

Form 604

Corporations Act 2001
Section 671 B

Notice of change of interests of substantial holder

To Company Name/Scheme	Champion Iron Limited
ACN/ARSN	34 119 770 142

1. Details of substantial holder(1)

Name	William Michael O'Keeffe
ACN/ARSN (if applicable)	

There was a change in the interests of the substantial holder on	12 April 2016
The previous notice was given to the company on	5 May 2015
The previous notice was dated	4 May 2015

2. Previous and present 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 when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary Shares	11,401,930	5.79%	33,276,930	8.62%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
12 April 2016	Prospect AG Trading Ply Limited	Acquisition of Ordinary Shares pursuant to private placement (see Annexure A)	CAD3,500,000	21,875,000	21,875,000

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
William Michael O'Keeffe	UBS Wealth Management	Prospect AG Trading Ply Limited	Power to exercise control over voting and disposal of securities (section 608(1))	5,321,651 Ordinary Shares	5,321,651
William Michael O'Keeffe	Prospect AG Trading Ply Limited	N/A	Power to exercise control over voting and disposal of securities (section 608(1))	24,055,279 Ordinary Shares	24,055,279
William Michael O'Keeffe	Eastbourne DP Pty Limited	N/A	Power to exercise control over voting and disposal of securities (section 608(1))	3,500,000 Ordinary Shares	3,500,000
William Michael O'Keeffe	CIP Subsidiary Ply Limited	N/A	Power to exercise control over voting and disposal of securities (section 608(1))	400,000 Ordinary Shares	400,000

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

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

6. Addresses

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

Name	Address
William Michael O'Keeffe	Apt 2701, 6 Mariners Dr, Townsville, Queensland 4810
UBS Wealth Management	Level 6, Chifley Tower, 2 Chifley Square, Sydney
Eastbourne Pty Limited	91 Evans Street, Rozelle, NSW 2039
CIP Subsidiary Pty Limited	91 Evans Street, Rozelle, NSW 2039
Prospect AG Trading Pty Limited	91 Evans Street, Rozelle, NSW 2039

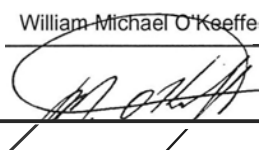
Signature

print name

William Michael O'Keeffe

capacity: Individual

sign here



Date 12 April 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 6 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 6718(7) of the Corporations Act 2001.
 - (4) The voting shares of a company constitute one class unless divided into separate classes.
 - (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
 - (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 6718(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.
- (7) 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.
 - (8) If the substantial holder is unable to determine the identify of the person (eg. if the relevant interest arises because of an option) write "unknown".
 - (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

ANNEXURE A TO FORM 604

This is Annexure A referred to in Form 604 in respect of Champion Iron Limited and signed by me and dated:

print name William Michael O'Keeffe

capacity Individual;

sign here

date 12 April 2016

A handwritten signature in black ink, appearing to read 'W. M. O'Keeffe', is written over a horizontal line.

**AMENDMENT TO THE SUBSCRIPTION AGREEMENT
DATED AS OF APRIL 7, 2016**

AMONG:

CHAMPION IRON LIMITED (“Champion”)

- and -

PROSPECT AG TRADING PTY LTD. (“Prospect”)

WHEREAS Champion and Prospect are parties to a subscription agreement dated as of December 11, 2015 (the “**Subscription Agreement**”) pursuant to which Prospect agreed to subscribe for ordinary shares in the capital of Champion;

WHEREAS the parties wish to amend certain provisions of the Subscription Agreement to reflect certain changes relating to the contemplated closing date of the subscription and to one of the closing conditions;

WHEREAS the Parties have agreed to enter into this Amendment to the Subscription Agreement to give effect to the amendment as aforesaid;

NOW, THEREFORE in consideration of covenants and agreements herein contained and other good and valuable consideration, the receipt and efficiency of which are hereby acknowledged, the Parties hereto do hereby covenant and agree to amend the Subscription Agreement as follows:

1. DEFINITIONS

In this Amendment to the Subscription Agreement, unless there is something in the context or subject matter inconsistent therewith the defined terms have the meaning ascribed thereto pursuant to the Subscription Agreement.

2. AMENDMENTS

The Parties hereto agree that the Subscription Agreement is amended as follows:

2.1 The definition of “Closing Date” at Section 1.1 of the Subscription Agreement is revoked and replaced in its entirety with the following:

“**Closing Date**” means the date on which the Vendors (as such term is defined under the Asset Purchase Agreement) and Québec Iron, 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.”

2.2 Section 2(b) of the Subscription Agreement is revoked and replaced it in its entirety with the following:

“(b) The Placement Shares that the Subscriber undertakes to subscribe to 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. (collectively, the “**Initial Subscribers**”), subject to certain exceptions, have agreed to subscribe for an aggregate of 93,750,000 Placement Shares, in equal proportion, for aggregate gross proceeds of C\$15 million, subject to the terms and conditions of this Agreement, for Placement Shares directly from the Company. 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.”

2.3 Section 5 (c) (vi) of the Subscription Agreement is revoked and replaced it in its entirety with the following:

“(vi) Ressources Québec inc. agreeing in writing to invest at least C\$14 million in Quebec Iron directly or in syndicate with other potential participants from the private sector.”

3. GENERAL PROVISIONS

This Amendment to the Subscription Agreement shall be read as forming an integral part of the Subscription Agreement and as otherwise provided herein, the Subscription Agreement shall remain in full force and effect and the terms and conditions thereof are hereby ratified and confirmed.

4. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

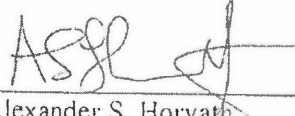
5. GOVERNING LAW

This 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 Parties irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.

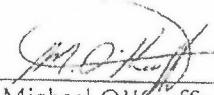
(Signatures on following page)

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CHAMPION IRON LIMITED

By: 
Alexander S. Horvath
Chief Operating Officer

PROSPECT AG TRADING PTY LTD

By: 
Michael O'Keeffe
President

Initial Subscribers

CHAMPION IRON LIMITED
SUBSCRIPTION AGREEMENT – CANADIAN AND OFFSHORE SUBSCRIBERS
ORDINARY SHARES

IMPORTANT

The following items in this Subscription Agreement have been completed (please initial each applicable box):

ALL SUBSCRIBERS:

- ☐ Complete and sign the **Execution Page** of the Subscription Agreement (pages 2 and 3)
- ☐ Complete and sign **Exhibit “1”** attached to the Subscription Agreement (pages 26-30); and
- ☐ If relying on a category of the “accredited investor” exemption for which it is required, complete and sign, **in duplicate, Appendix “B” to Exhibit “1”** attached to the Subscription Agreement (pages 31-32)

OFFSHORE SUBSCRIBERS (NON-U.S. AND NON-CANADIAN) ONLY:

- ☐ Complete and sign **Exhibit “2”** attached to the Subscription Agreement (pages 33 and 35)

SUBSCRIPTION AGREEMENT

(Canadian and Offshore Subscribers)


THE SECURITIES BEING OFFERED FOR SALE MAY ONLY BE PURCHASED BY CANADIAN RESIDENTS AND OFFSHORE RESIDENTS 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, subject to certain exceptions, 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

(Name of Subscriber)
Prospect AG Trading Pty. Ltd.
Account Reference (if applicable)
By:  Authorized Signature
(Official Capacity or Title – if the Subscriber is not an individual)
Director
(Name of individual whose signature appears above if different than the name of the subscriber printed above.)
W.M. O'KEEFFE
(Subscriber's Address, including Municipality and Province)
91 Evans St. Rozelle NSW 2039
Australia
(Telephone Number)
(Email Address)

Number of Placement Shares: 46,875,000 x C\$0.16
Aggregate Subscription Cost: C\$7,500,000 (the "Subscription Amount")

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.

(Name of Beneficial Subscriber)
(Address of Beneficial Subscriber)
(Account Reference, if applicable)

Account Registration Information:

(Brokerage Firm)

(Account Number)

Delivery Instructions as set forth below:

Prospect A.G. Trading Pty. Ltd.

(Name)

CIA &

(Account Reference, if applicable)

CIA

(Address)

91 Evans St, Rozelle NSW 2039

(Contact Name)

(Telephone Number)

Australia

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):

None ☐; or

1. State whether Subscriber is an Insider of the Company:

Yes ☒ No ☐

2. State whether Subscriber is a member of the Pro Group:

Yes ☒ No ☐

3. State whether Subscriber is a Registrant:

Yes ☒ No ☐

(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)

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.

INSTRUCTIONS FOR SUBSCRIBERS**The Subscriber must:**

- (1) Read this Subscription Agreement;
- (2) Complete and execute the face page of this Subscription Agreement;
- (3) Read and complete the Exhibits attached hereto, as applicable, referred to on the face page of this Subscription Agreement;
- (4) Make payment for the Placement Shares as required by Section 5 of the "Terms and Conditions of Subscription for Ordinary Shares of Champion Iron Limited"; and
- (5) Deliver the signed documents as required by such Section 5.

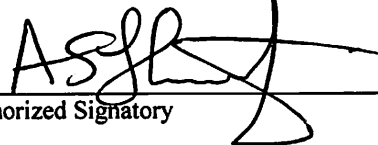
ACCEPTANCE: The Company hereby (i) accepts the above subscription subject to the "Terms and Conditions of Subscription for Ordinary Shares of Champion Iron Limited" contained in this Subscription Agreement; and (ii) represents and warrants to the Subscriber and the Substituted Purchasers (as defined herein), if any, 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 day of DECEMBER, 2015

CHAMPION IRON LIMITED

Per: _____

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(z) 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 on or about the date of this document 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 earlier than January 5, 2016 or later than March 31, 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 and the Subscriber may mutually agree;

"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;

“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;

“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;

“Substituted Purchasers” has the meaning set forth under Section 2(d) hereto;

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

“U.S. Purchasers” means any person (a) purchasing securities on behalf of, on 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) Subject to Section 2(d), the Subscriber confirms (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) its 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 5 hereto.
- (b) The Placement Shares that the Subscriber undertakes to subscribe to hereunder are part of an offering by the Company anticipated to be of up to 218,750,000 Placement Shares for anticipated aggregate gross proceeds of up to C\$25 million (the “**Offering**”) in which Andrews Capital Ltd. and Prospect AG Trading Pty. Limited (collectively, the “**Initial Subscribers**”), subject to certain exceptions, have agreed to subscribe for an aggregate of 93,750,000 Placement Shares, in equal proportion, for aggregate gross proceeds of C\$15 million, subject to the terms and conditions of this Agreement, for Placement Shares directly from the Company. 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.
- (c) 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.
- (d) Subject to terms and conditions set out in this Agreement, the Company acknowledges that the Subscriber may also engage one or more agents or dealers to find substituted purchasers (the “**Substituted Purchasers**”) to purchase all or a portion of the Placement Shares directly from the Company, in which case the Subscriber’s rights and obligations hereunder will be assigned to such Substituted Purchasers and the Subscriber’s obligation to purchase the Placement Shares will be reduced accordingly; provided, however, that the Subscriber shall be obligated to purchase all of the Placement Shares subscribed for hereunder not purchased on the Closing Date by Substituted Purchasers.

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 Corporation an Offshore Subscribers' Certificate in the form attached as Exhibit "2" 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) if it engages one or more agents or dealers to find Substituted Purchasers to purchase all or a portion of the Placement Shares directly from the Company, it will make necessary arrangements to ensure that:
 - (i) in Canada, the Placement Shares are sold on a private placement basis to “accredited investors” as defined under NI 45-106 in compliance with all applicable Canadian securities laws such that the offer and sale of the Placement Shares does not require the Company to file a prospectus or any other offering document, or to deliver an offering memorandum or other offering document to any person under applicable Canadian securities laws without the necessity of obtaining an order or ruling from any Canadian securities commission or similar regulatory authorities;
 - (ii) in Australia, the Placement Shares are sold on a private placement basis to “sophisticated investors” and “professional investors” (within the meaning of sections 708(8) and 708(11) of the Corporations Act, respectively) such that the offer does not require disclosure under Part 6D of the Corporations Act;
 - (iii) if any Substituted Purchaser is a U.S. Purchaser, it will ensure that the Placement Shares are sold to such Substituted Purchaser that is also an “accredited investor” within the meaning of such term in Rule 501(a) of Regulation D under the 1933 Act on a private placement basis pursuant to an available exemption from the registration requirements of the 1933 Act and similar exemptions under applicable state securities laws such that the offer and sale of the Placement Shares does not require the Company to file an effective registration statement with the United States Securities and Exchange Commission;
 - (iv) in any other country, the Placement Shares are only sold to investors such that a prospectus or any other offering document or filing is not required pursuant to the laws of any other jurisdiction into which the Placement Shares are placed;
- (h) if it engages one or more agents or dealers to find Substituted Purchasers to purchase all or a portion of the Placement Shares directly from the Company, it will make necessary arrangements to ensure that an executed subscription agreement and all other applicable forms, reports, undertakings and documentation required under the applicable securities laws (which applicable forms, reports, undertakings and documentation shall be provided by the Company) are obtained from each purchaser of Placement Shares;
- (i) 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;
- (j) 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) 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; and
- (x) the Company's counsel is acting as counsel to the Company and not as counsel to the Subscriber;
- (k) 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;

- (l) it is not a U.S. Purchaser and is not acquiring the Placement Shares for the account or benefit of a U.S. Person or a person in the United States;
- (m) the Placement Shares have not been offered to the Subscriber 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;
- (n) it 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;
- (o) 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;
- (p) it undertakes and agrees 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;
- (q) 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;
- (r) 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;
- (s) **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;**
- (t) 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;
- (u) 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, any of the Subscriber's constating documents;

- (v) 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;
- (w) 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.”

- (x) 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;
- (y) 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;
- (z) 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;
- (aa) except for the Acquisition, 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;
- (bb) the Subscriber agrees that by accepting, at Closing, the Placement Shares, the Subscriber shall be representing and warranting that such representations and warranties, acknowledgements and covenants are true as at the Closing Time with the same force and

effect as if they had been made by the Subscriber at the Closing Time. 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;

- (cc) to the knowledge of the Subscriber, there is no Person acting or purporting to act on behalf of the Subscriber in connection with the transactions contemplated herein who is entitled to be paid by the Company any brokerage or finder's fee. If any Person acting on behalf of the Subscriber establishes a claim that any fee or other compensation is payable by the Company to such Person in connection with this subscription for the Placement Shares by the Subscriber, 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
- (dd) 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. Acknowledgements, Representations, Warranties and Covenants of the Company

By executing this Subscription Agreement, the Company acknowledges, represents, warrants and covenants to the Subscriber (and acknowledges that the Subscriber and its counsel are 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 and the Compensation Options (as hereinafter defined) 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 Company has provided to the Subscriber a true and complete copy of the up to date Asset Purchase Agreement, including all schedules and exhibits thereto, and related agreements signed concurrently therewith;
- (h) 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);
- (i) 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;
- (j) if the Subscriber engages one or more agents or dealers to find Substituted Purchasers to purchase all or a portion of the Placement Shares directly from the Company, the Company will use all commercially reasonable efforts to ensure that an executed subscription agreement and all other applicable forms, reports, undertakings and documentation required under the applicable securities laws (which applicable forms, reports, undertakings and documentation shall be provided by the Company) are obtained from each purchaser of Placement Shares;
- (k) 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 issuance and sale of the Ordinary Shares issuable upon due exercise of the Compensation Options and, upon payment and delivery of the exercise price therefor and the issuance, delivery and countersigning of the certificates for such Ordinary Shares by the Company's transfer

agent, such Ordinary Shares will be validly issued and fully paid and non-assessable Ordinary Shares;

- (l) 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;
- (m) 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;
- (n) 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;
- (o) since the date of the latest audited financial statements, no Material Adverse Change has occurred;
- (p) 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;
- (q) 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;
- (r) 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;

- (s) 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;
- (t) there are no judgments against the Company which are unsatisfied, nor are there any consent decrees or injunctions to which the Company is subject;
- (u) 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;
- (v) 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;
- (w) 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;
- (x) the certificates evidencing the Placement Shares, if any, will be delivered at the Closing Time;
- (y) 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;
- (z) 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;
- (aa) 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 Prospectus where such revocation or cancellation would result in a Material Adverse Change;

- (bb) 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 Prospectus 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;
- (cc) 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 Prospectus, 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;
- (dd) 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;
- (ee) 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;

- (ff) 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”;
- (gg) 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;
- (hh) 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;
- (ii) to the best of its knowledge, 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
- (jj) 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. 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 or by fax at (416) 361-1333:
 - (i) as of the date hereof:
 - (1) 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;

- (2) 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;
 - (3) 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;
- (ii) as soon as possible and, in any event, not later than five business days prior to the Closing Date, any other document required by applicable securities laws and the Exchange which the Company requests;
- (b) The Subscriber shall deliver to the address indicated in Section 5(a) above, at any time prior to 5:00 p.m. (Toronto time) on the day that is five business days prior to the Closing Date, payment to McCarthy Tétrault LLP, as escrow agent, in accordance with the payment instructions attached as Exhibit "3", 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 Section 5(c) herein have been satisfied or waived to the satisfaction of the Subscriber and, in the event that this Agreement is terminated in accordance with its terms prior to Closing, all funds held by the escrow agent pursuant to this Section 5(b) shall be promptly returned to the Subscriber, in accordance with Section 10 hereof.

For greater certainty, the Subscriber shall be liable to provide payment for the aggregate subscription price of all the Placement Shares subscribed for under this Subscription Agreement, including payment of any Placement Shares to be purchased by Substituted Purchasers under the terms of this Agreement.

- (c) The obligation of the Subscriber to purchase the Placement Shares at the Closing Time 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 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;
 - (ii) the representations and warranties of the Company set forth in this Agreement being true and correct in all material respects (except where already qualified by materiality, in which case they shall be true and correct in all respects before

giving effect to such qualification) at the date hereof and as at the Closing Time, as if made at such time (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);

- (iii) the Company having fulfilled or complied with, in all material respects, all covenants contained in this Subscription Agreement required to be fulfilled or complied with by it;
 - (iv) the Company having obtained conditional acceptance of the Exchange for the listing of the Placement Shares, subject only to the filing of documents in accordance with the requirements of the Exchange;
 - (v) Shareholder Approval;
 - (vi) Investissement Quebec (or another entity owned or controlled by the Government of Quebec as lead arranger or otherwise) agreeing in writing to invest at least C\$20 million in Quebec Iron directly or in syndicate with other potential participants from private sector;
 - (vii) there being no termination or announcement of a termination of the Asset Purchase Agreement, and the closing conditions in the Asset Purchase Agreement having been satisfied or waived to the satisfaction of the Subscriber, acting reasonably;
 - (viii) the aggregate price to be paid by the Company for the Purchased Assets not exceeding C\$10.5 million;
 - (ix) no Material Adverse Change having occurred;
 - (x) the Company having executed and delivered a certificate of a senior officer addressed to the Subscriber and its counsel certifying the foregoing; and
 - (xi) the Company having executed and delivered a certificate of a senior officer addressed to the Subscriber and its counsel, in form and substance satisfactory to the Subscriber, acting reasonably, with respect to the constating documents and by-laws of the Company, all corporate resolutions and other corporate action relating to this Agreement, the incumbency and specimen signatures of signing officers of the Company, and such other matters as the Subscriber may reasonably request;
- (d) 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 5(a)(i)(2) to (ii), 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.
- (e) The Closing will be held at the offices of the Company's counsel at the Closing Time.

- (f) 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.
- (g) The Subscriber acknowledges that, subject to Section 5(f), 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 5(a) hereof and the Company has accepted this Subscription Agreement.
- (h) 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 5(a) hereof to the Company at least five Business Days prior to the Closing Date. 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.

6. Termination

- (a) The Company agrees that all terms and conditions set forth in Section 5(c) shall be construed as conditions in favour of Subscriber and shall be complied with insofar as they relate to acts to be performed or caused to be performed by it, that it will use its commercially reasonable efforts to cause such conditions to be complied with and that if any such conditions have not been satisfied or waived to the satisfaction of the Subscriber, acting reasonably, on or before March 31, 2016, the Subscriber shall be entitled to terminate its obligations to purchase the Placement Shares by notice to that effect given to the Company. The Subscriber may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to its rights in respect of any other terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Subscriber only if such waiver or extension is in writing and signed by the Subscriber.
- (b) If there should develop, occur or come into effect or existence any event, action, state, or condition or any action, law or regulation, inquiry, including, without limitation, terrorism, accident or major financial, political or economic occurrence of national or international consequence, or any action, government, law, regulation, inquiry or other

occurrence of any nature, which, in the reasonable opinion of the Subscriber, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada or the U.S. or the business, operations or affairs of the Company, or the market price or value of the Company's Ordinary Shares, the Subscriber shall be entitled to terminate its obligations under this Agreement (and the obligations of the Substituted Purchasers arranged by it) by written notice to that effect given to the Company on or prior to the Closing Time.

7. Lock-Up

The Subscriber will not offer to sell, contract to sell or otherwise sell, dispose of, loan, pledge or grant any rights to, or enter into any hedging arrangements with respect to (collectively, a "**Disposition**") any Ordinary Shares, any options or warrants to purchase any Ordinary Shares or other securities of the Company or any securities convertible into or exchangeable for Ordinary Shares (collectively, the "**Securities**"), except the undersigned may make a Disposition of Securities: (a) by way of donation of up to 5% of his or her Ordinary Shares to a registered charity; (b) as may be required by reason of the bankruptcy of the Subscriber; (c) to a personal registered retirement savings plan provided that the transferee has first agreed to be bound by the provisions of this lock-up covenant; (d) by way of pledge or security interest, provided that the pledgee or beneficiary of the security interest has first agreed to be bound by the provisions of this lock-up covenant; (e) pursuant to a bona fide third party take-over bid, merger, plan of arrangement or other similar transaction made to all holders of such Securities, involving a change of control of the Company, or (f) to a wholly-owned corporation provided that the transferee has first agreed to be bound by the provisions of this lock-up covenant.

The foregoing restrictions will terminate after the open of trading of the Ordinary Shares on the 365th day immediately following the closing of the Offering (the "**Lock-Up Period**").

8. 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 6 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.

9. 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.

10. Return of Subscription Funds

In the event that this Agreement is terminated in accordance with its terms prior to the Closing Date, the subscription funds held in escrow pursuant to Section 5(b) must be returned to the Subscriber 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 Subscriber, to another account in accordance with instructions provided by the Subscriber.

11. 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.

12. Assignment and Stipulation for the Benefit of Substituted Purchasers

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 transferable and assignable by the Subscriber to Substituted Purchasers purchasing a portion of the Placement Shares directly from the Company, in which case the Subscriber's obligation to purchase Placement Shares shall be reduced accordingly; provided, however, that the Subscriber shall be obligated to purchase all the Placement Shares subscribed for hereunder not purchased on the Closing Date by Substituted Purchasers.

13. Fees and Expenses

- (a) In connection with its commitment to subscribe for the Placement Shares, each Initial Subscriber will receive from the Company a number of options equal to 100% of the Subscription Amount of such Initial Subscriber to subscribe for an Ordinary Share until February 1, 2020 at a price of C\$0.25 (the "**Compensation Options**"). The right to receive the Compensation Options will be assignable by such Initial Subscriber and the Compensation Options will be transferable subject to applicable securities regulation.
- (b) In the event the Initial Subscribers engage one or more agents or dealers to find Substituted Purchasers to purchase all or a portion of the Placement Shares directly from the Company, the agent or dealer shall receive from the Company a cash fee in an amount equal to 5% of the gross proceeds raised from the sale of Placement Shares to such Substituted Purchasers.
- (c) In the event one or more agents or dealers arrange for subscriptions for additional Ordinary Shares to be offered by the Company under the Offering (in addition to the Placement Shares to which the Initial Subscribers' obligations pertain) (the "**Additional Shares**"), the agent or dealer shall receive from the Company a cash fee in an amount equal to 5% of the gross proceeds raised from the sale of such Additional Shares.
- (d) Except for the compensation described in this Section 13, no fee or commission is payable by the Company in connection with the completion of the Offering, provided that that, whether or not the Offering is completed, the Company shall be responsible for all expenses relating or incidental to the completion of the Offering, including all listing fees

payable to the Exchange, all private placement fees payable to the Securities Regulators, all fees and expenses of the Company's counsel and the Company's auditors and all out-of-pocket expenses of the Company and the Initial Subscribers (including the Initial Subscribers' legal counsels), but excluding all fees and expenses relating or incidental to the offer and sale of the Placement Shares by the Initial Subscribers to Purchasers.

14. 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 by the Subscriber to Purchasers shall be borne by the Subscriber.
- (f) 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.
- (g) 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.
- (h) 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.

EXHIBIT "1"

REPRESENTATION LETTER

(FOR ACCREDITED INVESTORS)

TO: Champion Iron Limited (the "Company")

In connection with the purchase of Placement Shares of the Company by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "Subscriber" for the purposes of this Exhibit "1"), the Subscriber hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

1. the Subscriber is resident or otherwise subject to the laws of Canada;
2. the Subscriber is purchasing the Placement Shares as principal for its own account and not for the benefit of any other person or is deemed to be purchasing as principal pursuant to National Instrument *Prospectus Exemptions* ("NI 45-106");
3. the Subscriber is an "accredited investor" within the meaning of NI 45-106 on the basis that the Subscriber fits within one of the categories of an "accredited investor" reproduced below beside which the Subscriber has indicated the undersigned belongs to such category; and
4. the Subscriber was not created or is not used solely to purchase or hold securities as an accredited investor.

Upon execution of this Exhibit "1" by the Subscriber, this Exhibit "1" shall be incorporated into and form a part of the Subscription Agreement.

Dated: December 11, 2015.

Prospect AG Trading Pty. Ltd.
Print name of Subscriber

By:

[Signature]
Signature

W.M. O'KEEFE
Print name of Signatory (if different from Subscriber)

IMPORTANT: PLEASE INITIAL APPENDIX "A" ON THE NEXT PAGE

APPENDIX "A"
TO EXHIBIT "1"

[PLEASE CHECK THE BOX OF AND INITIAL NEXT TO THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR]

Accredited Investor - (defined in NI 45-106) means:

- ☐ (a) a Canadian financial institution, or a Schedule III bank;
- ☐ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- ☐ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- ☐ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- ☐ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- ☐ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- ☐ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- ☐ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- ☐ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- ☐ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- ☐ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds C\$1,000,000; ***[NOTE: If the Subscriber is relying on this category of Accredited Investor to purchase the Placement Shares, the Subscriber must also complete in duplicate Appendix "B" to Exhibit "1".]***
- ☐ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds C\$5,000,000;
- ☐ (k) an individual whose net income before taxes exceeded C\$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded C\$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; ***[NOTE: If the Subscriber is relying on this category of Accredited Investor to purchase the Placement Shares, the Subscriber must also complete in duplicate Appendix "B" to Exhibit "1".]***

- ☐ (l) an individual who, either alone or with a spouse, has net assets of at least C\$5,000,000; *[NOTE: If the Subscriber is relying on this category of Accredited Investor to purchase the Placement Shares, the Subscriber must also complete in duplicate Appendix "B" to Exhibit "1".]*
- ✱ ☒ (m) a person, other than an individual or investment fund, that has net assets of at least C\$5,000,000 as shown on its most recently prepared financial statements;
- ☐ (n) an investment fund that distributes or has distributed its securities only to (i) a person that is or was an accredited investor at the time of the distribution, (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 *[Minimum amount investment]* or 2.19 *[Additional investment in investment funds]* of NI 45-106, or (iii) a person described in sub-paragraph (i) or (ii) that acquires or acquired securities under section 2.18 *[Investment fund reinvestment]* of NI 45-106;
- ☐ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- ☐ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- ☐ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- ☐ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- ☐ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- ☐ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors *[NOTE: Indicate the category under which each owner of interests, direct, indirect or beneficial, is an accredited investor]:*

[NOTE: For any owner of interests, direct, indirect or beneficial, which is an accredited investor under category (j), (k) or (l), such person must also complete in duplicate Appendix "B" to Exhibit "1".]

- ☐ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- ☐ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- ☐ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse;

For the purposes hereof, the following definitions are included for convenience:

- (a) “bank” means a bank named in Schedule I or II of the *Bank Act* (Canada);
- (b) “Canadian financial institution” means (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) “company” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;
- (d) “financial assets” means (i) cash, (ii) securities, or (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (e) “fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;
- (f) “investment fund” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (g) “person” includes
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons whether incorporated or not, and
 - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.
- (h) “related liabilities” means (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or (ii) liabilities that are secured by financial assets;
- (i) “Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (j) “spouse” means, an individual who, (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (k) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

In NI 45-106 a person or company is an affiliate of another person or company if one of them is a subsidiary of the other, or if each of them is controlled by the same person.

In NI 45-106 and except in Part 2 Division 4 (Employee, Executive Officer, Director and Consultant Exemption) of NI 45-106, a person (first person) is considered to control another person (second person) if (a) the first person

beneficially owns or directly or indirectly exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation, (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

APPENDIX "B"
TO EXHIBIT "1"

RISK ACKNOWLEDGEMENT FORM FOR CERTAIN INDIVIDUAL ACCREDITED INVESTORS

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay
for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

1. About your investment

Type of securities: *Ordinary shares*

Issuer: Champion Iron Limited

Purchased from: Champion Iron Limited (the "Issuer")

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER

2. Risk acknowledgement

This investment is risky. Initial that you understand that:

**Your
initials**

Risk of loss – You could lose your entire investment of \$. [Instruction: Insert the total dollar amount of the investment.]

Liquidity risk – You may not be able to sell your investment quickly – or at all.

Lack of information – You may receive little or no information about your investment.

Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca.

3. Accredited investor status

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.

**Your
initials**

- Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

<ul style="list-style-type: none"> Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	Dealer Rep. Code:
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
<p>Champion Iron Limited 20 Adelaide Street East Suite 200 Toronto, Ontario, M5C 2T6</p> <p>Jorge Estepa Vice President, Corporate Secretary (416) 866-2200 www.championiron.com</p> <p>For more information about prospectus exemptions, contact your local contact information at www.securities-administrators.ca.</p>	

EXHIBIT "2"

OFFSHORE SUBSCRIBER'S CERTIFICATE

**(Subscribers Resident in a Jurisdiction Outside of Canada
and the United States)**

TO: Champion Iron Limited (the "Company")

Prospect AG Trading Pty Ltd (the "Subscriber") represents, covenants and certifies to you that:
(Name of Subscriber)

- (i) the Subscriber (and if acting as agent for a beneficial subscriber, such beneficial subscriber) is not a resident of Canada or the United States or subject to applicable Canadian securities laws and the decision to purchase the Placement Shares was taken in the Subscriber's jurisdiction of residence;
- (ii) the issuance of Placement Shares to the Subscriber (or its beneficial subscriber, if any) may be effected by the Company without the necessity of the filing of a prospectus or any document with or obtaining any approval from or effecting any registration with any governmental entity or similar regulatory authority having jurisdiction over the Subscriber (or its beneficial subscriber, if any) and will not cause the Company to become subject to, or require it to comply with, any disclosure, prospectus, filing, registration or reporting requirements under any applicable laws of the Subscriber's jurisdiction of residence;
- (iii) the Subscriber (and if acting as agent for a beneficial subscriber, such beneficial subscriber) is knowledgeable of, or has been independently advised as to, the application or jurisdiction of the securities laws of the Subscriber's jurisdiction of residence which would apply to the purchase of the Placement Shares (other than the securities laws of Canada and the United States);
- (iv) the Subscriber (and if acting as agent for a beneficial subscriber, such beneficial subscriber), is purchasing the Placement Shares pursuant to exemptions from the prospectus and registration requirements (or their equivalent) under the applicable securities laws of the Subscriber's jurisdiction of residence or, if such is not applicable, each is permitted to purchase the Placement Shares under the applicable securities laws of the Subscriber's jurisdiction of residence without the need to rely on an exemption;
- (v) the Subscriber (and if acting as agent for a beneficial subscriber, such beneficial subscriber), will not sell, transfer, exercise or dispose of the Placement Shares except in accordance with all applicable laws, including applicable securities laws of Canada and the United States, and the Subscriber acknowledges that the Company shall have no obligation to register any such purported sale, transfer, exercise or disposition which violates applicable Canadian or United States securities laws;
- (vi) the issuance of the Placement Shares to the Subscriber (and if the Subscriber is acting as agent for a beneficial subscriber, the issuance to such beneficial subscriber) complies with the requirements of all applicable laws in the jurisdiction of its residence; and
- (vii) the Subscriber will provide such evidence of compliance with all such matters as the Company or its counsel may request.

The Subscriber acknowledges that you are relying on this certificate to determine the Subscriber's suitability as a subscriber of securities of the Company. The Subscriber agrees that the representations, covenants and certifications contained to this certificate shall survive any issuance of securities of the Company to the Subscriber.

Certified at London, this 20th day of November, 2015.

Prospect AG Trading Pty Ltd
(Name of Subscriber)

By: 
(Authorized Signature)

Name: W.M. O'KEEFE

Title: Director

EXHIBIT "3"

PAYMENT INSTRUCTIONS

Account Name:

McCarthy Tétrault LLP
1000, De La Gauchetière Street West
Suite 2500
Montreal, Québec H3B 0A2

BANK	TRUST ACCOUNT
National Bank of Canada 1140, Sherbrooke Street West Montreal, Québec H3A 2S1	Bank Code 006 Transit No. 00731 Account No. 02-113-20 Swift Code BNDCCAMM

Note: Please ensure that the following information is provided:

Complete Client Name: Champion Iron Limited

Client/Matter reference numbers (12 digits): 210599-470387

Lawyer Name: Charles-Antoine Soulière

Our fax number: (514) 875-6246

NOTE: Please instruct the Bank to notify us immediately upon receipt of funds