

CHAMPION IRON

By email to Clare.Porta@asx.com.au

3 May 2018

Ms. Clare Porta
Adviser, Listings Compliance (Sydney)
ASX
20 Bridge Street
Sydney NSW 2000

Dear Ms. Porta:

Champion Iron Limited: Appendix 5B

We are responding to your letter dated 1 May 2018 requesting responses to your questions and requests for information with respect to the Appendix 5B for the period ended 31 March 2018 lodged by Champion Iron Limited. ("CIA") with the ASX on 30 April 2018:

1. CIA does not expect that it will continue to have negative operating cash flows. In the previous quarterly period ended 31 March 2018, CIA completed its transition from an exploration company to a producing company. On 16 February 2018, CIA commenced production at its Bloom Lake iron ore mine and since 1 April 2018 to date, CIA has sold 909,108 wet metric tonnes of high-grade 66% Fe iron ore concentrate. During the period ended 30 June 2018, CIA expects to receive cash of C\$103.9M in respect of its sales of iron ore concentrate. Based on the foregoing and forecast production and sales for the remainder of the financial year, CIA expects that it will have positive cash flows and sufficient funds to continue funding its operations.
2. Although CIA does not expect to need to raise further cash to fund its operations, it is negotiating a working capital line of credit to finance its inventory.
3. On the basis of the foregoing, CIA expects to be able to continue its operations and to meet its business objectives.
4. CIA does not have any other information that may be relevant to the ASX in forming an opinion on whether CIA is in compliance with Listing Rule 12.2.
5. CIA confirms that it is in compliance with Listing Rule 3.1 and there is no information about its financial condition that should be given to the ASX in accordance with that Listing Rule that has not already been released to the market.
6. CIA confirms that the foregoing responses have been authorised and approved by its board.

Please let us know if you have any further questions or requests for information.

Yours very truly,

Champion Iron Limited



Miles Nagamatsu

Chief Financial Officer

1 May 2018

Mr Pradip Devalia
Company Secretary
Champion Iron Limited
Level 1
91 Evans Street
Rozelle NSW 2019

By email

Dear Mr Devalia,

Champion Iron Limited ("CIA"): Appendix 5B Query

I refer to CIA's Appendix 5B quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform on 30 April 2018 (the "Appendix 5B").

ASX notes that CIA has reported:

- negative net operating cash flows for the quarter of C\$66,858,000;
- cash at the end of the quarter of C\$25,160,000;
- an undrawn line of credit at the end of the quarter of US\$57,240,000; and
- estimated cash outflows for the next quarter of C\$122,750,000.

It is possible to conclude, based on the information in the Appendix 5B that if CIA were to continue to expend cash at the rate indicated by the Appendix 5B, CIA may not have sufficient cash to continue funding its operations. In view of that, ASX asks CIA to respond separately to each of the following questions and requests for information:

1. Does CIA expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CIA taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CIA expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that CIA considers may be relevant to ASX forming an opinion on whether CIA is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that CIA is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that CIA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CIA with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEST on 4 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CIA's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CIA's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to CIA's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CIA's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CIA's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Clare Porta
Adviser, Listings Compliance (Sydney)