

CHAMPION IRON

CHAMPION ANNOUNCES THE SALE OF A CDN\$31,200,000 DEBENTURE TO GLENCORE

Montréal (Québec), Canada, October 16, 2017: Champion Iron Limited (ASX: CIA) (TSX: CIA) (the “**Corporation**” or “**Champion**”) is pleased to announce that it has completed the previously announced non-brokered sale of a CDN\$31,200,000 subordinated unsecured mandatory convertible debenture (the “**Debenture**”) to Glencore International AG (“**Glencore**”) on a private placement basis.

The Debenture has a term to maturity of eight years and bears interest at a rate of 12% for the first year and thereafter will bear interest at the same rate as the subordinated debt committed by CDP Investissements Inc., a wholly-owned subsidiary of Caisse de dépôt et placement du Québec (“**Caisse**”), as of October 10, 2017.

The Debenture will be convertible at the option of Glencore at any time into Champion ordinary shares (the “**Shares**”) at a conversion price of CDN\$1.125 per Share (the “**Conversion Price**”). The Debenture also includes a mandatory conversion clause at a conversion price of CDN\$0.85 per Share of Champion which may be triggered by either of the senior secured creditors under the previously announced US\$180 million debt financing, being Sprott Private Resource Lending (Collector), LP and Caisse, provided that such mandatory conversion may not have the effect of causing Glencore to own 20% or more of the total issue and outstanding Shares.

The Debenture, together with accrued and unpaid interest, may be prepaid by the Corporation in whole (but not in part). In the event the Corporation elects to prepay and cancel the Debenture for cash and the Debenture is not converted into Shares prior to prepayment, the Corporation would grant to Glencore ordinary share purchase warrants entitling it to acquire, on or before October 13, 2025, a number of Shares equal to the principal amount of Debenture repaid divided by the Conversion Price, at an exercise price equal to the Conversion Price.

In connection with the closing of the Debenture, Champion’s subsidiary, Québec Iron Ore Inc. (“**QIO**”), has entered into an off-take agreement with Glencore pursuant to which Glencore secures global off-take rights for life-of-mine of the Bloom Lake iron mine (“**Bloom Lake**”) with fixed commercial terms for a 10-year period for all tonnes of future iron ore production at Bloom Lake not sold in Japan under

the existing off-take agreement with Sojitz Corporation. In the event of a mandatory conversion as described above, the off-take terms will apply for the life-of-mine of Phase 1 of Bloom Lake and Glencore will have the option to convert the marketing fees under the off-take terms into a FOB-based royalty under certain circumstances. In addition, Glencore has been granted a right of first refusal in connection with the financing and off-take rights for iron ore production of Phase II of Bloom Lake not allocated to certain strategic investors.

The Corporation is also pleased to announce that Jyothish George, a representative of Glencore, has joined its board of directors effective today pursuant to a right granted by the Corporation to Glencore to nominate one person to the board of directors for so long as the Corporation owes any amount to Glencore under the Debenture or Glencore and/or its affiliates holds, directly or indirectly, an equity ownership of at least 5% in the Corporation, calculated on a non-diluted basis. Mr. George has been with Glencore for 13 years. In 2014, Mr. George was appointed Chief Risk Officer of Glencore and currently holds the position of Head of Iron Ore Trading.

About Champion

Champion is an iron development and exploration company, focused on developing its significant iron resources in the south end of the Labrador Trough in the province of Québec. Following the acquisition of its flagship asset, the Bloom Lake iron ore property, the Corporation's main focus is to implement upgrades to the mine and processing infrastructure it now owns while also advancing projects associated with improving access to global iron markets, including rail and port infrastructure initiatives with government and other key industry and community stakeholders.

Champion's management team includes professionals with mine development and operations expertise who also have vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

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For additional information on Champion Iron Limited, please visit our website at www.championiron.com

Forward-Looking information

This news release includes certain information that may constitute “forward-looking information” under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this news release that address the future iron ore production at Bloom Lake as well as future activities, events, developments or financial performance constitute forward-looking information. The use of any of the words “will”, “expect”, “anticipate”, “intend”, “believe”, “plan”, “potential”, “outlook”, “forecast”, “estimate” and similar expressions are intended to identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Champion’s annual information form, management’s discussion and analysis and other securities regulatory filings made by Champion on SEDAR (including under the heading “Risk Factors” therein). There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion’s forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of Champion’s management and information available to management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.