



**CHAMPION IRON LIMITED**  
**ANNUAL INFORMATION FORM**  
**FOR THE YEAR ENDED MARCH 31, 2016**

June 27, 2016

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## CAUTIONARY STATEMENT

This Annual Information Form (sometimes referred to herein as this “**AIF**”) includes certain “forward-looking information” within the meaning of applicable Canadian securities legislation. All information, other than regarding historical facts, included in this AIF that address activities, events or developments that Champion Iron Limited and its subsidiaries Champion Iron Mines Limited and Quebec Iron Ore Inc. (“**QIO**”)(collectively, “**Champion**” or the “**Corporation**”) expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation’s businesses, operations, plans and other such matters is forward-looking information.

When used in this AIF, the words “estimate”, “plan”, “anticipate”, “expect”, “intend”, “believe”, “will”, “should”, “could”, “may” and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such forward-looking information include information regarding financial results and expectations for fiscal year 2017, such as, but not limited to, the potential of the Corporation’s properties, availability of financing, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, metal prices, demand for metals, currency exchange rates, cash operating margins, expenditures on property, plant and equipment, increases and decreases in exploration activity, changes in project parameters, joint venture operations, resources and anticipated grades and recovery rates, are or may be based on assumptions and/or estimates related to future economic, market and other factors and conditions.

Forward-looking information is based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Corporation’s ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to:

- (a) the nature of mineral exploration and mining;
- (b) potential land claims – First Nations groups;
- (c) financing risks;
- (d) infrastructure;
- (e) the absence of significant revenues;
- (f) current global financial condition;
- (g) dilution and future sales of capital of the Corporation (“**Ordinary Shares**”);
- (h) Champion being primarily focussed on the Bloom Lake project;
- (i) joint ventures and option agreements;
- (j) going concern considerations;
- (k) dependence on key personnel;
- (l) no assurance of titles;
- (m) permits and licences;
- (n) fluctuating prices for iron;

- (o) estimates of mineral resources and mineral reserves;
- (p) foreign exchange;
- (q) dependence on outside parties;
- (r) reduced global demand for steel or interruptions in steel production;
- (s) availability of reasonably priced raw materials and mining equipment;
- (t) volatility of stock price;
- (u) extensive governmental regulation of Champion's activities;
- (v) environmental regulations;
- (w) conflicts of interest;
- (x) competition;
- (y) parameters and assumptions underlying future mine plans;
- (z) completion of purchase contracts, orders or agreements with the Corporation to date;
- (aa) ability to realize estimated mineral reserves and convert mineral resources into reserves;
- (bb) success of exploration activities;
- (cc) timing and amount of any estimated future production and the related potential costs;
- (dd) mining or processing issues;
- (ee) required capital expenditures and operating costs; and
- (ff) labour, equipment failure or other disruptions.

For more information on risk factors, refer to the heading "*Risk Factors*" below.

Readers of this AIF are cautioned not to put undue reliance on forward-looking information due to its inherent uncertainty. The Corporation disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except in accordance with applicable securities legislation. This forward-looking information should not be relied upon as representing management's views as of any date subsequent to the date of this AIF.

## **CURRENCY**

All references to "\$" or "dollars" herein are to Canadian dollars, unless otherwise specified.

## **GENERAL**

Reference is made in this Annual Information Form to Champion's audited financial statements together with the auditor's report thereon (the "**Financial Statements**") and management's discussion and analysis for the fiscal years ended March 31, 2016 and March 31, 2015.

The Financial Statements are available for review under the Corporation's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com). All financial information in this AIF is prepared in accordance with Canadian generally accepted accounting principles, including international financial reporting standards ("**IFRS**") incorporated therein.

Unless otherwise noted herein, information in this AIF has been presented as at June 27, 2016.

## **MINERAL DISCLOSURE**

In this document, any statement regarding the potential quantity and grade (expressed as ranges) of a potential mineral deposit is conceptual in nature. Historical estimates of mineral resources, if any, referred to in this AIF are

not compliant with National Instrument 43-101- *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) standards, and should therefore not be relied upon. No “qualified person” (as such term is defined in NI 43-101) (a “**Qualified Person**”) has done sufficient work to classify such historical estimates as current “mineral resources”, as such term is defined in NI 43-101 (hereinafter, “**Mineral Resources**”). The Corporation is not treating any such historical estimates as current Mineral Resources. In this AIF, Mineral Resource estimates have been calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) “Standards on Mineral Resources and Reserves, Definitions and Guidelines” prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM, as amended.

## **SELECTED TECHNICAL TERMS**

<b>“dm<sup>3</sup>”</b>	means dry metric tonne unit.
<b>“Feasibility Study”</b>	means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.
<b>“IRR”</b>	means internal rate of return.
<b>“Indicated Mineral Resource”</b>	means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
<b>“Inferred Mineral Resource”</b>	means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
<b>“m”</b>	means metre.
<b>“MRE”</b>	means a Mineral Resource estimate.
<b>“Mtpa”</b>	means million tonnes per annum.
<b>“Measured Mineral Resource”</b>	means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

<b>“Mineral Reserve”</b>	is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
<b>“Mineral Resource”</b>	means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
<b>“NPV”</b>	means Net Present Value.
<b>“NSR”</b>	means net smelter return, namely, the gross revenue from a resource extraction operation, less transportation, insurance, and processing costs.
<b>“NSR Royalty”</b>	means a defined percentage of the NSR.
<b>“Preliminary Economic Assessment” or “PEA”</b>	means a study, other than a Preliminary Feasibility Study or Feasibility Study, that includes an economic analysis of the potential viability of Mineral Resources.
<b>“Preliminary Feasibility Study” or “PFS”</b>	means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.
<b>“Probable Mineral Reserve”</b>	means the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
<b>“Proven Mineral Reserve”</b>	means the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
<b>“t” or “tonne”</b>	means a measure of weight equal to 1,000 kilograms or 2,204 pounds.
<b>“Total Iron”</b>	means all forms of iron which can be digested by four acid digestion or peroxide fusion methods.
<b>“waste”</b>	means barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

## METRIC EQUIVALENTS

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To convert imperial measurement units	To metric measurement units	Divide by
Inches	Centimetres	0.3939
Troy ounces	Grams	0.03215
Acres	Hectares	2.4711
Pounds	Kilograms	2.2046
Miles	Kilometres	0.6214
Feet	Metres	3.2808
Inches	Millimetres	0.03937
Short Tons	Tonnes	1.1023

## CORPORATION PROFILE AND CORPORATE STRUCTURE

The full corporate name of the Corporation is Champion Iron Limited. Champion is an exploration corporation focused on discovering and developing significant iron ore resources in eastern Canada, particularly in Québec. The Corporation is one of the largest stakeholders of mineral concessions in the Fermont Iron Ore District of Québec at its recently acquired Bloom Lake iron ore property (the “**Bloom Lake Assets**” or the “**Bloom Lake Property**”), the Quinto claims which encompass the Pepler Property and the Lamelee Property (“**Quinto Claims**”), and the wholly-owned Fermont Property Holdings (“**Fermont Property Holdings**”) which encompasses the Consolidated Fire Lake North Project (“**Consolidated Fire Lake North**” or “**CFLN**”) where a Feasibility Study is currently underway.

### *Head Office and Other Offices*

The Corporation’s head office, registered office and mailing address is Level 1, 91 Evans Street, Rozelle, New South Wales 2039, Australia. The Corporation also has two offices in Canada, with one located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6 and the other at 630 René Lévesque Ouest, Bureau 1850, Montréal, Québec H3B 1S6.

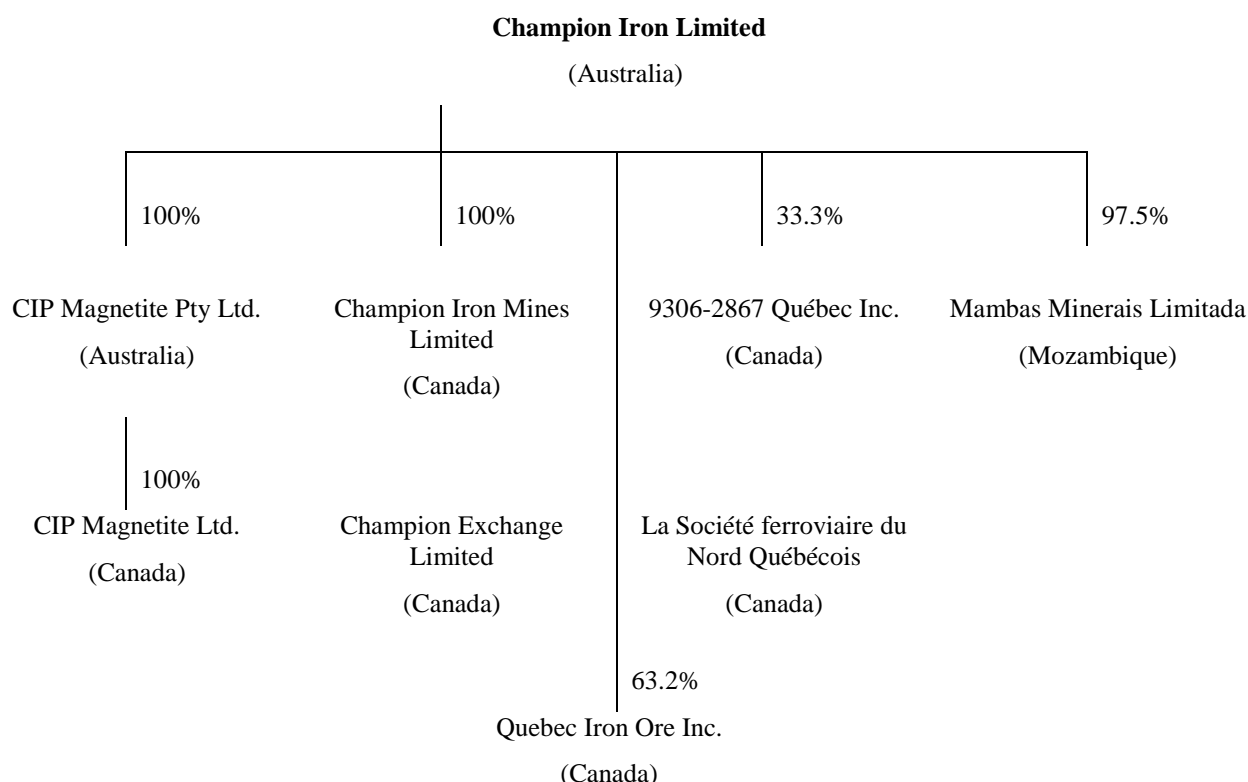
### *Legal Matters*

Champion Iron Limited was incorporated in Australia (Australian Company Number – CAN – 119 770 142). Champion Iron Limited is registered in Western Australia under the Companies Act 2001. The Constitution of Champion Iron Limited was amended to comply with the Toronto Stock Exchange (“**TSX**”) requirements relating to the retirement and re-election of directors at the Corporation’s Annual General Meetings.

The Corporation is a reporting issuer in all Canadian provinces other than Québec.

The Ordinary Shares are listed for trading on the Australian Stock Exchange (“**ASX**”) and the TSX under the symbol “CIA”.

## Corporate Structure



Champion Iron Mines Limited is incorporated in Canada under the Business Corporations Act of Ontario. Quebec Iron Ore Inc. is incorporated in Canada under the Canada Business Corporations Act and is 63.2% owned by the Corporation. 9306-2867 Québec Inc. is incorporated in the Province of Quebec and is 33.3% owned by the Corporation. 9306-2867 Québec Inc. is the general partner of La Société ferroviaire du Nord Québécois, société en commandite, of which Champion Iron Mines Limited is a limited partner owning 33.3%. CIP Magnetite Pty Ltd is registered under the Companies Act 2001 in Australia. CIP Magnetite Ltd is incorporated in Canada under the Corporations Act of Newfoundland and Labrador. Mambas Minerais Limitada is incorporated in Mozambique and is 97.5% owned by the Corporation and is currently being liquidated. Champion Exchange Limited is wholly-owned by the Corporation and is incorporated in Canada under the Business Corporations Act of Ontario.

## DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS INCLUDING THREE-YEAR HISTORY AND SIGNIFICANT ACQUISITION

### Description of the Business

The Corporation is a mineral exploration and development company focused on the acquisition, exploration and development of iron ore deposits, in North-Eastern Québec. Since its adoption of a business strategy to carry on business as a resource exploration company, the Corporation has acquired a number of significant mining exploration properties, primarily in North-Eastern Québec and Newfoundland and Labrador.

The Corporation has interests in numerous mineral property claims located in two distinct areas of North-Eastern Québec and Newfoundland and Labrador referred to herein as follows:

- (i) the “Bloom Lake Property” located in the Fermont area, Québec;
- (ii) the “Quinto Claims” located in the Fermont area, Québec;
- (iii) the “Fermont Property Holdings” located in the Fermont area, Québec; and
- (iv) the “Powderhorn Property” and “Gullbridge Property”, each located in Newfoundland.



At this time, the Corporation is focusing its resources on its Fermont area properties, primarily the recently acquired Bloom Lake Property (see Map 1 – Fermont Area - Property Holdings), which is the only project the Corporation considers material for the purposes of this AIF.

The Bloom Lake mine is located approximately 13 km north of Fermont, Quebec, in the Labrador Trough and consists of Mining Lease BM877 and 114 mining claims. The Bloom Lake mine was an open pit truck and shovel mine, with a concentrator that utilized single-stage crushing and an autogenous mill and gravity separation to produce iron concentrate. From the site, concentrate can be transported by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake mine is currently in a care and maintenance mode and has been since December 2014.

The Bloom Lake rail assets consist of the provincially regulated short-line railway comprising a 32 km rail spur contained wholly within Newfoundland and Labrador that connects the Bloom Lake mine to the railway owned by Northern Land Company.

The Corporation's wholly-owned Fermont Property Holdings consist of 11 properties covering approximately 787 square kilometres located in the Fermont Iron Ore District (the "**FIOD**") of northeastern Quebec, ranging from 6 to 80 km southwest of Fermont. In accordance with NI 43-101 for technical reporting purposes, the Fermont Property Holdings' Fire Lake North, Oil Can, Bellechasse and Midway properties were consolidated and designated the CFLN. On February 7, 2013, Champion announced the results from its PFS for the Fire Lake North West and East deposits of the CFLN project that was performed by BBA Inc. of Montréal, Québec. A copy of the PFS is available under Champion's filings on SEDAR at [www.sedar.com](http://www.sedar.com). With the completion of the PFS and the exploration phase of CFLN, the Corporation has significantly curtailed exploration and development expenditures at CFLN. Subsequent to the PFS, a description of the Corporation's ongoing work towards completing the Feasibility Study is provided in the *Three-Year History* section below.

Although three other properties within the Fermont Property Holdings contain NI 43-101 Mineral Resources, namely the Harvey-Tuttle Project, the Penguin Lake Project and the Moire Lake Project, the Corporation does not consider them to be material for purposes of NI 43-101. Likewise, the Corporation does not consider its interests in the Powderhorn Property or Gullbridge Property to be material for purposes of NI 43-101.

The Fermont Property Holdings are grouped into three clusters from north to south, termed Clusters 1, 2 and 3, as outlined in Map 1. The Fermont Property Holdings are located in proximity to and locally contiguous to an operating iron mine and a number of former operating iron mines and projects currently being developed for iron mining. Table 1 sets out the current NI 43-101 compliant In-Pit Mineral Resource Estimates for the Fermont Property Holdings by Property<sup>1</sup>:

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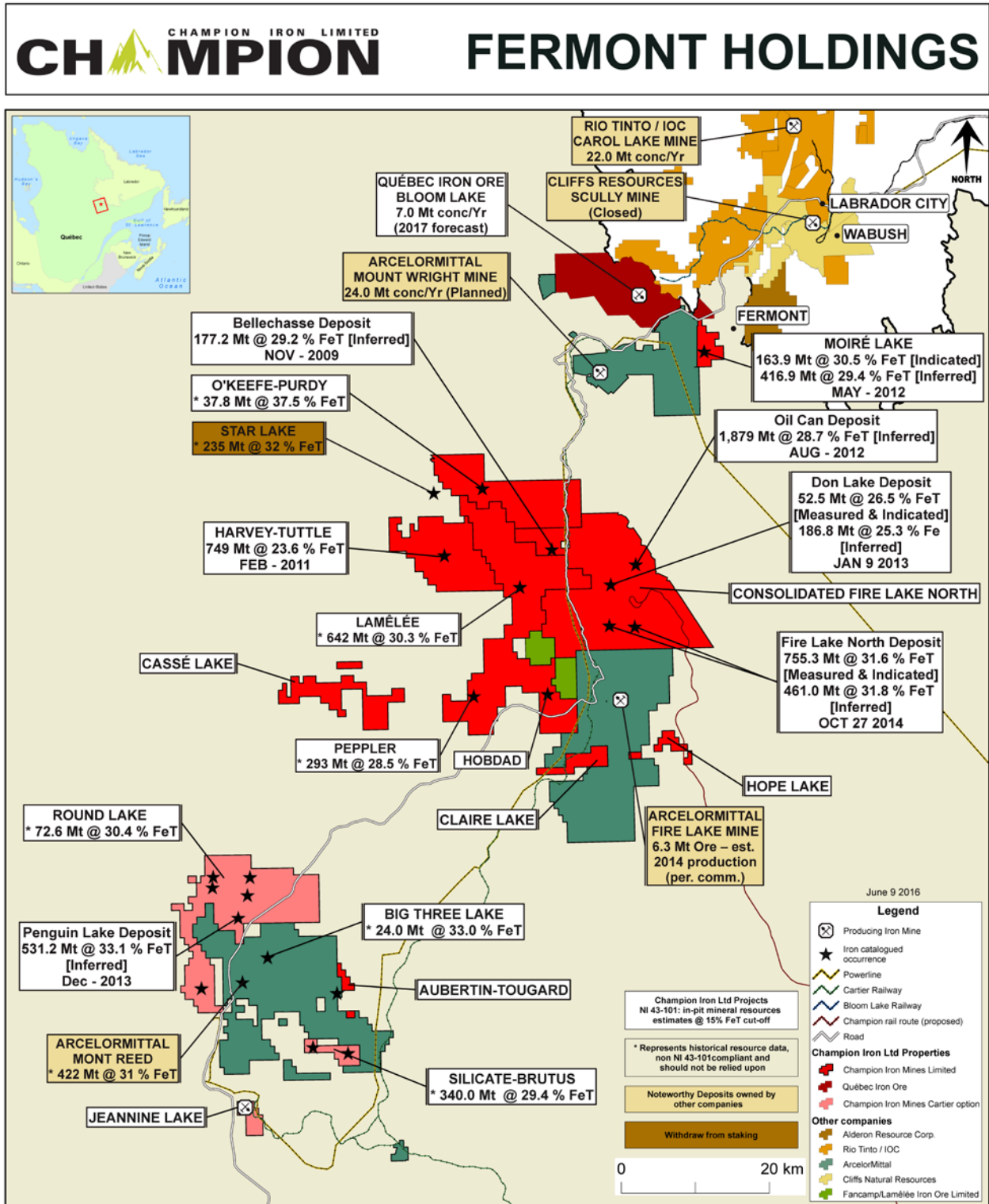
**Table 1: In-Pit Mineral Resource Estimates – Fermont Property Holdings**

Property	Cluster	Deposit	Current Mineral Resources Estimates at 15% Iron Cut-Off					
			Measured		Indicated		Inferred	
			tonnes	grade	tonnes	grade	tonnes	grade
			millions	FeT%	millions	FeT%	millions	FeT%
Moire Lake	1	<b>Lac Moire</b>	-	-	<b>163.9</b>	<b>30.5</b>	<b>416.9</b>	<b>29.4</b>
Consolidated Fire Lake North	2	Fire Lake North-West	28.4	35.5	441.5	32.2	307.9	32.7
		Fire Lake North-East	12.0	31.2	273.5	30.2	153.1	30.0
		Fire Lake North-Don Lake	0.4	21.4	52.1	26.5	186.8	25.3
		<b>Subtotal-Fire Lake North</b>	<b>40.8</b>	<b>34.1</b>	<b>767.1</b>	<b>31.1</b>	<b>647.8</b>	<b>29.9</b>
		Oil Can (Oxide)	-	-	-	-	967.0	33.2
		Oil Can (Mixed)					912.0	24.1
		Bellechasse	-	-	-	-	177.2	29.2
		Midway	-	-	-	-	-	-
		<b>Total -CFLN</b>	<b>40.8</b>	<b>34.1</b>	<b>767.1</b>	<b>31.1</b>	<b>2,704.0</b>	<b>29.1</b>
Harvey-Tuttle	2	<b>Harvey-Tuttle</b>	-	-	-	-	<b>749.0</b>	<b>23.6</b>
O'Keefe-Purdy	2		-	-	-	-	-	-
Audrey-Ernie <sup>2</sup>	3		-	-	-	-	-	-
Jeannine Lake <sup>2</sup>	3		-	-	-	-	-	-
Silicate-Brutus Lakes <sup>2</sup>	3		-	-	-	-	-	-
Penguin Lake <sup>2</sup>	3	<b>Penguin Lake</b>	-	-	-	-	<b>531.2</b>	<b>33.1</b>
Black Dan <sup>2</sup>	3		-	-	-	-	-	-
<b>Fermont Holdings In-Pit Resource Totals</b>			<b>40.8</b>	<b>34.1</b>	<b>931.0</b>	<b>31.0</b>	<b>4,401.1</b>	<b>28.7</b>

The current Mineral Resource Estimate was calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The mineral resource estimate may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. Furthermore, the quantity and grade of estimated Inferred Resource reported herein are uncertain and there has been insufficient exploration to categorize them as an Indicated or Measured Resource. It is uncertain if further exploration will result in reclassification of Inferred Mineral Resources to the Indicated or Measured Mineral Resource categories. The tonnage numbers are rounded according to NI 43-101 standards.

<sup>2</sup> Currently under option to Cartier Iron Corporation.

# MAP 1 – FERMONT AREA - PROPERTY HOLDINGS



Copies of the NI 43-101 Mineral Resource Estimate reports for Consolidated Fire Lake North, Moire Lake, Bellechasse and Harvey-Tuttle are available under Champion's filings on SEDAR at [www.sedar.com](http://www.sedar.com) and a copy of the NI 43-101 Mineral Resource Estimate report for Penguin Lake is available under Cartier Iron Corporation's filings on SEDAR.

The recently acquired Quinto Claims, which encompass the Peppler Property (264 claims) and the Lamelee Property (194 claims), are located 50 km southwest of the Bloom Lake mine and 10 km from each other.

The Corporation is not in commercial production on any of its mineral resource properties and, accordingly, the Corporation has no revenues. The Corporation finances its operations by raising capital in the equity markets. See also "Risk Factors" section below.

### ***Three-Year History***

#### ***Fiscal Year ended March 31, 2014***

During fiscal 2014, the Corporation continued work on its option to acquire the Snelgrove Lake Project ("**Altius Option**") ("**Snelgrove**") through its subsidiary, CIP Magnetite. Snelgrove is an iron ore project located in the Labrador Trough in Newfoundland and Labrador.

The Corporation completed a drilling program at Snelgrove in 2013 and 8 diamond holes were drilled for a total of 1,861 metres. The program identified hematite mineralisation, with a potential strike length of approximately 2 kilometres and a true width of 150 metres. The prospect has hematite mineralisation from between 15 metres to at least 240 metres below surface and remains open at depth. Assays indicated average iron ("**Fe**") of 52% over mineralised intersections, with grades of up to 63% and 65% encountered.

In July 2013, the Corporation confirmed that it had exercised an option to acquire CIP Magnetite with 32 million performance shares to be issued in August 2013. Through the 2013 summer, the Corporation completed extensive airborne and ground gravity surveys as well as an eight-hole 814-metre diamond drilling program at Snelgrove. This work confirmed strike potential of hematite mineralization up to 4km with potential for another 1.5km. Drilling from that summer program confirmed hematite mineralisation along the strike length tested with the remaining approximate length of 1.5km untested.

On December 6, 2013, the Corporation announced that it had entered into a definitive arrangement agreement to effect a business combination of the Corporation and Champion Iron Mines Limited, a Canadian iron ore developer. On March 31, 2014, the business combination was completed pursuant to which the Corporation and a wholly-owned subsidiary, Champion Exchange Limited, acquired all 137,895,609 outstanding common shares of Champion Iron Mines Limited under a court-approved plan of arrangement (the "**Arrangement**"). Under the Arrangement, each Champion Iron Mines Limited shareholder became entitled to receive 0.7333333 of an Ordinary Share for each Champion Iron Mines Limited common share held (the "**Exchange Ratio**"). Certain eligible Champion Iron Mines Limited shareholders elected to receive all or part of their consideration in the form of exchangeable shares of Champion Exchange Limited. The Arrangement also resulted in the issuance of replacement stock options for Ordinary Shares to holders of outstanding Champion Iron Mines Limited options (as adjusted by the Exchange Ratio).

Champion Iron Mines Limited holds 100% of the Fermont Property Holdings, including the Consolidated Fire Lake North Property, which is located in Canada's major iron ore producing district in the Labrador Trough in the Province of Quebec.

Concurrent with the closing of the Arrangement, the Corporation closed an A\$10 million equity financing at A\$0.50 per Ordinary Share. This financing strengthened the Corporation's balance sheet and provided financial flexibility for its development plans. The net proceeds provided the Corporation with working capital, a portion of which was applied to fund continued work towards the completion of a Feasibility Study on its Consolidated Fire Lake North Project.

*Fiscal Year ended March 31, 2015*

During the quarter ended June 30, 2014, the Corporation continued with planned drilling and field work programs at its Consolidated Fire Lake North Property.

On July 24, 2014, the Corporation announced its intention to participate in a rail feasibility study to determine the optimum rail option for iron ore miners in the Labrador Trough region to reach ports to service international markets competitively. This initiative was announced by the Quebec Government which announced that it would set aside a maximum of \$20 million to contribute to the study. On October 1, 2014, the Quebec government followed this by passing a decree to invest up to \$20 million for the feasibility study which, in Phase 1, is to cover a rail spur linking the port of Sept-Iles with the Corporation's Consolidated Fire Lake North Property. The Corporation formed a limited liability partnership with the Government of Quebec and co-miner Lac Otelnuk Mining Inc. (a joint venture between Adriana Resources Inc. and WISCO International Resources Development & Investment Limited), "La Société ferroviaire du Nord québécois, société en commandite ("**SFNQ**")", to manage the implementation of the feasibility study.

During the quarter ended September 30, 2014, the Corporation completed the remainder of 34 backhoe dug test pits and drilled the remaining holes of the 24 hole geotechnical campaign. The project database was up-dated to include logging and analytical results from the 2014 drilling campaigns. The database was also updated with re-logging of drill intersections to acquire data related to hardness of samples. The quality assurance/quality control ("**QAQC**") results were evaluated and the database was subject to internal and external audits.

Interpretations of drill sections were up-dated and the 3D geological models were regenerated for each of the West and East deposits at the Consolidated Fire Lake North project. A new block model mineral resource estimate was generated internally by the Corporation. The Corporation contracted the services of P&E Mining Consultants to complete an independent audit of the Consolidated Fire Lake North project database and produce an updated Mineral Resource Estimate in compliance with Joint Ore Reserves Committee ("**JORC**") and National Instrument 43-101 ("**NI 43-101**") guidelines. This culminated with the Corporation's announcement on October 27, 2014, of a JORC Resource and Reserve Statement.

The October 27, 2014 announcement stated that P&E Mining Consultants completed an independent audit of the Consolidated Fire Lake North project database and produced an updated Mineral Resource Estimate of over 1.2 billion tonnes, including 755 million tonnes of Measured and Indicated metallurgical coarse grained hematite mineralization for Consolidated Fire Lake North in compliance with JORC and NI 43-101 guidelines (see Table 1 above).

The Corporation's exploration activity at the Consolidated Fire lake North project also included the collection of a 10 tonne bulk sample.

During the quarter ended December 31, 2014, the SFNQ completed the tender process for the feasibility study on the first phase of the new multi-user railway that would line the new Pointe Noire port facilities at the Port of Sept-Iles to miners in the Fermont area of Quebec. The contract was awarded to Canarail. The scope of the study was expanded to include extending the rail northward from Consolidated Fire Lake North to Bloom Lake (phase 1B). The Corporation continues to manage the feasibility study on behalf of the SFNQ.

The Corporation expended \$776,000 on limited exploration activity on the CFLN project during the quarter ended March 31, 2015. Following the completion of the exploration phase of the CFLN project, the exploration camp at the Fire Lake North site was dismantled in order to minimize costs.

*Fiscal Year ended March 31, 2016*

On June 25, 2015, the Corporation completed the acquisition and cancellation of half of a 3% royalty on the Fermont Property Holdings, such that the Fermont Property Holdings are now only subject to a 1.5% royalty payable by the Corporation to an arm's length party.

During the quarter ended June 30, 2015, the Corporation expended \$385,851 on limited exploration activity on the CFLN project. An additional \$410,000 was expended on limited exploration on the CFLN project during the quarter ended September 30, 2015.

On December 11, 2015, the Corporation announced that its subsidiary QIO had entered into an asset purchase agreement (the “**Asset Purchase Agreement**”) to acquire, subject to Court approval, the Bloom Lake Property and related rail assets (collectively, “**Bloom Lake**”) and the Quinto Claims in Quebec from affiliates of Cliffs Natural Resources Inc. that were subject to restructuring proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) (collectively, the “**Bloom Lake CCAA Parties**”).

Bloom Lake’s operations had ceased in December 2014, and was in care and maintenance since that time. None of its employees remained other than the skeletal staff required for care, maintenance and security purposes.

The Corporation, through QIO, bid for Bloom Lake under the amended sale and investor solicitation procedures (the “**SISP**”) approved by the Québec Superior Court on April 17, 2015 and June 9, 2015 as part of the CCAA restructuring proceedings which commenced in January 2015. The SISP was conducted by Moelis & Company (“**Moelis**”), as sale advisor to the Bloom Lake CCAA Parties, under the supervision of FTI Consulting Canada Inc. acting as court-appointed monitor of the Bloom Lake CCAA Parties under the CCAA proceedings (the “**Monitor**”).

Champion’s bid was chosen as the preferred bid by the Bloom Lake CCAA Parties, in consultation with Moelis and the Monitor, and was formalized with the signing of the Asset Purchase Agreement.

Pursuant to the Asset Purchase Agreement, the Bloom Lake assets and the Quinto Claims were to be acquired for a cash consideration of C\$10.5 million and the assumption of certain liabilities (the “**Acquisition**”). Pursuant to the Asset Purchase Agreement, QIO would also become responsible for environmental obligations, including environmental reclamation liabilities presently assessed at approximately C\$41.7 million by the Government of Québec, as well as the replacement of certain bonds securing certain obligations in respect of Bloom Lake totalling approximately C\$1.1 million.

The Acquisition was subject to the granting of an *Approval and Vesting Order* by the Québec Superior Court as part of the CCAA proceedings, providing that the Bloom Lake assets and the Quinto Claims would be acquired free and clear of any security interests and any other encumbrances (subject to certain limited permitted encumbrances). The Asset Purchase Agreement contained a number of closing conditions, including a requirement to obtain the Approval and Vesting Order and the conclusion by Champion of a private placement financing, as described below.

The Corporation concurrently announced a private placement financing of Ordinary Shares at a price of C\$0.16 per share to raise up to C\$25 million (the “**Offering**”) in order to fund the acquisition purchase price and to provide working capital. In connection with the Offering, the Corporation received commitments from two parties to equally backstop an aggregate of up to C\$15 million of the Offering. One of the parties was arm’s length while the other is a company controlled by Champion’s Chairman and CEO, Mr. O’Keeffe.

The Offering was subsequently increased to C\$30 million and was subject to the satisfaction of all regulatory approvals, including the approval of the TSX and the ASX, approval of the shareholders of the Corporation, the Asset Purchase Agreement becoming unconditional and not being terminated as well as the satisfaction of customary closing conditions. The Ordinary Shares issued under the Offering were issued pursuant to exemptions from the prospectus requirements of applicable securities laws and were subject to a four months statutory hold period from the date of closing of the Offering. The terms and conditions of the Offering and the Acquisition were further described in the Corporation’s management proxy circular (Canada) and Notice of Meeting (Australia), which were filed on SEDAR and mailed to the Corporation’s shareholders on connection with the Special Shareholders’ meeting held on March 31, 2016.

#### *Current Financial Period*

On April 11, 2016, the Corporation completed the acquisition of Bloom Lake (through its subsidiary QIO) and the Quinto Claims (through its subsidiary Champion Iron Mines Limited). The cash consideration paid for Bloom Lake was \$9.75 million while the Quinto Claims were acquired for cash consideration of \$776,818.

In order to fund the acquisition purchase price of Bloom Lake and to provide working capital, the Corporation completed the Offering consisting of the placement of 187,500,000 Ordinary Shares at a price of \$0.16 per share for gross proceeds of \$30,000,000.

Subscribers to the Offering included Ressources Québec (\$6,000,000), WC Strategic Opportunity L.P. (a Wynnchurch Capital LLP portfolio company) (“**Wynnchurch**”)(\$10,000,000), Resource Capital Fund VI LP (“**RCF**”) (\$6,453,000) and a company controlled by Michael O’Keeffe, the Corporation’s Chairman and CEO (\$3,500,000).

As noted above, in connection with the Offering, the Corporation received commitments from two parties (the “**Initial Subscribers**”) to backstop up to \$15,000,000 of the Offering. One of the Initial Subscribers was arm’s length while the other was a company controlled by Michael O’Keeffe, the Corporation’s Chairman and CEO. The Initial Subscribers each agreed to purchase 46,875,000 Ordinary Shares (the “**Committed Shares**”) under the Offering, subject to their right to engage dealers to find substituted purchasers to purchase all or a portion of the Committed Shares. In connection with their commitment to subscribe for the Committed Shares, the Corporation granted 15,000,000 compensation options to the Initial Subscribers, each entitling the holder to purchase one Ordinary Share for \$0.25 until February 1, 2020. For one year after the closing of the Offering, the Initial Subscribers are restricted from selling, pledging or granting any rights with respect to the acquired ordinary shares, except in certain limited circumstances.

In connection with the Offering, subject to certain terms and conditions, including the condition that they continue to hold more than 10% of the issued and outstanding Ordinary Shares of the Corporation, Wynnchurch and RCF were each granted the right to designate one nominee for election or appointment to the board of directors of the Corporation. In addition, subject to such terms and conditions, the Corporation agreed not to grant any stock options unless such grant is unanimously approved by the board of directors of the Corporation.

#### *Private placement by QIO*

On April 11, 2016, QIO completed a private placement of 14,000,000 Ordinary Shares to Ressources Québec at a price of \$1 per share for gross proceeds of \$14,000,000, following which, the Corporation’s interest in QIO was reduced from 100% to 63.2%.

In connection with the private placement by QIO, the Corporation granted 6,000,000 compensation options to Ressources Québec, each entitling the holder to purchase one Ordinary Share at a price of \$0.25 per share until February 1, 2020.

#### *Bloom Lake Acquisition*

The Corporation completed the Acquisition on April 11, 2016.

On June 27, 2016, the Corporation filed on SEDAR a Business Acquisition Report or Form 51-102F4 in respect of the Acquisition.

As noted above, the Acquisition of Bloom Lake was in fact the acquisition of separate assets from a number of vendors. The Bloom Lake mine had ceased operations for more than 15 months before the Acquisition, and the only skeletal staff of employees remaining were for purposes of care, maintenance and security.

At the time of the Acquisition, Bloom Lake had long since ceased to generate any revenue. Rather, for an extended period of time there was only the incurrence of the expenses required for care, maintenance and security. The limited information which has been made available for purposes of preparing the financial statements in the business acquisition report were such care, maintenance and security expenses.

It is the Corporation’s expectation that significant evaluation, planning, refurbishment, changes and expenditures will be required if Bloom Lake is to ultimately be able to again be put into operation. Among the many requirements for economically viable operations will be various arrangements with staff, arm’s length suppliers and servicers and improved iron ore prices.

### ***Employees***

As at March 31, 2016, the Corporation had 3 full-time employees, 2 part-time employees and 4 consultants primarily working out of Sydney, Australia, Toronto, Ontario and Montreal, Québec. As at the date hereof, the Corporation has 42 employees at Bloom Lake (as noted above, solely related to care, maintenance and security), 2 part-time employees located in Sydney, 3 full-time employees located in Montreal, Québec, and 4 consultants primarily working out of Toronto and Montreal. The Corporation's use of consultants is a strategy consistent with that of many mineral exploration and development companies in order to manage costs. Four of Champion's executive officers are engaged by consulting companies to provide services to Champion.

Champion is dependent on the services of key executives, including the Executive Chairman and Chief Executive Officer and a small number of highly skilled and experienced executives and personnel. See "*Risk Factors – Dependence on Key Personnel*".

### ***Environmental Protection***

All phases of Champion's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste and greenhouse gas emissions. These regulations set forth a wide range of sanctions and penalties, both criminal and civil, for violations of the regulations. Compliance with such laws and regulations increases the costs and delays of exploration, planning, designing, drilling and developing the Corporation's properties.

To date, applicable environmental legislation has had no material financial or operational effects on Champion. See also "*Risk Factors – Environmental Regulations*".

### ***Competitive Conditions***

The mineral exploration and mining industry is intensely competitive in all its phases. The Corporation competes with many other mineral exploration companies which have greater financial resources, expertise and experience. The market price of metals and minerals is determined in international markets, is volatile and is beyond the Corporation's control. See "*Risk Factors – Competition*" and "*Risk Factors – Fluctuating Prices*".

## **RISK FACTORS**

An investment in securities of the Corporation is highly speculative and involves significant risks. If any of the events contemplated in the risk factors described below or in the documents incorporated by reference actually occur, the Corporation's business may be harmed and its financial condition and results of operation may suffer significantly. In that event, the trading price of the Ordinary Shares could decline, and purchasers of Ordinary Shares may lose all or part of their investment. The risks described herein and in the documents incorporated by reference herein are not the only risks facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also materially and adversely affect its business.

### ***Nature of Mineral Exploration and Mining***

At the present time, the Corporation does not hold any interest in a mining property in production. The Corporation's viability and potential for success lie in its ability to develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine, or operating a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed mine development and/or exploration programs on exploration properties in which Champion has an interest will result in a profitable commercial mining operation.

The operations of the Corporation are subject to all of the hazards and risks normally incidental to exploration and



development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Corporation may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Corporation has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Corporation may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Corporation cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

### ***Potential Land Claims – First Nations Groups***

The Corporation conducts its operations in the Province of Newfoundland and Labrador and in north-eastern Québec, which areas are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups, may have an impact on the Corporation's ability to develop its properties. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Corporation's properties. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Pursuant to section 35 of *The Constitution Act of 1982*, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the project and, in some circumstances, accommodate them.

The development and the operation of the Corporation's properties may require the conclusion of impact and benefit agreements ("IBAs") and/or other agreements with the affected First Nations. As a result of the IBAs or of other agreements, the Corporation may incur significant financial or other obligations to affected First Nations. The negotiation of such IBAs may also significantly delay the advancement of the properties. The affected First Nations with respect to the development and the operation of the Bloom Lake Project, CFLN Project and Quinto Claims include the Innu Takuaihan Uashat mak Mani Utenam ("ITUM"). The Corporation is currently engaged in ongoing discussions with ITUM with regard to the CFLN Project. There can be no assurance that the Corporation will be successful in reaching an IBA or other agreement with ITUM or other First Nations groups who may assert Aboriginal rights or may have a claim which affects the Bloom Lake Project, CFLN Project, Quinto Claims or any of the Corporation's other projects.

### ***Financing Risks***

The Corporation has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Corporation has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Corporation with the possible dilution or loss of such interests.

## ***Infrastructure***

Some of the Corporation's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, Champion will need to negotiate and conclude various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Corporation has not yet concluded agreements with the relevant rail companies or operators necessary for the transportation and handling of the Corporation's planned production of iron ore and there can be no assurance that agreements on acceptable terms will be concluded. The Corporation is also in ongoing discussions with potential strategic partners to evaluate various rail transportation options (including a multi-user facility) but there can be no assurance that any such agreements will be concluded. The inability to conclude any such agreements – for rail transportation and power – could have a material adverse effect on the Corporation's results of operations and financial condition and on its ability to produce or market any products from the projects.

The Corporation's projects will require access to a sea port which is currently expected to be the Port of Sept-Îles, however, there is no assurance that the Corporation will have access to such facilities or alternative facilities on economically feasible terms.

In addition, there is no certainty that the Corporation will be able to access sources of power on economically feasible terms for all of its projects and requirements and this could have a material adverse effect on the Corporation's results of operations and financial condition.

## ***No Significant Revenues***

To date, the Corporation has not recorded any revenues, other than interest and investment income and management fees and it has no dividend record. The Corporation has not commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Corporation will be profitable in the future. The Corporation's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment costs associated with advancing exploration, development and commercial production of the Corporation's properties increase. The Corporation expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Corporation's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Corporation will generate any revenues or achieve profitability.

## ***Current Global Financial Condition***

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010, 2011, 2012, 2013, 2014 and into 2015, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery. The recent majority vote in favour of the United Kingdom leaving the European Union may worsen and/or prolong global financial markets' challenges and the demand for commodities. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials. As a result, access to public financing has been negatively impacted. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, the Corporation's operations could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

### ***Dilution and Future Sales of Ordinary Shares***

The Corporation may issue additional shares in the future, which would dilute a shareholder's holdings in the Corporation. The Corporation's Constitution permits, among other things, the issuance of an unlimited number of Ordinary Shares.

### ***The Corporation is Primarily Focussed on the Bloom Lake Project***

The Corporation is focusing much of its resources on developing its recently acquired Bloom Lake project. Any adverse development affecting the Bloom Lake project could have a material adverse effect on the Corporation's business, prospects, financial performance and results of operations.

The Bloom Lake mine operations ceased some time ago, and its previous owner was forced to seek creditor protection under the CCAA. Numerous conditions (including among others, completion of studies, successful implementation of the resulting recommendations, improved commodity prices, labour and other arrangements and significant financings) must be satisfied if the Bloom Lake project is to be successfully put into economic operation.

### ***Joint Ventures and Option Agreements***

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also be the case that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time. In some of those arrangements, failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

From time to time the Corporation may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of any option or joint venture partner to meet its obligations to the Corporation or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a material adverse effect on such agreements. In addition, the Corporation may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

### ***Going Concern***

Values attributed to the Corporation's assets may not be realizable. The Corporation has a limited history and its ability to continue as a going concern depends upon a number of significant variables. The amounts attributed to the Corporation's properties in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value. Further, the Corporation has no proven history of performance, revenues, earnings or success. As such, the Corporation's ability to continue as a going concern is dependent upon the existence of economically recoverable resources, the ability of the Corporation to obtain the necessary financing to complete the development of its interests and future profitable production or, alternatively, upon the Corporation's ability to dispose of its interests on a profitable basis.

### ***Dependence on Key Personnel***

The Corporation is dependent on a relatively small number of key employees or consultants, the loss of any of whom could have an adverse effect on its operations. The Corporation currently does not have key person insurance on these individuals.

### ***No Assurance of Titles***

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Corporation has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Corporation or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Corporation in any of its properties may not be challenged or impugned.

### ***Permits and Licenses***

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Corporation believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

### ***Fluctuating Prices***

Factors beyond the control of the Corporation may affect the marketability of any iron ore or any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Corporation's control. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Corporation may result.

### ***Estimates of Mineral Resources***

Although the mineral resource estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources are reported as general indicators of mine life. Mineral resources should not be interpreted as assurances of potential mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and corresponding grades. Until ore is actually mined and processed, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on mineral prices. Any material change in resources or mineral resources, or grades or stripping ratios will affect the economic viability of the Corporation's projects.

The Corporation is not in a position to yet report any resources at its material project, Bloom Lake, which it recently acquired.

### ***Foreign Exchange***

Iron ore is sold in U.S. dollars thus the Corporation is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Corporation generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Corporation's revenues and adversely impact the Corporation's financial performance.

### ***Dependence on Outside Parties***

The Corporation has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop

metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Corporation.

#### ***Reduced Global Demand for Steel or Interruptions in Steel Production***

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Corporation's ability to obtain financing, to achieve production and on its financial performance. See also "Current Global Financial Conditions" above.

#### ***Availability of Reasonably Priced Raw Materials and Mining Equipment***

The Corporation will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Corporation's production and financial performance could be adversely affected. It is also expected that the required refurbishment at Bloom Lake will require significant financing.

#### ***Volatility of Stock Price***

In recent years, the securities markets in Australia and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Ordinary Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings and that the value of the Ordinary Shares will be affected by such volatility.

#### ***The Corporation's Activities are Subject to Extensive Governmental Regulation***

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters.

#### ***Environmental Regulations***

The operations of the Corporation are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Corporation's operation is subject to environmental regulation primarily by the Department of Environment and Conservation (Newfoundland and Labrador) and Ministère du Développement durable, de l'Environnement et des Parcs (Québec). In addition, the Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have an enforcement role in the event of environmental incidents.

### ***Conflicts of Interest***

The directors and officers of the Corporation may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Corporation. In the event that such a conflict of interest arises at a meeting of the directors of the Corporation, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

### ***Competition***

The mineral exploration and mining business is competitive in all of its phases. The Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Corporation, in the search for and acquisition of attractive mineral properties. The ability of the Corporation to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Corporation will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

## **MATERIAL PROPERTY**

### **TECHNICAL INFORMATION –Bloom Lake Property**

On April 11, 2016, the Corporation acquired the Bloom Lake Assets. Although Bloom Lake had mining operations for several years, mining operations at Bloom Lake were suspended in December 2014 and the mine was transitioned to care and maintenance mode. As discussed above in this AIF, the Bloom Lake Assets were acquired through a CCAA process and significant analysis and other work will be required for the Corporation to better determine the optimal approach for potential future operations and a NI 43-101 compliant mineral estimate. The Corporation is working towards and intends to complete a NI 43-101 technical report on Bloom Lake.

#### **Property Description and Location**

Bloom Lake is located approximately 13 km northwest of Fermont, Quebec, in the southwestern corner of the Labrador Trough in Normanville Township. The property is centered at approximately latitude 52° 50' 30" North and longitude 67° 17' West and consists of Mining Lease BM877 and 114 mining claims which cover a total area of approximately 10,959 hectares. The Bloom Lake Property is located in close proximity to a number of producing and former producing mines. The property is approximately 8 km north of ArcelorMittal Mines of Canada's Mont-Wright iron ore mine.

#### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Access to Bloom Lake is currently via a 5 km unpaved road from Highway 389, a provincial highway. The Wabush airport, which provides frequent flights to Sept-Îles, Montreal and Newfoundland, is located 30 km from the project site.

The Fermont area has a sub-arctic, continental taiga climate with very severe winters, typical of northern central Québec. Winter conditions last six (6) to seven (7) months, with heavy snow from December through April. The prevailing winds are from the west and average 14 km per hour, based on records at the Wabush Airport. Daily average temperatures exceed 0°C for only five (5) months a year. Daily mean temperatures for Fermont average minus 24.1°C and minus 22.6°C in January and February, respectively. Snowfall in November, December, and January generally exceeds 50 cm per month, and the wettest summer month is July with an average rainfall of 106.8 mm. Mean daily average temperatures in July and August are 12.4°C and 11.2°C respectively. Extended daylight enhances the summer workday period due to the relatively high latitude. The early and late winter conditions are acceptable for ground geophysical surveys and drilling operations.

The Town of Fermont has a population of approximately 3,000 and is the residential town for other mining companies active in the area. Fermont has standard residential and commercial facilities. There is grid electrical

power available, a plentiful supply of water and ample surface area for constructing mining and processing infrastructure, and for waste piles and tailings impoundment areas. There is a limited labour pool in the area.

The twin communities of Labrador City (27 km northeast of Fermont), and Wabush (35 km northeast of Fermont) in Newfoundland and Labrador, have a total population of approximately 10 000. Labrador City and Wabush were also developed around iron-ore mining operations during the last half-century. The twin cities offer services that are complementary to those offered in Fermont, with a strong industrial base, medical and educational services, plus a variety of retail shops and grocery outlets.

The hydroelectric power supply in Labrador originates from Churchill Falls, Newfoundland and Labrador, which generates 5428 MW of power, 127 MW of which is provided to Labrador's western region for its current needs. The region has the lowest average cost for power in Newfoundland and Labrador; however, the local system is being burdened and a second transmission line to service Labrador West is a high priority for the region.

The Fermont-Labrador City-Wabush area, as a mining centre, is able to provide personnel, contractors, equipment and supplies for mining exploration and development.

Topography is gently rolling with the occasional more precipitous area. The general elevation is 600 metres above sea level and relief is about 100 metres. The property is poorly drained and covered by typical northern boreal forest consisting of often stunted spruce, alders and willows. Hilltops are generally barren and the property has swampy areas.

### **History**

In 1951, James and Michael Walsh staked claims for Sursho Mining Corporation ("**SMC**") following the discovery of a cobalt showing at Bloom Lake. In February 1952, Québec Cobalt and Exploration Limited ("**Queco**") was incorporated to acquire the claims held by SMC. Queco initially optioned 1,000,000 shares from SMC and gradually accumulated more shares until full control was obtained in February 1956. In 1952, Thompson Lundmark Gold Mines Limited, Arnold Hoffman, and Thayer Lindsay advanced money to Queco for its field program.

Thompson Lundmark Gold Mines Limited also had an interest of 39.5% in Queco which owned the rights to an iron deposit at the Bloom Lake Property. In addition, Thompson Lundmark Gold Mines Limited also had a 20% stake in Hoffman Exploration and Minerals Ltd. In 1985, Thompson Lundmark Gold Mines Limited merged with Hoffman Exploration and Minerals Ltd. to form Consolidated Thompson Lundmark Gold Mines Ltd.

In 1952, a crew of six prospectors initiated a program to prospect an area that included the Bloom Lake Property. The purpose of the program was to sample the cobalt showing and to prospect in the Mont Wright-Carheil Lake area. The results of the cobalt showing work were disappointing but several zones of magnetite-hematite iron formation between Bloom Lake and Pignac Lakes were identified and sampled. Further work was done in 1953, but little is known about this work.

In 1954, further work was conducted to investigate and explore the iron occurrences. The 1954 program consisted of line cutting, geological mapping and magnetometer surveys.

In 1955, Jones and Laughlin Steel Corporation ("**J&L**") started the first of several field programs after obtaining a lease from Queco. Cleveland-Cliffs Iron Company joined J&L on an equal participation. The lease was terminated in 1968.

In 1971, Queco sponsored a program consisting of line cutting, geological mapping, gravity and magnetometer surveys, and diamond drilling that continued into 1972. The program was managed by H.E. Neal & Associates Ltd.

In 1973, Republic Steel Corporation optioned the property and H.E. Neal & Associates Ltd. prepared a "Preliminary Evaluation" of the property consisting of the currently held property and claims further to the west. This work was carried out until 1976. The evaluation included "mineral reserve" estimates, a metallurgical test program and preliminary mine design. The mine design included pit outline, dump area, access roads and railway spur. Dames

and Moore prepared the mine design and “reserve” estimates. Lakefield Research Limited carried out the metallurgical testwork.

Québec Cartier Mining Corporation (now ArcelorMittal Mines of Canada) acquired an option to earn an interest in the Bloom Lake Property in 1999, which it held until 2003.

In 1989, Consolidated Thompson Lundmark Gold Mines Ltd. merged with Queco and kept the same name. On August 21, 2006, it changed its name to Consolidated Thompson Iron Mines Limited (“CLM”). In 2006 to 2007, CLM drilled 17 drillholes (2,884.36 m) on the site of the future pit in order to get a sample for metallurgical test work. The Lakefield laboratory performed these tests. In 2006, bulk sampling took place in the area of the future pit.

Between 2005 and 2010, CLM drilled 198 drillholes at Bloom Lake. The Bloom Lake mine began producing iron ore concentrate in 2010.

Affiliates of Cliffs Natural Resources Inc. (“Cliffs”) acquired Bloom Lake and the Quinto Claims as part of a share acquisition of CLM in May 2011.

The Bloom Lake mine consists of an open pit truck and shovel mine, a concentrator that utilizes single-stage crushing and an autogenous mill and gravity separation to produce iron concentrate. From the site, concentrate is transported by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec.

Since it was acquired by Cliffs in 2011, the Bloom Lake mine has not been profitable and has suffered significant operating losses. As a result, operations at the Bloom Lake mine were suspended in December 2014 and the mine was transitioned to care and maintenance mode. The last iron ore shipments to customers were made on or about January 15, 2015. All of the iron ore concentrate produced by the Bloom Lake mine prior to December 2014 was sold to customers located outside of Canada pursuant to long-term off-take agreements or spot sale arrangements; all of the long-term off-take agreements have been terminated as part of the *Companies’ Creditors Arrangement Act* proceedings.

On April 11, 2016, the Corporation, through its subsidiary QIO, completed the acquisition of the Bloom Lake Assets.

### **Further Exploration and Development at the Bloom Lake Property**

On April 11, 2016, the Corporation acquired the Bloom Lake Assets. Although Bloom Lake had mining operations for several years, mining operations at Bloom Lake were suspended in December 2014 and the mine was transitioned to care and maintenance mode. As discussed above in this AIF, the Bloom Lake Assets were acquired through a CCAA process and significant analysis and other work will be required for the Corporation to better determine the optimal approach for potential future operations and a NI 43-101 compliant mineral estimate. The Corporation is working towards and intends to complete a NI 43-101 technical report on Bloom Lake.

### **DIVIDEND POLICY**

To date, the Corporation has not declared or paid any dividends and there is no expectation that it will do so in the foreseeable future. Any future determination to pay dividends will be in the discretion of the Board of Directors and will depend upon results of operations, capital requirements and such other factors as the Board considers relevant.

### **SHARE CAPITAL DESCRIPTION**

The Corporation is incorporated under the Corporations Act in Australia (“Corporations Act”) and is limited by shares. The Corporation currently has two classes of shares on issue, being fully paid shares (“Ordinary Shares”) and a Special Voting Share (“Special Voting Share”). At the date of this Circular, there are 385,819,930 Ordinary Shares and one Special Voting Share on issue. Performance Shares can be converted into Ordinary Shares upon achievement of certain performance hurdles. There are no partly paid shares on issue.



The Corporation does not have an authorised share capital as the requirement for a company to state an authorised share capital was repealed in Australia in 1998. Subject to compliance with the Corporations Act and the ASX Listing Rules, the legal ability of the Corporation to raise capital and the number of Ordinary Shares that it may issue is unlimited. The rights attaching to Ordinary Shares in the Corporation are set out in the Constitution of the Corporation (the “**Constitution**”) and are regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and laws of general application.

The rights attaching to Ordinary Shares are summarized below. This summary is not exhaustive and does not constitute a definitive statement of the rights attaching to the holders of Ordinary Shares (the “**Ordinary Shareholders**”).

### **Issue of Ordinary Shares**

Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Corporation’s Board may issue and allot Ordinary Shares for such issue prices and on such terms as it determines (including shares with preferential, deferred or special rights, privileges or conditions, or which are liable to be redeemed or are bonus shares). This includes the power to grant options over unissued Ordinary Shares. The Ordinary Shares may be issued to existing Ordinary Shareholders, whether in proportion to their existing shareholdings or otherwise, or to such persons as the Corporation’s Directors may determine.

### **Transfer of Ordinary Shares**

Shareholders may transfer Ordinary Shares by way of a written transfer instrument in any usual or common form (or any other form approved by the Corporation’s Directors), or by way of a transfer effected under a computerised or electronic system in accordance with the ASX Settlement Operating Rules and requirements of the ASX Listing Rules. The Corporation’s Directors may in their discretion refuse to register a transfer of Ordinary Shares in circumstances permitted by the ASX Listing Rules. The Corporation’s Directors must refuse to register a transfer of Ordinary Shares where required to do so by the ASX Listing Rules.

### **Conversion of Ordinary Shares**

Under the Corporations Act, Ordinary Shares may be converted to preference shares provided certain conditions are met. As the Constitution does not prescribe the rights that would attach to preference shares, a conversion of Ordinary Shares to preference shares would, under the Corporations Act, be permitted only if the Shareholder’s rights with respect to the following matters are first approved by special resolution: repayment of capital, participation in surplus assets and profits, cumulative and non-cumulative dividends, voting, and priority of payment of capital and dividends in relation to other shares or classes of preference shares.

The requirements as to variation of rights, set out immediately below, would apply to the conversion.

### **Variation of Rights**

The rights attached to Ordinary Shares or Performance Shares may be varied in accordance with the Corporations Act. Under the Corporations Act, rights attached to shares in a class of shares may be varied or cancelled only by both a special resolution of the Company and either a special resolution of the relevant class or with written consent of shareholders with at least 75% of the votes in the class.

If the shareholders in the class do not all agree to the variation or the cancellation (whether by resolution or written consent), the holders of not less than 10% of the votes in the class may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

### **Dividends**

The holders of Ordinary Shares on which any dividend is declared or paid by the Corporation are entitled to participate in that dividend equally, in proportion to the number of Ordinary Shares held. The holder of a partly paid

Ordinary Share (of which none are currently on issue) would be permitted to receive a fraction of the dividend declared or paid on a fully paid Ordinary Share (equivalent to the proportion which the amount paid on the share bears to the issue price). These dividend entitlements are subject to the rights of persons holding shares with special rights as to dividends (of which none are currently on issue).

The Corporation's Board may from time to time by resolution either declare a dividend, or determine that a dividend is payable, out of the profits of the Corporation. The Corporation's Board may fix the amount, time and method of payment of the dividend. In the case of a determination that a dividend is payable, the resolution may be amended or revoked until the time fixed for paying the dividend arrives. The payment of a dividend does not require any confirmation by a general meeting, subject to compliance with the Corporations Act.

Before declaring or determining to pay a dividend, the Corporation's Board may resolve to set aside out of the profits of the Corporation such amounts by way of reserves as they think appropriate. They may also resolve to carry forward any undistributed profits without transferring them to a reserve. The Corporation's Board may resolve that a dividend will be paid wholly or partly by the transfer or distribution of specific assets, in which case the Corporation's Board may deal as they consider expedient with any difficulty which arises in making the transfer or distribution (for example to deal with fractional entitlements), subject to compliance with the Corporations Act.

### **Winding Up**

Subject to the rights of holders of Ordinary Shares issued on special terms and conditions, upon a winding up of the Corporation, the Ordinary Shareholders would be entitled to participate equally in the distribution of any surplus assets in proportion to the number of and amounts paid on the shares held.

A liquidator may, with the sanction of a special resolution, divide among the Ordinary Shareholders in kind all or any of the Corporation's assets, and, if there are any different classes of shares on issue, may for that purpose determine how the division is to be carried out between the different classes.

### **Voting**

Subject to any rights or restrictions attaching to any class of shares, every Ordinary Shareholder may vote at a general meeting in person or by proxy, attorney, or, in the case of an Ordinary Shareholder that is a body corporate, by the individual appointed as its representative. On a show of hands, an Ordinary Shareholder is entitled to one vote. Upon a poll, an Ordinary Shareholder has for each fully paid Ordinary Share held, one vote, and for each partly paid Ordinary Share held, a fraction of a vote equivalent to the proportion which the amount paid on the Ordinary Share bears to the total issue price.

In the case of jointly held Ordinary Shares, if two or more joint holders purport to vote, then the vote of the joint holder whose name appears first in the register of Ordinary Shareholders will be accepted to the exclusion of the other joint holder or holders.

A resolution put to the vote at a general meeting is decided on a show of hands, unless a poll is demanded by at least five Ordinary Shareholders entitled to vote on the resolution, or Ordinary Shareholders with at least 5% of the votes that may be cast on the resolution on a poll, or the chairperson of the meeting. A poll may be demanded before a vote is taken, or immediately before or after the result of a vote by show of hands is declared.

In the case of equality of votes on a resolution (by show of hands or poll), the chairperson has a casting vote.

### **Buy-back of Ordinary Shares and Reduction of Capital**

Pursuant to procedures regulated by the Corporations Act, the Corporation may, with the agreement of Ordinary Shareholders, buy-back Ordinary Shares from that Ordinary Shareholder. In certain circumstances (for example, where specified buy-back limits are to be exceeded, or the buy-back is selective), the buy-back would be subject to the approval of the Ordinary Shareholders at a general meeting. Upon registration of the transfer of the Ordinary Shares acquired by the Corporation in a buy-back, the Ordinary Shares would be deemed to be cancelled.

Pursuant to procedures regulated by the Corporations Act, the Corporation may also be permitted to carry out a reduction of capital (such as a return of capital to shareholders, or a cancellation of uncalled capital), provided the reduction is fair and reasonable to the Ordinary Shareholders as a whole, does not materially prejudice the ability to pay creditors, and the approval of shareholders is obtained (by way of ordinary resolution in the case of an equal reduction, or special resolution in the case of a selective reduction).

### **Sale of Non-Marketable Parcels**

The Corporation may sell the Ordinary Shares of any Ordinary Shareholder who has less than a marketable parcel of those Ordinary Shares, provided procedures and conditions prescribed by the Constitution, ASX Listing Rules and ASX Settlement Operating Rules are followed. A “marketable parcel” in relation to Ordinary Shares is a parcel of Ordinary Shares of not less than \$500 based on the closing price on a trading platform. Notice is required to be given by the Corporation to the Ordinary Shareholder of the Corporation’s intention to sell the Ordinary Shares. During this notice period, the Ordinary Shareholder has the opportunity to advise the Corporation that the Ordinary Shareholder wishes to retain its Ordinary Shares (and, if such notification is given by the shareholder, the Corporation is not permitted to sell the shareholding).

### **Special Voting Share**

The Corporation issued a special voting share in connection with the Arrangement having substantially the rights, privileges, restrictions and conditions described in the Voting and Exchange Trust Agreement (see “Material Contracts”)

## **MARKET FOR SECURITIES**

### **Price Range and Trading Volume of Ordinary Shares**

To the knowledge of the Corporation, the Ordinary Shares have not been rated by any approved rating organization.

The Ordinary Shares commenced trading on the TSX on March 31, 2014 and on the ASX on April 3, 2014 under the symbol “CIA” and prior to that date, traded on the ASX under the symbol “MAB”. The following table sets forth the volume of trading and price ranges of the Ordinary Shares on the TSX for each month during the fiscal year ended March 31, 2016.

<b>Fiscal Year Ended March 31 2016</b>			
<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
	<b>A\$</b>	<b>A\$</b>	<b>No. of Shares</b>
April 2015	0.135	0.085	4,493,728
May 2015	0.105	0.070	2,381,193
June 2015	0.110	0.075	3,151,821
July 2015	0.230	0.100	2,510,939
August 2015	0.180	0.110	655,008
September 2015	0.170	0.125	888,888
October 2015	0.220	0.140	2,744,911
November 2015	0.205	0.140	1,474,321
December 2015	0.200	0.140	3,452,400
January 2016	0.185	0.145	763,101
February 2016	0.180	0.130	1,765,758
March 2016	0.230	0.140	2,923,124

## Prior Sales

No class of securities of the Corporation, other than the Ordinary Shares, are listed for trading on a marketplace. The following are the details of the other securities of the Corporation which are outstanding as at the date hereof.

### Warrants

As at the date of this Annual Information Form, there are no warrants to purchase Ordinary Shares outstanding.

### Stock Options

As at the date of this Annual Information Form, the following options were outstanding under the Corporation's stock option plan each exercisable to purchase one Ordinary Share:

Date of Grant	Exercise Price (\$)	Number of Shares	Expiry Date
September 9, 2011	2.0455	715,000	September 9, 2016
December 23, 2011	1.7727	661,833	December 23, 2016
December 20, 2013	0.5455	1,173,333	December 20, 2016
April 9, 2014	A\$0.50	1,000,000	April 9, 2017
June 17, 2014	A\$0.50	150,000	June 17, 2017
November 29, 2013	A\$0.50	2,300,000	November 29, 2018
October 30, 2014	A\$0.30	1,000,000	October 30, 2017
December 11, 2014	A\$0.30	2,000,000	December 11, 2017
August 20, 2015	A\$0.30	1,000,000	August 20, 2018
April 11, 2016	A\$0.20	7,500,000	April 11, 2020

As at the date of this Annual Information Form, 1,000,000 options were granted outside of the Corporation's stock option plan on September 1, 2014, each exercisable to purchase one Ordinary Share at an exercise price of \$0.45 expiring on September 1, 2018.

On April 11, 2016, 15,000,000 Compensation Options were issued in connection with the a private placement financing, each exercisable to purchase one ordinary share at an exercise price of \$0.25 expiring on February 1, 2020. As at the date of this Annual Information Form, all of the Compensation Options remain outstanding.

On April 11, 2016, 6,000,000 Compensation Options were issued to Ressources Quebec Inc. in connection with the private placement completed by the Corporation's subsidiary QIO, each exercisable to purchase one ordinary share at an exercise price of \$0.25 expiring on February 1, 2020. As at the date of this Annual Information Form, all of the Compensation Options remain outstanding.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Ordinary Shares	13,766,666 <sup>(1)(2)</sup>	3.57%

Notes:

<sup>(1)</sup> 10,266,666 Ordinary Shares are subject to contractual restriction on transfer until May 17, 2018, or earlier with the consent of the Corporation.

<sup>(2)</sup> 3,500,000 Ordinary Shares are subject to contractual restriction on transfer, except under certain circumstances until April 11, 2017.

## DIRECTORS AND OFFICERS

The Corporation's Board of Directors (the **"Board"**) has four directors. The current term of office of each director will expire on the date of the next annual meeting of shareholders of the Corporation or the date his successor is duly elected or appointed pursuant to the Corporation's Constitution, unless his office is earlier vacated in accordance with the provisions of the Corporation's Constitution.

The following table sets forth certain information concerning the Corporation's directors based upon information furnished by them to management.

<b>Name, Province and Country of Residence</b>	<b>Position with Corporation</b>	<b>Principal Occupation During Five Preceding Years</b>	<b>Director Since</b>
Michael O'Keeffe <sup>(2)</sup> NSW, Australia	Executive Chairman and Chief Executive Officer	Executive Director in the mining business: Executive Chairman of the Corporation since 2013 and Chairman of Riversdale Resources Limited since 2012. Founder and Executive Chairman of Riversdale Mining Limited from 2004 to 2011 (all resource exploration and development corporations).	2013
Gary Lawler <sup>(1) (2)</sup> NSW, Australia	Non Executive Director	Lawyer. Former Senior Partner of legal firm Ashurst Australia from 2012 until 2014. Partner of Gilbert & Tobin from 1999 to 2012.	2014
Andrew J. Love <sup>(1) (2)</sup> NSW, Australia	Non Executive Director	Chartered Accountant. Senior Partner of Australian accounting firm Ferrier Hodgson from 1976 to 2013 and is now a consultant.	2014
Michelle Cormier <sup>(1)</sup> Quebec, Canada	Non Executive Director	Operating Partner of Wynnchurch Capital Canada, Ltd. since 2014. Chief Financial Officer of TNG Capital Inc. from 2001 to 2014.	2016

Notes:

<sup>(1)</sup> Member of the Audit Committee of the Corporation.

<sup>(2)</sup> Member of the Remuneration and Nomination Committee of the Corporation.

The following table sets forth certain information concerning the executive officers of the Corporation, based in part upon information furnished by them to management.

<b>Name, Province and Country of Residence</b>	<b>Position with Corporation</b>	<b>Principal Occupation During Five Preceding Years</b>
Michael O'Keeffe NSW, Australia	Executive Chairman and Chief Executive Officer	Executive Director in the mining business: Executive Chairman of the Corporation since 2013 and Chairman of Riversdale Resources Limited since 2012. Founder and Executive Chairman of Riversdale Mining Limited from 2004 to 2011 (all resource exploration and development corporations).
Alexander Horvath Ontario, Canada	Chief Operating Officer	Professional Engineer: Chief Operating Officer of the Corporation since 2014, Executive Vice President and Director of Champion Iron Mines Limited, President of A.S. Horvath Engineering Inc. (a geological engineering services Corporation).
Beat Frei Shupfart, Switzerland	Head of Finance	Head of Finance of the Corporation since April 2014 and financial advisor to the Chairman of the Corporation from 2012 to 2014. Prior to 2012, independent consultant involved in commodity projects' development and financing and Chief Financial Officer with OOO Enisey, a privately owned Russian

Name, Province and Country of Residence	Position with Corporation	Principal Occupation During Five Preceding Years
		oil and gas company.
Miles Nagamatsu Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Corporation since 2014 and of Champion Iron Mines Limited since 2006, Cartier Iron Corporation and Eoro Resources Ltd. since 1997, PC Gold Inc. from 2008 to 2012 and Director and CFO of Essex Oil Ltd. since 2008 (all resource exploration corporations).
David Cataford Quebec, Canada	Vice President, Engineering	Vice President, Engineering of the Corporation since October 2014. Bloom Lake Mine Superintendent, Cliffs Natural Resources Inc. from 2013 to 2014. Technical Manager – Bloom Lake Mine, Cliffs Natural Resources Inc. from 2011 to 2012.
Jorge Estepa, Ontario, Canada	Vice-President and Corporate Secretary (Canada)	Vice President and Corporate Secretary (Canada) of the Corporation since 2014 and Vice President and Secretary-Treasurer of Champion Iron Mines Limited since March 2006, Cartier Iron Corporation since 1993, Eoro Resources Inc. since 1997, and Corporate Secretary of Forsys Metals Corp. since 2004 (all resource exploration corporations).
Pradipkumar Devalia NSW, Australia	Company Secretary (Australia)	Company Secretary of the Corporation since June 2014. Consultant in the resources industry from 2010 to 2014. Partner with PwC, Australia from 1997 until 2009.

As at the date hereof, the directors and officers of the Corporation as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 38,360,724 Ordinary Shares representing approximately 9.9% of the issued and outstanding Ordinary Shares.

### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

To the knowledge of the Corporation, no director or executive officer of the Corporation is, at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no director, executive officer or shareholder of the Corporation holding a sufficient number of shares to affect materially the control of the Corporation, is, as at the date hereof, or has been with 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

Miles Nagamatsu is a director and officer of Essex Oil Ltd (“**Essex**”). On January 14, 2011, Randsburg International Gold Corp. (“**Randsburg**”) purported to appoint an unlicensed privately-appointed receiver over the assets of Essex pursuant to a general security agreement granted to Randsburg in respect of a loan of \$125,000 plus accrued interest. On January 28, 2011, Essex advised Randsburg that its attempted appointment of a receiver contravened section 243(4) of the *Bankruptcy and Insolvency Act* (Canada) which provides that only a licensed trustee may be appointed as a receiver pursuant to the terms of a security agreement. On February 10, 2011, Randsburg purported to appoint a licensed trustee as a privately-appointed receiver over the assets of Essex. Essex is taking steps to refute the efforts by Randsburg and Essex continues to retain possession of its assets.

To the knowledge of the Corporation, no director, executive officer or shareholder of the Corporation holding a sufficient number of shares to affect materially the control of the Corporation, and no personal holding company of any of them, has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no director, executive officer or shareholder of the Corporation holding a sufficient number of shares to affect materially the control of the Corporation and no personal holding company of any of them, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) since December 31, 2000, has entered into a settlement agreement with a securities regulatory authority or, before January 1, 2001, entered into a settlement agreement with a securities regulatory authority which would likely be important to a reasonable investor in making an investment decision; or (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making investment decision.

### **CONFLICT OF INTERESTS**

To the knowledge of the Corporation, there are no existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation. The directors and officers of the Corporation may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Corporation. In the event that such a conflict of interest arises at a meeting of the directors of the Corporation, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

During the financial year ended March 31, 2016 and during the current financial year, there have been no (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements entered into by the Corporation before a court relating to securities legislation or with a securities regulatory authority.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

During the three most recently completed financial years or during the current financial year of the Corporation, to the knowledge of the Corporation, other than the participation of Michael O'Keeffe, the Corporation's Chairman and CEO, in the Offering, and as further described in this AIF, no director or executive officer of the Corporation, no shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the securities of the Corporation, and no associate or affiliate of any of them, has or had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Corporation.

### **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The Corporation's registrar and transfer agents are:

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

TSX Trust Company  
200 University Avenue, Suite 300  
Toronto, Ontario Canada M5H 4H1

The Corporation's auditor is:

Ernst & Young  
680 George Street  
Sydney 2000 New South Wales  
Australia

## **MATERIAL CONTRACTS**

Other than as described elsewhere in this AIF, the Corporation has not entered into any material contracts, except as follows:

- Subscription agreements with WC Strategic Opportunity, LP
- Subscription agreement with Resource Capital Fund VI LP.
- Quebec Iron Ore Shareholders' Agreement with Ressources Quebec Inc.; and
- Voting and Exchange Trust Agreement

## **INTEREST OF EXPERTS**

The following persons and companies have prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made by the Corporation under National Instrument 51-102 during, or relating to, the financial years of the Corporation ended March 31, 2016 or to date:

Ernst & Young

Ernst & Young, the external auditors of the Corporation, reported on the financial statements for the year ended March 31, 2016. Ernst & Young advised the Corporation that it has no registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation. Ernst & Young has advised the Corporation that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

To the knowledge of the Corporation, after reasonable enquiry, none of the foregoing, beneficially owns, directly or indirectly, or exercises control or direction over any securities of the Corporation representing more than 1% of the outstanding Ordinary Shares.

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" hereto.

### **Composition and Independence of Audit Committee**

The Audit Committee is currently composed of three (3) members, Andrew J. Love, Gary Lawler and Michelle Cormier, none of whom is an executive officer or employee of the Corporation. All of the Audit Committee members are independent as defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110").

### **Financial Literacy**

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

All of the members of the Audit Committee are financially literate.



## **Relevant Education and Experience**

Each Audit Committee member possesses certain education and experience which is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one or more of the following: an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Andrew J. Love has obtained significant financial experience and exposure to accounting and financial issues in his capacity as a Chartered Accountant with more than 30 years experience in corporate recovery and reconstruction in Australia. He was a senior partner of Australian accounting firm Ferrier Hodgson from 1976 to 2013 and is now a consultant. In that time he advised major local and overseas companies and financial institutions in a broad variety of restructuring and formal insolvency assignments. During this time Mr. Love specialized in the Resources Industry. Mr. Love has been an independent company director of a number of companies over a 25-year period in the Resources, Financial Services and Property Industries. This has involved corporate experience in Asia, Africa, Canada, United Kingdom and United States. Mr. Love's previous recent Board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Limited., Director of Charter Hall Office Trust and Chairman of Museum of Contemporary Art. Mr. Love is also currently a director of Gateway Lifestyle Operations Ltd. and Scottish Pacific Group Ltd.

Gary Lawler has obtained significant financial experience and exposure to accounting and financial issues in his capacity as a leading Australian mergers and acquisitions lawyer who has been involved in some of Australia's most notable merger and acquisition transactions. Mr. Lawler has over 30 years' experience as a practising corporate lawyer and has been a partner in a number of leading Australian law firms. He is currently a consultant of the legal firm Ashurst Australia. Mr. Lawler was also previously a director of Riversdale Mining Limited and Dominion Mining Limited. Mr. Lawler is also currently a director of Cartier Iron Corporation and Riversdale Resources Limited.

Ms. Cormier is a senior-level executive with experience in management including financial management, corporate finance, turnaround and strategic advisory situations and human resources. She has strong capital markets background with significant experience in public companies listed in the United States and Canada. Ms. Cormier spent 13 years in senior management and as CFO of large North American forest products company and 8 years in various senior management positions at Alcan Aluminum Limited (RioTinto). Ms. Cormier articulated with Ernst & Young. She serves on the Board of Directors of Hydro-Quebec, Dorel Industries Inc. and Uni-Select Inc.

## **Mandate**

The mandate of the Audit Committee is to oversee the Corporation's financial reporting processes and to liaise with the external auditors. In addition to reviewing the financial controls of the Corporation which are its ongoing responsibility, the Audit Committee reviews the annual financial statements, quarterly financial statements, and provides oversight of the accounting and financial reporting process and any other significant financial issues. The Audit Committee is scheduled to meet at least four (4) times a year and otherwise as frequently and at such intervals as it determines is necessary to carry out its duties and responsibilities, including meeting separately with the external auditors.

## **External Audit Fees**

The following table sets forth the fees billed to the Corporation by Ernst & Young, the external auditors of the Corporation, for services rendered in the last two fiscal years.

<b>Ernst &amp; Young (Australian firm)</b>	<b>2016</b>	<b>2015</b>
Audit of the financial report	80,000	67,500
Review of interim financial statements	42,000	42,000
<b>Ernst &amp; Young (Canadian firm)</b>		
Transaction advisory services	89,424	-
Taxation services	10,830	-
<b>Total</b>	<b>222,254</b>	<b>109,500</b>

The Corporation appointed Ernst & Young as auditors on November 26, 2013.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Further, information with respect to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the management information circular of the Corporation for its most recent annual meeting of shareholders (the "**Information Circular**") that involved the election of directors. Additional financial information is provided in the comparative consolidated financial statements and the management's discussion and analysis of the Corporation for its most recently completed financial year. A copy of this Annual Information Form, the annual report of the Corporation for the financial year ended March 31, 2016 and the Information Circular may be obtained from SEDAR or upon request from the Secretary of the Corporation.

## **SCHEDULE A**

### **AUDIT COMMITTEE CHARTER – CHAMPION IRON LIMITED (the "Company")**

The Audit Committee is a committee of the Board of Directors of the Company to which the Board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

#### **Membership**

Membership will be not less than three non-executive Directors as appointed by the Board.

#### **Overall Purpose**

The overall purpose of the Audit Committee is to protect the interests of Champion Iron shareholders and other stakeholders by overseeing:

- On behalf of the Board:
  - The integrity of financial reporting;
  - The adequacy of the control environment and the processes for identifying and managing risk;
  - The internal and external audit functions;
  - Treasury and taxation practises; and
- As requested by the Board:
  - Compliance with applicable legal and regulatory requirements and internal codes of conduct.

The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

#### **Chairman**

The Chairman of the Audit Committee will be appointed by the Board. The Chairman of the Committee shall be independent (ie have no material relationships with Champion other than Board and Committee roles) and shall not be the Chairman of the Board.

The Chairman of the Committee shall:

- Be knowledgeable of Champion's business and financial and auditing processes;
- Oversee planning and conduct of Committee meetings including approval of agendas and minutes;
- Oversee written and verbal reporting to the Board on key matters arising from the Committee, and
- Be involved in the selection of Committee members.

## **Member Requirements**

All members of the Committee will be non-executive Directors and will be independent. Whilst the Chairman of the Board is precluded from chairing the Committee, the Chairman of the Board is not precluded from being a member of the Committee. All Committee members will be financially literate and at least one member will have accounting or related financial expertise.

## **Meeting Arrangements**

The Committee shall meet at least four times a year. Additional meetings may be held if requested by the Committee Chairman. A quorum for Committee meetings will require at least two members.

The Chief Executive Officer and Chief Financial Officer will be present for the entirety of all meetings except when the Committee Chairman requests or consents otherwise. The Chairman may invite other senior management to attend meetings as appropriate.

The external and internal auditor will attend meetings at the invitation of the Chairman. The Committee will regularly meet with external and internal auditors, without management present.

All board members are to be issued an invitation to attend each meeting, including those where the focus of the discussion is period and financial reporting.

## **Secretarial**

The Company Secretary or his designate shall be the secretary of the Committee and will be responsible for the minutes of meetings.

## **Responsibilities**

The Committee shall oversee the external audit function. This oversight will include:

- Reviewing the performance of the external auditor;
- Making recommendations to the Board of Directors regarding the continuation or termination of the external auditor's engagement and/or any material revision to the terms of engagement;
- Evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- Reviewing the appropriateness of the audit approach, scope and methodology;
- Reviewing the results of the auditor's work with particular emphasis on unresolved or unadjusted issues between auditors and management;
- Providing a direct line of communication between the external auditor and the Board which is independent of management;
- Reviewing all reports to the Board and Committee by the external auditor; and
- Approving external auditor's fees.

The Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- Reviewing compliance with Accounting Standards, Financial Reporting Standards, Stock Exchange requirements and other legal requirements;
- Reviewing the position taken by management on significant transactions and accounting issues and any unusual or highly judgemental matters;
- Monitoring the effectiveness of the accounting and internal control systems;
- Reviewing quarterly, half year and full year Financial Statements and making the necessary recommendations to the Board;
- Considering capital management matters, including proposed dividends, prior to consideration by the Board;
- Ensuring that there are no material unresolved issues between management and the external auditor; and
- Reviewing other financial information distributed externally as required.

The Committee will review other key financial processes, in particular the tax and treasury operations, to ensure prudent management practices are in place.

The Committee shall assist the Board with regard to oversight of the Company's risk management processes by:

- Developing an understanding of key risk areas and the consequences of major risk events;
- Gaining assurance as to the adequacy of the Company's policies and processes for integrating risk management into its operations; and
- Reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the Company.

The Committee shall oversee the internal audit function. The oversight will include:

- Reviewing the performance of the internal auditor and the approval of the annual internal audit plan;
- Reviewing significant internal audit findings and action by management to address these;
- Facilitating a direct line of communication from the internal auditor which is independent of management; and
- Approving the appointment of the Manager Risk and Internal Auditor.

As requested by the Board, the Committee shall review the processes and internal controls that management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

### **Reporting Mechanism to the Board**

The Committee Chairman will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.

### **Access to Information and Independent Advice**

The Committee has the authority, subject to the law, to require access to any information, document, report or material in the possession of any employee of the Company or any related body corporate, and all employees must comply with such requests from the Committee.

The Committee may, with prior written approval of the Chairman of the Board, obtain such independent legal, financial, and other advice as it considers necessary, with the cost borne by the Company.

### **Reliance**

Audit Committee members are entitled to rely on employees of the Company or professional advisers or consultants engaged by the Committee or the Company where:

- There are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and
- The reliance was made in good faith and after making an independent assessment of the information.

### **Review Processes**

The Charter, composition and annual agenda for the Committee will be reviewed at least annually. Any changes to this Charter will require the approval of the Board. The Committee will undertake a formal process of self-assessment on an annual basis. The results of this assessment will be communicated to the Board in order to assist the Board in its periodic review of the Committee's effectiveness.