “3” to this Subscription Agreement;

- (f) if it is acting on behalf of one or more beneficial subscribers, it is duly authorized to enter into this Subscription Agreement and to execute all documentation in connection with the purchase on behalf of each beneficial subscriber, each of whom is named under “Name of Beneficial Subscriber” on the second page of this Agreement, and to provide and agree to all of the Subscriber’s representations, warranties and covenants on behalf of such beneficial subscribers. This Agreement has been duly authorized, executed and delivered by or on behalf of each of such beneficial subscribers and constitutes a legal, valid and binding agreement of such beneficial subscribers enforceable against each of them in accordance with its terms;
- (g) as of the date of this Agreement, the Subscriber and its affiliates, directly or indirectly, owned the number of securities of the Company indicated at page 3 of this Agreement;
- (h) it acknowledges that:
  - (i) unless the context otherwise requires, references to the Subscriber in this Subscription Agreement are to the Subscriber and any beneficial subscriber on whose behalf the Subscriber is contracting for hereunder as agent or trustee;
  - (ii) no prospectus has been filed with any Securities Regulator in connection with the Offering and no Securities Regulator has reviewed or passed on the merits of the Placement Shares;
  - (iii) there is no government or other insurance covering the Placement Shares;
  - (iv) there are restrictions on the Subscriber’s ability to resell the Placement Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Placement Shares;
  - (v) the Company has advised the Subscriber that the Company is relying on an exemption from the requirement to provide the Subscriber with a prospectus under the applicable Securities Laws and, as a consequence of acquiring securities pursuant to such an exemption:
    - (1) certain protections, rights and remedies provided by applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the Subscriber;
    - (2) the Subscriber may not receive information that would otherwise be required to be given under the Securities Laws of the Qualifying Jurisdictions, and
    - (3) the Initial Subscribers and the Company are relieved from certain obligations that would otherwise apply under the Securities Laws of the Qualifying Jurisdictions;

- (vi) **AN INVESTMENT IN THE PLACEMENT SHARES INVOLVES A HIGH DEGREE OF RISK AND THE SUBSCRIBER MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**
- (vii) no Person has made any written or oral representation to the Subscriber:
  - (1) that any Person will resell or repurchase the Placement Shares;
  - (2) that any Person will refund the purchase price of the Placement Shares, or
  - (3) as to the future price or value of any Placement Shares or Ordinary Shares;
- (viii) the Company may complete additional financings in the future in order to develop the business of the Company and fund its ongoing development, and such future financings may have a dilutive effect on current shareholders or securityholders of the Company, including the Subscriber;
- (ix) the offer, issuance, sale and delivery of the Placement Shares is conditional upon such sale being exempt from the prospectus and registration requirements in connection with the distribution of the Placement Shares under the Securities Laws or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus;
- (x) in purchasing the Placement Shares, the Subscriber has not relied upon any verbal or written representation, including any investor presentation delivered to Subscribers, as to any fact or otherwise made by or on behalf of the Company or the Initial Subscribers or any of their respective employees, agents or affiliates or any other person associated therewith; the Initial Subscribers and each of their respective officers, directors, employees, agents and representatives, as applicable, and their legal counsel assume no responsibility or liability of any nature whatsoever for the accuracy or adequacy of the publicly available information available to the Subscribers or as to whether all information concerning the Company required to be disclosed by the Company or filed by the Company under Securities Laws has been disclosed or filed; the Subscriber acknowledges that the decision to purchase the Placement Shares was made solely on the basis of currently available public information and this Subscription Agreement;
- (xi) the Company has the right to accept or reject the Subscriber's subscription in whole or in part; and
- (xii) the Company's counsel and the Initial Subscribers' counsel are acting as counsel to the Company and to the Initial Subscribers, respectively, and not as counsel to the Subscriber;
- (i) it is aware that the Placement Shares have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States and that these securities may not be offered or sold in the United States without registration under the 1933 Act or compliance with requirements of an exemption from registration under the 1933 Act and the applicable laws of all applicable states of the United States and acknowledges that the



Company has no present intention of filing a registration statement under the 1933 Act in respect of the Placement Shares;

- (j) unless it has executed and delivered the U.S. Accredited Investor Certificate attached as Exhibit “3” hereto, it and beneficial subscriber, if any:
  - (i) is not, and is not purchasing the Placement Shares on behalf of or for the account or benefit of, a U.S. Purchaser or a person in the United States;
  - (ii) was not offered the Placement Shares in the United States, and the individuals making the order to purchase the Placement Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed or when this Subscription Agreement was executed or delivered;
  - (iii) have no intention to distribute either directly or indirectly any of the Placement Shares in the United States and undertake and agree that it will not offer or sell the Placement Shares in the United States unless such Placement Shares are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that it will not resell the Placement Shares, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;
  - (iv) did not receive the offer to purchase the Placement Shares as a result of any directed selling efforts, as defined in Rule 902 of Regulation S under the 1933 Act; and
  - (v) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the 1933 Act;
- (k) if it is a U.S. Purchaser, it has executed and delivered concurrently herewith Exhibit “3”, U.S. Accredited Investor Certificate, and understand and acknowledges that the offer and sale of the Placement Shares to it by the Company is being made pursuant to available exemptions from the registration requirements of the 1933 Act, and similar exemptions under applicable state securities laws, and that:
  - (i) it is an “accredited investor” within the meaning of such term in Rule 501(a) of Regulation D under the 1933 Act (“**U.S. Accredited Investor**”) and as set forth in Exhibit “3” hereto, and is acquiring the Placement Shares as principal for its own account or for the account of one or more U.S. Accredited Investors for which it is acting as fiduciary or agent, for investment purposes only, and not with any view to resale, distribution or other disposition of the Placement Shares, in violation of United States federal or state securities laws, and it has concurrently herewith completed, executed and delivered Exhibit “3” hereto, which forms a part of this Agreement;
  - (ii) it understands, recognizes and acknowledges that the Placement Shares have not and will not be registered under the 1933 Act or the securities laws of any state of the United States, that the Placement Shares may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws;

- (iii) it acknowledges that it has not purchased the Placement Shares as a result of any “general solicitation” or “general advertising” (as such terms are used in Regulation D under the 1933 Act), including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (iv) it (A) has been afforded full opportunity to request any and all relevant information and to ask questions concerning the offering of the Placement Shares and the business, business plans, finances, management and ownership of the Company, and has received answers to such questions to its full satisfaction, and (B) has been afforded full opportunity to obtain any additional information that the Company can acquire without unreasonable effort or expense that is necessary to evaluate the merits and risks of an investment in the Company;
- (v) it has no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge to such person, or anyone else, the Placement Shares, or any part thereof, or any interest therein, and the Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement;
- (vi) it acknowledges and agrees that the Placement Shares, will be “restricted securities” within the meaning of Rule 144 under the 1933 Act, and therefore may not be offered, sold, pledged or otherwise transferred by it, directly or indirectly, without registration under the 1933 Act and applicable state securities laws, except in compliance with paragraph (vii) below, and the Subscriber understands that the certificates representing the Placement Shares issued to it will, for so long as required by applicable law, contain a legend in respect of such restrictions which is set out in paragraph (viii) below;
- (vii) it agrees that if it decides to offer, sell, transfer or pledge any of the Placement Shares, it will not offer, sell, pledge or otherwise transfer any of such securities, directly or indirectly, unless such offer, sale, pledge or transfer is made, (A) to the Company; (B) outside the United States in an “offshore transaction” (as defined in Regulation S) and otherwise in accordance with Rule 904 of Regulation S and in compliance with applicable local laws and regulations; (C) in accordance with (i) Rule 144A under the 1933 Act, if available, or (ii) Rule 144 under the 1933 Act, if available, and in either case in compliance with applicable state securities laws; or (D) pursuant to another exemption from the registration requirements of the 1933 Act and in compliance with applicable state securities laws;  
  
provided that prior to any transfer pursuant to clause (C) or (D) above (and, if required by the Company or the transfer agent for the Placement Shares, clause (B) above), an opinion of counsel in form and substance reasonably acceptable to the Company is provided to the effect that such transfer does not require registration under the 1933 Act or applicable state securities laws;
- (viii) it understands and acknowledges that, in addition to any other legends identified in this Agreement, upon the original issuance thereof, and until such time as the same is no longer required under applicable requirements of the 1933 Act or applicable state securities laws, certificates representing the Placement Shares

and all certificates issued in exchange therefor or in substitution thereof, shall bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF CHAMPION IRON LIMITED (THE “COMPANY”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY.”

provided, that if any such Placement Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations, the legend may be removed by providing a declaration to the Company and to the transfer agent for the Company, in the form attached as Exhibit “4” to this Agreement or as the Company may prescribe from time to time; and provided, further, that, if the Placement Shares are being sold pursuant to Rule 144 under the 1933 Act, if available, the legend may be removed by delivery to the registrar and transfer agent for the Placement Shares of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws;

- (ix) it consents to the Company making a notation on its records or giving instructions to any transfer agent for the Placement Shares in order to implement the restrictions on transfer set forth herein;
- (x) acknowledges that the Company has no obligation or present intention to file a registration statement under the 1933 Act in respect of resales of the Placement Shares and, accordingly, the Subscriber acknowledges that there are substantial restrictions on the transferability of the Placement Shares and that it will not be possible to readily liquidate its investment in case of any emergency and the Subscriber has not been supplied with any of the information that would be found in the applicable registration statement if Placement Shares were registered under the 1933 Act;

- (xi) is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Company is organized under the laws of Australia; (ii) some or all of the directors and officers may be residents of jurisdictions other than the United States; and (iii) all or a substantial portion of the assets of the Company and said persons may be located outside the United States;
- (xii) it understands and acknowledges that (i) if the Company is ever deemed to be, or to have at any time previously been, an issuer with (A) no or nominal operations and (B) no or nominal assets other than cash and cash equivalents, then Rule 144 under the 1933 Act may be unavailable for resales of the Placement Shares, and (ii) the Company is not obligated to take, and has no present intention of taking, any action to make Rule 144 available for resales of the Placement Shares;
- (xiii) understands and acknowledges that the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
- (xiv) represents and warrants that (a) the funds representing the Subscription Price for the Placement Shares which will be advanced by the Subscriber to the Company will not represent proceeds of crime for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the “**PATRIOT Act**”), and the Subscriber acknowledges that the Company, may in the future be required by law to disclose the Subscriber’s name and other information relating to this Subscription Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act, and (b) no portion of the Subscription Price to be provided by the Subscriber (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity that has not been identified to or by the Subscriber, and it shall promptly notify the Company if the Subscriber discovers that any of such representations ceases to be true and provide the Company with appropriate information in connection therewith; and
- (l) if it is an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;
- (m) this Subscription Agreement has been duly and validly authorized, executed and delivered by and, when accepted by the Company, will constitute a legal, valid, binding and enforceable obligation of the Subscriber;
- (n) if it is a company, partnership, unincorporated association or other entity, it has the legal capacity and competence to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained in order for it to enter into and be bound by this Subscription Agreement and it was not created solely and is not being used solely to purchase or hold securities (i) as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in Section 1.1 of NI 45-106;

- (o) **IT HAS SUCH KNOWLEDGE IN FINANCIAL AND BUSINESS AFFAIRS AS TO BE CAPABLE OF EVALUATING THE MERITS AND RISKS OF ITS INVESTMENT AND IT IS ABLE TO BEAR THE ECONOMIC RISK OF LOSS OF ITS INVESTMENT;**
- (p) it does not act jointly or in concert with any other subscriber for Placement Shares for the purpose of the acquisition of the Placement Shares;
- (q) if required by applicable Securities Laws, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issue of the Placement Shares;
- (r) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber or any agreement to which the Subscriber is a party or by which it is bound, or, if the Subscriber is not an individual, any of the Subscriber's constating documents;
- (s) the Subscriber has obtained independent legal, tax and investment advice with respect to its subscription for these Placement Shares and has been independently advised as to the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement. The Subscriber is not relying on the Company, the Initial Subscribers, their affiliates or counsel to any of them in this regard;
- (t) it acknowledges that all certificates representing the Placement Shares, if applicable, will bear the following restrictive legend required by applicable Securities Laws:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <INSERT DATE THAT IS FOUR (4) MONTHS AND ONE (1) DAY AFTER CLOSING DATE>.”

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (“TSX”); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON TSX.”

- (u) the funds which will be transferred by the Subscriber to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) Act* (Canada) (the “PCMLA”) and *Terrorist Financing Act* (Canada) and the Subscriber acknowledges that the Company may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of the knowledge of the Subscriber, none of the subscription funds to be provided by the Subscriber: (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States, or any other jurisdiction; or (ii) are being tendered on behalf of a person or entity who has not

been identified to the Subscriber. The Subscriber shall promptly notify the Company if the Subscriber discovers that any of such representations ceases to be true, and will provide the Company with appropriate information in connection therewith;

- (v) none of the funds that the Subscriber is using to purchase the Placement Shares are to the knowledge of the Subscriber, proceeds obtained or derived, directly or indirectly, as a result of illegal activities;
- (w) the Subscriber has not received, nor does it expect to receive any financial assistance from the Company, directly or indirectly, in respect of the Subscriber's purchase of Placement Shares;
- (x) the Subscriber has no knowledge of a "material fact" or "material change" (as those terms are defined in the applicable Securities Laws) in the affairs of the Company that has not been generally disclosed to the public;
- (y) the representations and warranties, acknowledgements and covenants of the Subscriber herein are made with the intent that they be relied upon in determining the suitability of a subscriber of Placement Shares and are true and correct at the date of this Subscription Agreement and will be true and correct at the Closing Time and will survive the completion of the issuance of the Placement Shares. The Subscriber undertakes to immediately notify the Company at Champion Iron Limited, 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6, Attention: Jorge Estepa, Vice President, Corporate Secretary, of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time;
- (z) other than the Initial Subscribers and any placement agent that may be engaged by the Initial Subscribers in connection with the Offering, there is no Person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee. If any Person establishes a claim that any fee or other compensation is payable by the Company or the Initial Subscribers to that Person in connection with this subscription for the Placement Shares, the Subscriber covenants to indemnify and hold harmless the Company with respect thereto and with respect to all costs reasonably incurred in the defence thereof; and
- (aa) the Subscriber agrees to indemnify and hold harmless the Company, the Initial Subscribers and their respective directors, officers, employees, agents, advisers and shareholders (for whom the Company holds such rights in trust) from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Company or the Initial Subscribers in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Company or the Initial Subscribers in connection herewith.

#### 4. Representations, Warranties and Covenants of the Company

The Company hereby represents, warrants and covenants and agrees to and with the Subscriber (and acknowledges that the Subscriber is relying thereon) at the date of this Subscription Agreement and at the Closing Time that:

- (a) the Company and each of its subsidiaries is a corporation duly incorporated, continued or amalgamated and validly existing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power and authority and is duly qualified and holds all necessary material permits, licences and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its properties and assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution, winding up, bankruptcy, insolvency, administration or for the appointment of a receiver, administrator, trustee or similar officer of it or any of its assets in any jurisdiction;
- (b) subject to obtaining Shareholder Approval prior to the Closing Time, the Company has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Placement Shares to the Subscriber;
- (c) the Company is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance with all applicable laws, rules and regulations of each such jurisdiction;
- (d) when issued, the Placement Shares will be validly created and issued as fully paid and non-assessable and duly listed on the Exchange;
- (e) subject to obtaining Shareholder Approval prior to the Closing Time, all corporate action on the part of the Company, its directors, and its shareholders necessary for the authorization, execution, delivery, and performance of this Subscription Agreement and the transactions contemplated herein by the Company have been taken. This Subscription Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the enforcement of creditors' rights generally and as limited by laws relating to the availability of equitable remedies;
- (f) subject to obtaining Shareholder Approval prior to the Closing Time, all corporate action on the part of the Company, its directors, and its shareholders necessary for the authorization, execution, delivery, and performance of the Asset Purchase Agreement and the transactions contemplated therein by the Company have been taken. The Asset Purchase Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the enforcement of creditors' rights generally and as limited by laws relating to the availability of equitable remedies;
- (g) the representations and warranties of the Company set forth in the Asset Purchase Agreement are true and correct in all material respects (except where already qualified by materiality, in which case they are true and correct in all respects before giving effect to

such qualification, and except where such representations are given as of a specific date, in which case this shall be true and accurate as of such date only);

- (h) the Company will use its commercially reasonable efforts to comply with all covenants of the Company set forth in the Asset Purchase Agreement and duly, punctually and faithfully perform all of its obligations under the Asset Purchase Agreement;
- (i) no approval, authorization, consent or other order of, permit, qualification, license, decree, and no filing, registration or recording with, any court or Governmental Entity having jurisdiction over the Company or its subsidiaries is required for the performance by the Company of its obligations under this Agreement and the Asset Purchase Agreement, or the consummation of the transactions contemplated hereunder and thereunder, respectively, except as have been or will be obtained or made prior to Closing;
- (j) the Company has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities legislation or otherwise, with the Exchange (or one of its predecessors) or the applicable securities commissions since December 31, 2014 (the “**Disclosure Documents**”). As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable securities laws; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (k) the financial statements of the Company contained in the Disclosure Documents have all been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, accurately reflect the financial position and all material liabilities of the Company as of the date thereof, and no adverse changes in the financial position of the Company have taken place since the date thereof;
- (l) since the date of the latest audited financial statements, no Material Adverse Change has occurred;
- (m) with respect to information set forth in the Disclosure Documents: (i) information relating to the Company’s estimates of mineral resources as at the date they were prepared has been reviewed and verified by the Company or independent consultants to the Company as being consistent with the Company’s mineral resource estimates as at the date they were prepared; (ii) the mineral resource estimates have been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) by or under the supervision of a qualified person as defined therein; (iii) the methods used in estimating the Company’s mineral resources are in accordance with accepted mineral resource estimation practices; and (iv) the Company has duly filed with the securities commissions in compliance with applicable securities laws all technical reports required to be filed with the securities commissions and all such reports comply with the requirements thereof;
- (n) the Company has filed in a timely manner all necessary tax returns and notices and has paid all applicable taxes of whatsoever nature for all tax years prior to the date hereof to the extent that such taxes have become due or have been alleged to be due;



- (o) there is no “material fact” or “material change” (as those terms are defined in applicable securities legislation) in the affairs of the Company that has not been generally disclosed to the public;
- (p) the Company is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of the Company’s knowledge no such actions, suits or proceedings are contemplated or have been threatened;
- (q) there are no judgments against the Company which are unsatisfied, nor are there any consent decrees or injunctions to which the Company is subject;
- (r) the Company is a “reporting issuer” (or equivalent) under the applicable securities laws of each of the provinces of Canada other than Québec and is not in default of any requirement under applicable securities laws; and the Company is not included on a list of defaulting reporting issuers or equivalent list, as applicable, maintained by the securities commissions in the jurisdictions in which such lists are maintained; and no order, ruling or determination having the effect of suspending the sale or ceasing the trading of any securities of the Company has been issued or made by any securities commissions or the Exchange and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the Company’s knowledge, contemplated or threatened by any such authority;
- (s) no order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued and remains outstanding against the Company or its directors, officers or promoters and no investigations or proceedings for such purposes are pending or threatened;
- (t) the execution and delivery of, and the performance of the terms of, this Subscription Agreement by the Company, including the issue of the Placement Shares to the Subscriber pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Company;
- (u) the certificates evidencing the Placement Shares, if any, will be delivered at the Closing Time;
- (v) the Company is not in violation of any term of its articles or by-laws or any of its constating documents. The Company is not in violation of any term or provision of any material agreement, indenture or other instrument to which it is a party or that is applicable to it, which would result in any Material Adverse Change;
- (w) the Company shall use the net proceeds from the sale of the Placement Shares to fund the acquisition by Quebec Iron Ore Inc. (a wholly-owned subsidiary of the Company) of certain assets related to the iron ore mine and processing facility known as the Bloom Lake Mine and the provincially regulated short-line railway that connects the Bloom Lake Mine to the railway owned by Northern Land Company (the “**Acquisition**”) and for working capital and general corporate purposes;
- (x) the Company and each of its subsidiaries as disclosed in the Disclosure Documents holds all requisite licences, leases, registrations, qualifications, permits and consents necessary or appropriate for carrying on its business as currently carried on and all such licences, leases, registrations, qualifications, permits and consents are valid and subsisting and in good standing in all material respects except where the failure to hold such licences, leases, registrations, qualifications, permits and consents would not result in a Material

Adverse Change. In particular, without limiting the generality of the foregoing, neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or adverse modification of any material mining or exploration permit, licence or lease, nor have any of them received notice of the revocation or cancellation of, or any intention to revoke or cancel, any mining claims, groups of claims, exploration rights, concessions or leases with respect to any of the resource properties described in the Disclosure Documents where such revocation or cancellation would result in a Material Adverse Change;

- (y) the Company and its subsidiaries hold either freehold title, mining leases, mining concessions, mining rights licenses, mining claims or participating interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which a particular property described in the Disclosure Documents is located (collectively, “**Mining Rights**”), in respect of the ore bodies and minerals located in properties in which the Company and its subsidiaries have an interest as described in the Disclosure Documents under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company or the applicable subsidiary to explore, develop or carry on production of, the minerals relating thereto, as applicable; all property, leases or claims in which the Company or any subsidiary has an interest or right have been validly located and recorded in accordance in all material respects with all applicable laws and are valid and subsisting except where the failure to be so would not result in a Material Adverse Change; the Company and its subsidiaries have all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which the Company and its subsidiaries have an interest as described in the Disclosure Documents granting the Company or applicable subsidiary the right and ability to explore for, develop, or carry on production of, as applicable, minerals, ore and metals for such purposes as are appropriate in view of the rights and interest therein of the Company or the applicable subsidiary, with only such exceptions as do not materially interfere with the use made by the Company or the applicable subsidiary of the rights or interest so held; and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of the Company or a subsidiary except where the failure to be so would not result in a Material Adverse Change. The Mining Rights in respect of the Company’s properties, as disclosed in the Disclosure Documents, constitute a description of all material Mining Rights held by the Company and its subsidiaries;
- (z) except as disclosed in the Disclosure Documents, the Company and its subsidiaries are the absolute legal and beneficial owners of, or hold a good and valid leasehold or other contractual interest or title to, all of the material property or assets thereof as described in the Disclosure Documents, and no other Mining Rights are necessary for the conduct of the business of the Company or any subsidiary as currently conducted, none of the Company or any subsidiary knows of any claim or the basis for any claim that might or could materially and adversely affect the right thereof to use or otherwise exploit such Mining Rights currently held by the Company and its subsidiaries and, except as disclosed in the Disclosure Documents, none of the Company or any subsidiary has any responsibility or obligation to pay any material commission, royalty, licence fee or similar payment to any person with respect to the Mining Rights thereof;
- (aa) except as disclosed in the Disclosure Documents, there are no claims with respect to native rights currently, or to the best of the knowledge of the Company, pending or

threatened with respect to any of the material properties of the Company or its subsidiaries;

- (bb) other than for the Acquisition, none of the Company or any subsidiary has approved, is contemplating, has entered into any agreement in respect of, or has any knowledge of: (A) the purchase of any property material to the Company or assets or any interest therein or the sale, transfer or other disposition of any property material to the Company or assets or any interest therein currently owned, directly or indirectly, by the Company or any subsidiary whether by asset sale, transfer of shares or otherwise; or (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Company or any subsidiary or otherwise) of the Company or any subsidiary;
- (cc) other than as disclosed in the Disclosure Documents, no acquisitions or dispositions have been made by the Company or any subsidiary in the three most recently completed fiscal years that are “significant acquisitions” or “significant dispositions”, or multiple acquisitions that are not otherwise significant or related, and none of the Company or any subsidiary is a party to any contract with respect to any transaction that would constitute a “probable acquisition”;
- (dd) the Company and each of its subsidiaries owns or has the right to use under license, sub-license or otherwise all material intellectual property used by the Company and its subsidiaries in its business, including copyrights, industrial designs, trade marks, trade secrets, knowhow and proprietary rights, free and clear of any and all encumbrances;
- (ee) any and all of the agreements and other documents and instruments pursuant to which the Company and its subsidiaries hold the property and assets thereof (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, neither the Company nor any subsidiary is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and claims pursuant to which the Company or any subsidiary derives the interests thereof in such property and assets are in good standing and there has been no material default under any such lease, licence or claim;
- (ff) to the best of the knowledge of the Company, none of the properties (or any interest in, or right to earn an interest in, any property) of the Company or its subsidiaries is subject to any right of first refusal or purchase or acquisition right; and
- (gg) TMX Equity Transfer Services at its principal offices in the City of Toronto has been duly appointed as registrar and transfer agent for the Ordinary Shares.
- (hh) the Subscriber shall have the benefit of the representations, warranties and covenants made by the Company to the Initial Subscribers and set forth in the Initial Subscription Agreements. Such representations, warranties and covenants shall form an integral part of this Subscription Agreement and shall survive the Closing of the purchase and sale of the Placement Shares and shall continue in full force and effect for the benefit of the Subscriber in accordance with the terms of the Initial Subscription Agreements. In the event of a conflict between the provisions of this Subscription Agreement and the provisions of the Initial Subscription Agreements, the provisions of this Subscription Agreement shall prevail; and

- (ii) all of the representations, warranties and covenants made by the Company to the Initial Subscribers and set forth in the Initial Subscription Agreements therein shall be satisfied or waived to the satisfaction of the Subscriber.

## 5. **Board Position**

- (a) Subject to Sections 5(c) and 5(d) below, the Subscriber shall be entitled to designate one nominee for election or appointment to the board of directors of the Company (the “**Subscriber’s Nominee**”), and the Company agrees to include the Subscriber’s Nominee for election to the board of directors of the Company in each slate of directors presented for purposes of any meeting of shareholders of the Company at which directors of the Company are to be elected, and to take any and all such other commercially reasonable actions as may be required to ensure that the Subscriber’s right in this Section 5(a) is enforced.
- (b) If a Subscriber’s Nominee cannot serve as director of the Company for any reason (including by reason of death or failure to obtain shareholder or required Exchange approval), the Subscriber may designate another nominee. If a Subscriber’s Nominee is elected or appointed as a director of the Company and ceases to be a director for any reason (including by reason of death, resignation or retirement), the Subscriber may, at its option, at any time thereafter, designate a replacement Subscriber’s Nominee to fill the vacancy created and the Company shall take any and all such other commercially reasonable actions as may be required to ensure that a quorum of directors fills the vacancy with the replacement Subscriber’s Nominee as soon as practicable.
- (c) The Subscriber’s right to designate a Subscriber’s Nominee for election or appointment to the board of directors of the Company in accordance with this Section 5 shall continue for so long thereafter as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis.
- (d) For purposes of this Section 5, in connection with the designation of any Subscriber’s Nominee for election or appointment to the board of directors of the Company, it shall be a condition to the Company proceeding with such election or appointment that the Subscriber’s Nominee is at such time an individual legally qualified to serve as a member of the board of directors of a public company and, as applicable, shall be subject to receipt of any required Exchange approval.
- (e) The Company shall use commercially reasonable efforts to cause the election of the Subscriber’s Nominee, including soliciting proxies in favour of the election of the Subscriber’s Nominee in the event the Company intends to solicit any such proxies in connection with a meeting of shareholders.
- (f) The Company shall provide written notice to the Subscriber not less than 10 days or more than 30 days prior to the record date for shareholders to receive notice of a shareholders meeting at which directors will be elected. Such notice will include a reasonably detailed request for information regarding the Subscriber’s Nominee that is required to be included in an information circular of the Company in respect of the meeting. At least 25 days before such meeting, the Subscriber will deliver to the Company in writing the names of the Subscriber’s Nominee together with the information regarding such Subscriber’s Nominee requested by the Company in accordance with the preceding sentence (the “**Nominee Letter**”). If the Subscriber fails to deliver the Nominee Letter to the Company at least 25 days before the shareholders meeting, the Subscriber shall be

deemed to have nominated the same Subscriber's Nominee that serves as a director of the Company at such time under this Section 5.

- (g) So long as the Subscriber's Nominee serves as a member of the board of directors of the Company, such Subscriber's Nominee shall be eligible to serve on any committee of the board of directors of the Company provided that such Subscriber's Nominee satisfies the eligibility criteria for such committee and the board of directors of the Company has approved, and has received regulatory approval, of the Subscriber's Nominee serving as a member of such committee.
- (h) The Company shall ensure the Subscriber's Nominee shall at all times be appointed to the board of directors of Quebec Iron and shall ensure that all the Company's nominees on the board of directors of Quebec Iron are members of the board of directors of the Company.

## 6. Pre-Emptive Right

- (a) Subject ASX approval, which the Company hereby undertakes to seek as soon as reasonably practicable after Closing, as long as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis, and except as expressly provided in this Agreement, no Ordinary Shares or securities exchangeable for, exercisable into or convertible into Ordinary Shares shall be issued by the Company and no option or other right for the purchase of or subscription for any Ordinary Shares shall be granted at any time after the date hereof except in compliance with this Section 6.
- (b) Subject to ASX approval and as long as the Subscriber and/or any of its affiliate holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis, if the Company proposes to raise equity through any means, including but not limited to stream agreements, or royalty, issue Ordinary Shares or convertible securities or grant any option or other right for the purchase of or subscription for any Ordinary Shares including without limitation, convertible debt securities directly or indirectly, for cash or cash equivalents (the "**Affected Securities**") pursuant to any new public or private equity financing (a "**Subsequent Offering**");
  - (i) the Company shall have obtained prior written consent from the Subscriber to undertake the Subsequent Offering, such consent not to be unreasonably withheld or delayed;
  - (ii) the Company shall offer to each of the Major Shareholders, subject to Exchange approval and compliance with applicable law, the right to subscribe for a number of Affected Securities which would result in the Proportional Interest of each Major Shareholder held immediately prior to such Subsequent Offering being maintained immediately following closing of such Subsequent Offering (the "**Proportionate Entitlement**");
  - (iii) the Company shall deliver a notice disclosing the details of the Subsequent Offering to each Major Shareholder in writing as soon as possible after the determination to proceed with a Subsequent Offering (the "**Sale Notice**"). The Sale Notice shall contain a description of the material terms and conditions of the Subsequent Offering and shall include the subscription price at which the Affected Securities are offered and the date by which the purchase of the Affected Securities by the Major Shareholders is to be completed;

- (iv) each Major Shareholder shall have 10 Business Days from receipt of the Sale Notice (the “**Election Deadline**”) to give written notice to the Company of (i) its intention to purchase any or all of its Proportionate Entitlement of the Affected Securities, and/or, if applicable, (ii) its willingness to purchase more than its Proportionate Entitlement of the Affected Securities, if any other Major Shareholder fails to purchase its entire Proportionate Entitlement;
- (v) where such Subsequent Offering is pursuant to a prospectus offering, the Company shall use commercially reasonable efforts to include the Subscriber’s Proportional Interest for sale as part of such prospectus offering, provided however that if the Subscriber’s Proportional Interest is not included in such prospectus offering, the Company shall use commercially reasonable efforts to provide the Subscriber with the opportunity to subscribe for such Ordinary Shares on a private placement basis within 15 Business Days or as soon as reasonably possible thereafter following the closing of the prospectus offering. Notwithstanding the foregoing, any Affected Securities subscribed for by the Subscriber in the case of a public offering that is a “bought deal” shall be issued on a private placement basis;
- (vi) to the extent any Subsequent Offering involves the issuance of Ordinary Shares to be issued as “flow-through shares”, as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the “**Flow-Through Shares**”), at a price per Flow-Through Share that reflects the premium associated with a flow-through designation, if the Subscriber decides to participate in such Flow-Through Share offering, the Company agrees to negotiate, in good faith, the price at which such Flow-Through Shares will be issued to the Subscriber, taking into consideration that any benefits received by a purchaser of Flow-Through Shares will not be received by the Subscriber;
- (vii) if a Major Shareholder does not elect to purchase its Proportionate Entitlement of the Affected Securities within 2 Business Days following the Election Deadline, any unallocated Affected Securities (the “**Remaining Securities**”) will be divided among the remaining Major Shareholders that indicated a willingness to purchase Affected Securities in excess of their Proportionate Entitlement (the “**Participating Holders**”) as follows:
  - (1) an agreement as may be agreed to by each of the Participating Holders; or
  - (2) failing an agreement referred to in paragraph (1) above, each of the Participating Holders will be entitled to subscribe for a number of Remaining Securities equal to the lower of (i) the number of Affected Securities that such Participating Holder had indicated it was willing to purchase in excess of its Proportionate Entitlement; or (ii) the number of Affected Securities equal to the number of Remaining Securities multiplied by the Proportional Interest of each Participating Holder; and
- (viii) once the Company has satisfied its obligations under this Section 6, nothing herein shall prevent the Company from proceeding with the Subsequent Offering on the same terms and conditions as set out in the Sale Notice.
- (c) The Company shall be entitled to issue additional Ordinary Shares without complying with the provisions of this Section 6 when such Ordinary Shares are being issued:

- (i) upon the exercise of conversion or exchange rights of other securities issued by the Company in compliance with the provisions hereof;
- (ii) to directors, senior officers, employees and consultants pursuant to the exercise of options granted as of the Closing Date or under any stock option plan adopted by the Company; and
- (iii) upon the exercise of any share purchase warrants or options already issued by the Company as of the Closing Date.

## **7. Restriction on Stock Option Grants**

- (a) The Company undertakes that for as long as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis it will not grant any stock options unless such grant is unanimously approved by the board of directors of the Company.

## **8. Information Rights**

- (a) Subject to the Subscriber entering into a confidentiality agreement in form and content satisfactory to the Company and the Subscriber and the Company complying with their obligations under applicable laws and regulations, as long as the Subscriber and/or any of its affiliates holds, directly or indirectly, an equity ownership interest of at least 10% in the Company calculated on a non-diluted basis, the Company shall furnish to the Subscriber (a) operational reports within 5 days after the end of each month, (b) unaudited financial reports within 5 days after the end of each month, and (c) if the Company is not required to file, or does not file, with securities regulatory authorities or the TSX interim and annual financial statements or similar filings pursuant to applicable law, the Company shall furnish to the Subscriber (A) unaudited financial statements within 60 days after the end of each of the Company's fiscal quarters (except year end), and (B) audited financial statements within 90 days after the Company's fiscal year end

## **9. Closing**

- (a) The Subscriber shall complete, sign and deliver to the Company, to the attention of Jorge Estepa, Vice President, Corporate Secretary by email at [jestepa@championiron.com](mailto:jestepa@championiron.com) or by fax at (416) 361-1333 as soon as possible:
  - (i) one completed and executed copy of this Subscription Agreement, provided that if less than a complete copy of this Subscription Agreement is delivered by the Subscriber to the Company, the Company and its advisors are entitled to assume that the Subscriber accepts and agrees to all the terms and conditions of the pages not delivered, unaltered;
  - (ii) if the Subscriber is resident or otherwise subject to the laws of one or more of the Qualifying Jurisdictions in Canada, one completed and executed copy of the Representation Letter in the form attached as Exhibit "1" hereto, as well as two completed and executed copies of the Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix "B" to Exhibit "1", if applicable;
  - (iii) if the Subscriber is resident or otherwise subject to the laws of a jurisdiction outside of Canada and the United States, one completed and executed copy of the

Representation Letter in the form attached as Exhibit “1” hereto, and one completed and executed copy of the Offshore Subscribers’ Certificate in the form of Exhibit “2” attached hereto, as well as two completed and executed copies of the Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix “B” to Exhibit “1”, if applicable;

- (iv) if the Subscriber is a U.S. Purchaser, one completed and executed copy of the Representation Letter in the form attached as Exhibit “1” hereto, and one completed and executed copy of the U.S. Accredited Investor Certificate in the form of Exhibit “3” attached hereto, as well as two completed and executed copies of the Risk Acknowledgement Form For Certain Individual Accredited Investors in the form attached as Appendix “B” to Exhibit “1”, if applicable;
- (v) any other document required by applicable securities laws and the Exchange which the Company requests;

and shall deliver not later than 2 Business Days prior to the anticipated Closing Date, which Champion shall provide the Subscriber with by way of notice, payment to McCarthy Tétrault LLP, as escrow agent, in accordance with the payment instructions attached as Exhibit “5”, for the aggregate subscription price of the Placement Shares subscribed for under this Subscription Agreement or payment of the same amount in such other manner as is acceptable to the Company provided, however, that no funds shall be released from escrow in favour of the Company until all of the conditions set forth in the Initial Subscription Agreements have been satisfied or waived to the satisfaction of the Subscriber and, in the event that the Initial Subscription Agreements are terminated in accordance with their terms prior to Closing, all funds held by the escrow agent pursuant to this Section 9(a) shall be promptly returned to the Subscriber, in accordance with Section 13 hereof.

- (b) The Subscriber, on its own behalf and on behalf of each beneficial subscriber, if any, for whom the Subscriber is contracting under this Agreement, acknowledges that the offer, sale and issuance of the Placement Shares as contemplated by this Agreement is subject to, among other things, the following conditions being fulfilled or performed on or before the Closing Time:
  - (i) the Company obtaining all material approvals, authorizations, consents or other orders of, permits, qualifications, licenses, decrees, filings, registrations or recordings with, any court or Governmental Entity having jurisdiction over the Company or its subsidiaries or the shareholders of the Company, in each case, as is required to complete the offer, sale and issuance of the Placement Shares;
  - (ii) the closing conditions contained in the Initial Subscription Agreements being satisfied or waived by the Company or the Subscriber, as applicable;
  - (iii) the representations and warranties of the Company and the Subscriber having been true and correct as of the date of this Subscription Agreement and being true and correct at the Closing Time;
  - (iv) a Subscriber’s Nominee being appointed to serve as a director of the Company effective at Closing until the next meeting of shareholders of the Company at which the directors of the Company are to be elected; and



- (v) Mr. Michael O’Keeffe and the Major Shareholders having entered into an agreement pursuant to which Michael O’Keeffe and his affiliates and their respective successors or heirs, executors, administrators and other legal personal representatives, and permitted assigns will have agreed to provide the Major Shareholders with notice of any proposed sale of Ordinary Shares, and each of the Major Shareholders shall have the right to sell up to its *pro rata* portion of the total number of Ordinary Shares of the Company held by it at the same time and on the same terms as the sale by Michael O’Keeffe.
- (c) The Subscriber, on its own behalf and on behalf of each beneficial subscriber, if any, for whom the Subscriber is acting as agent or trustee, acknowledges and agrees that the documents referred to in Sections 9(a)(ii) to (v), when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Company. The Subscriber and each such beneficial subscriber acknowledges and agrees that this Subscription Agreement, the purchase price for the Placement Shares subscribed for hereunder and any other documents delivered in connection herewith will be held in escrow, as applicable, until such time as the conditions set out in the Initial Subscription Agreements are satisfied by the Company or waived by the Subscriber.
- (d) The Closing will be held at the offices of the Company’s counsel at the Closing Time.
- (e) The Subscriber, on its own behalf and on behalf of each beneficial subscriber, if any, for whom the Subscriber is contracting under this Agreement, acknowledges that the Company may register and issue a non-certificated book position credited to CDS & Co. representing the Placement Shares and in such a case:
  - (i) the Subscriber acknowledges and agrees that the certificates representing such securities will be registered in the name of CDS & Co. notwithstanding the registration instructions provided on the face page of this Agreement and the Subscriber will receive only a customer confirmation from a registered dealer who is a CDS Clearing and Depository Services Inc. participant and from whom the Placement Shares are purchased against payment of the aggregate subscription proceeds for the Placement Shares; and
  - (ii) registration of interests in and transfers of Placement Shares may be made only through non-certificated book positions, and if so made, the ability of the Subscriber to pledge such securities or otherwise take action with respect to the Subscriber’s interest in such securities may be limited due to the lack of a physical certificate.
- (f) The Subscriber acknowledges that, subject to Section 9(e), the certificates representing the Placement Shares will be available for delivery upon Closing against payment of the aggregate subscription price for the Placement Shares provided that the Subscriber has satisfied all applicable requirements of Section 9(a) hereof and the Company has accepted this Subscription Agreement.
- (g) The Company and the Initial Subscribers shall be entitled to rely on delivery of a facsimile or scanned copy of executed Subscription Agreements, and acceptance by the Company of such agreements shall be legally effective to create a valid and binding agreement between the Subscriber and the Company in accordance with the terms hereof. Notwithstanding the foregoing, the Subscriber shall deliver originally executed copies of

the documents listed in Section 9(a) hereof to the Company. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.

#### **10. Privacy Legislation**

The Subscriber acknowledges and consents to the fact that the Company is collecting the Subscriber's (and any beneficial subscriber for which the Subscriber is contracting hereunder) personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar replacement or supplemental provincial or federal legislation or laws in effect from time to time) for the purpose of completing the Subscriber's subscription. The Subscriber acknowledges and consents to the Company retaining the personal information for so long as permitted or required by applicable law or business practices. The Subscriber further acknowledges and consents to the fact that the Company may be required by applicable securities laws, stock exchange rules and/or the Investment Industry Regulatory Organization of Canada rules to provide regulatory authorities any personal information provided by the Subscriber respecting itself (and any beneficial subscriber for which the Subscriber is contracting hereunder). The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of all beneficial subscribers for which the Subscriber is contracting.

In addition, the Subscriber agrees and acknowledges that:

- (a) the Company may use and disclose its personal information, or that of the beneficial subscriber for whom the Subscriber is contracting hereunder, as follows:
  - (i) for internal use with respect to managing the relationships between and contractual obligations of the Company, the Initial Subscribers and the Subscriber or the beneficial subscriber for whom the Subscriber is contracting hereunder,
  - (ii) disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trades and similar regulatory filings,
  - (iii) disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure,
  - (iv) disclosure to professional advisers of the Company in connection with the performance of their professional services,
  - (v) disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with its prior written consent,
  - (vi) disclosure to a court determining the rights of the parties under this Agreement, or
  - (vii) for use and disclosure as otherwise required by law;
- (b) the Placement Shares subscribed for hereunder form part of a larger issuance and sale by the Company of Placement Shares as described under Section 2;

- (c) the Company will deliver certain personal information, including information regarding the name, address, telephone number and amount subscribed for, to the Securities Regulators, including the Ontario Securities Commission and the Exchange;
- (d) the information is being collected indirectly by the securities regulatory authorities under authority granted to them in securities legislation;
- (e) the information is being collected for the purposes of the administration and enforcement of such securities legislation;
- (f) the Subscriber can contact the Administrative Support Clerk at the Ontario Securities Commission at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, (416) 593-3684 for information regarding the collection and use of this personal information by the Ontario Securities Commission;
- (g) the Company may also be required pursuant to applicable Securities Laws to file this Agreement on SEDAR; and
- (h) by completing this Agreement, the Subscriber authorizes the indirect collection of the information described in this Section 10 by all applicable Securities Regulators and consents to the disclosure of such information to the public through (i) the filing of a report of trade with all applicable Securities Regulators and (ii) the filing of this Agreement on SEDAR.

#### **11. Nature of subscription**

This subscription is irrevocable except that the Subscriber reserves the right to withdraw this subscription and to terminate its obligations hereunder at any time before the Closing Time if the Initial Subscribers terminate their obligations with respect to this Offering under the Initial Subscription Agreements.

#### **12. Delivery of Placement Shares**

The Subscriber hereby authorizes and directs the Company to deliver certificates representing the Placement Shares either: (a) to the residential or business address indicated on the second page of this Subscription Agreement; (b) to the residential or business address indicated on the third page of this Subscription Agreement; or (c) directly to the Subscriber's account, if any.

#### **13. Return of Subscription Funds**

The Subscriber hereby authorizes and directs the Company to return any funds for unaccepted subscriptions or funds returned to the Subscriber under the terms of the Placement Shares to the same account from which the funds were drawn, without interest or penalty, including any customer account maintained with a registered dealer or, as directed by the Subscriber, to another account in accordance with instructions provided by the Subscriber.

#### **14. Acceptance of Subscription**

This subscription may be accepted in whole or in part by the Company in its sole discretion and the right is reserved to the Company in its sole discretion to allot to any Subscriber a number of Placement Shares that is lower than that subscribed for. Confirmation of acceptance or rejection of this subscription will be forwarded to the Subscriber promptly after the acceptance or rejection of the subscription by the Company. If this subscription is rejected in whole, the funds delivered

by the Subscriber under Section 9(a) will be promptly returned to the Subscriber, without interest. If this subscription is accepted only in part, the portion of the purchase price representing that portion of the Placement Shares which is not accepted will be promptly returned to the Subscriber, in accordance with Section 13 hereof.

**15. Conditional upon Approvals**

Without limitation, this subscription and the transactions contemplated hereby are conditional upon and subject to the Company receiving Exchange approval and ASX approval of this subscription and the transactions contemplated hereby.

**16. Assignment**

The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Company and their respective heirs, executors, administrators, successors and assigns. This Subscription Agreement is not transferable or assignable by any party to it.

**17. General**

- (a) This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Subscriber and the Company each irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.
- (b) Time shall be of the essence hereof.
- (c) This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof between the parties hereto except as stated or referred to herein.
- (d) Each party will from time to time at the request of the other party do such further acts and execute and deliver such further instruments, deeds and documents as reasonably required in order to fully perform and carry out the provisions of this Agreement. The parties agree to act honestly and in good faith in the performance of their respective obligations hereunder.
- (e) The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Placement Shares to the Subscriber shall be borne by the Subscriber.
- (f) The Company will have the right to accept or reject the Subscriber's offer to purchase at any time at or prior to the Closing Time. Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional among other things upon the sale of the Placement Shares to the Subscriber being exempt from any prospectus requirements of all applicable securities laws.
- (g) Subject to subsection (h) below, the covenants, representations and warranties contained herein shall survive the Closing and continue in full force and effect for a period of three years notwithstanding any subsequent disposition or exchange of the Placement Shares.

- (h) Section 5, Section 6, Section 7 and Section 8 contained herein shall, subject to their terms, survive Closing and continue in full force and effect after Closing.
- (i) The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
- (j) The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.

## **EXHIBITS**

**[Redacted for confidentiality reasons]**

# GUIDE

**This guide does not form part of the prescribed form and is included by ASIC to assist you in completing and lodging form 603.**

## Signature

This form must be signed by either a director or a secretary of the substantial holder.

## Lodging period

Nil

## Lodging Fee

Nil

## Other forms to be completed

Nil

## Additional information

- (a) If additional space is required to complete a question, the information may be included on a separate piece of paper annexed to the form.
- (b) This notice must be given to a listed company, or the responsible entity for a listed managed investment scheme. A copy of this notice must also be given to each relevant securities exchange.
- (c) The person must give a copy of this notice:
  - (i) within 2 business days after they become aware of the information; or
  - (ii) by 9.30 am on the next trading day of the relevant securities exchange after they become aware of the information if:
    - (A) a takeover bid is made for voting shares in the company or voting interests in the scheme; and
    - (B) the person becomes aware of the information during the bid period.

## Annexures

To make any annexure conform to the regulations, you must

- 1 use A4 size paper of white or light pastel colour with a margin of at least 10mm on all sides
- 2 show the corporation name and ACN or ARBN
- 3 number the pages consecutively
- 4 print or type in BLOCK letters in dark blue or black ink so that the document is clearly legible when photocopied
- 5 identify the annexure with a mark such as A, B, C, etc
- 6 endorse the annexure with the words:  
*This is annexure (mark) of (number) pages referred to in form (form number and title)*
- 7 sign and date the annexure  
The annexure must be signed by the same person(s) who signed the form.