Champion Announces Definitive Agreement to Acquire Bloom Lake Mine and Rail Assets

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Montréal, Québec, Canada: Champion Iron Limited (ASX: CIA, TSX: CIA) ("Champion" or the "Company") is pleased to announce that Québec Iron Ore Inc., a wholly-owned subsidiary of the Company, has entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") to acquire, subject to Court approval, the Bloom Lake Mine and related rail assets (collectively, "Bloom Lake") and the Quinto Mining Corporation mineral claims (the "Quinto Claims") in Québec (the "Acquisition") from affiliates of Cliffs Natural Resources Inc. (NYSE:CLF) that are currently subject to restructuring proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA)" (collectively, the "Bloom Lake CCAA Parties").

Champion, through its wholly owned subsidiary Québec Iron Ore Inc., 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 of the Bloom Lake CCAA Parties 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.

Details of the Acquisition

The Bloom Lake assets and the Quinto Claims are being acquired for a cash consideration of C$10.5 million and the assumption of certain liabilities. Under the Asset Purchase Agreement, Québec Iron Ore Inc. will also become responsible for environmental obligations which include 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 of Bloom Lake totalling approximately C$1.1 million.

The Acquisition is 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 will be acquired free and clear of any security interests and any other encumbrances (subject to certain limited permitted encumbrances). The Asset Purchase Agreement contains 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 (which is further described below). If approved by the Court, the Acquisition is expected to be completed during the first quarter of 2016.

Champion Chairman and CEO Michael O'Keeffe said, "Bloom Lake is considered an exceptional opportunity for Champion, and one that would not have presented itself without the challenges of the current downturn in bulk commodities. The tough market conditions have meant that we have been able to negotiate a competitive and successful bid. This in turn allows us to deliver the prospect of economic growth and employment for the region, and strong upside potential for our shareholders and other stakeholders".

Mr. O'Keeffe said the assets have been well maintained since the project's cessation of exploitation, with an extensive list of equally well-maintained plant and capital equipment included in the Acquisition.

Private Placement Financing

The Company is concurrently announcing 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 Company is also pleased to announce that is has received commitments from two parties to backstop up to C$15 million of the financing. One of the parties is arm's length while the other is a company controlled by Champion's Chairman and CEO Mr. O'Keeffe. Mr. O'Keeffe has agreed to purchase up to 46,875,000 ordinary shares under the Offering, subject to his right to engage dealers to find substituted purchasers to purchase all or a portion of such ordinary shares, and when combined with his current holdings, could own up to 19.95% (16.44% if the total amount of the Offering is C$25 million) of the aggregate number of issued and outstanding ordinary shares of Champion as a result of the Offering.

The Offering is subject to the satisfaction of all regulatory approvals, including the approval of the Toronto Stock Exchange and the Australian Stock Exchange, approval of the shareholders of the Company entitled to vote at the shareholders' meeting, the Asset Purchase Agreement becoming unconditional and not being terminated as well as the satisfaction of customary closing conditions provided for in the subscription agreements. The ordinary shares to be issued under the Offering will be issued pursuant to exemptions from the prospectus requirements of applicable securities laws and will be 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 will be further described in the Company's management proxy circular (Canada) and Notice of Meeting (Australia), which is expected to be filed on SEDAR and mailed to Champion shareholders in late December or early January.

Financial and Technical Due Diligence

Over the past two years, Champion has closely monitored the development of the Bloom Lake Mine, and several meetings were convened during 2014-2015 with the Bloom Lake CCAA Parties.

Since admission to the Bloom Lake data room, Champion has reviewed the Bloom Lake assets and has gained significant insight and confidence in the project from both a technical and financial perspective.

In preparation for the bid, Champion completed financial and technical due diligence and prepared a financial model that reflects pricing assumptions and anticipated production improvements and cost reductions required to achieve a profitable operation.

Champion believes there is capacity to reduce the care and maintenance costs at the Bloom Lake Mine which would reduce the overall required capital.

Discussions with leading commodities traders have also confirmed off-take interest with the backing of steel mills, to the extent that Champion has confidence that future Bloom Lake production could be pre-sold.

Additionally, discussions with strategic partners, funds, government agencies and private investors are at an advanced stage for the Company to obtain additional financing in order to secure up to 24 months of care and maintenance should low iron ore prices prevail during this period.

Improving Mine Capacity at Bloom Lake

Champion has identified potential to improve mine capacity at Bloom Lake. Previous operations historically produced a yearly maximum of 6 million tons of iron fines at 66% Fe. Champion will be looking to increase this to over 7 million tons per year at a similar grade, chiefly through the implementation of a new mine plan as well as improved recoveries.

Champion also considers that significant cost reductions are possible at the Bloom Lake Mine, with the potential to bring operational FOB costs per ton down substantially from previous levels. The Company intends to provide updates shortly outlining the key areas to be targeted by the new management team at Bloom Lake.

Even with an extended care and maintenance and planned upgrade period, Bloom Lake could potentially become one of the lowest capital cost iron ore mines in the world. As a contingency, the plant is considered to be in a perfect situation to hibernate in a possible negative market environment given the amount of work the previous owner has already committed to preparing the site for closure.

In parallel with the successful bid, Champion has achieved or is in the process of delivering a number of strategic milestones to improve access to global markets and significantly reduce operating costs at Bloom Lake, including projects related to rail and port access.

McCarthy Tétrault LLP is acting as legal counsel to Champion.

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About Champion

Champion has been working on the development of iron ore deposits in the Labrador Trough for more than 10 years through acquisition of tenements, geological evaluation and development of a Feasibility study (Fire Lake North deposit). The management team has a vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

The main focus of Champion's activities, holding over 3 billion tons of high quality iron ore resources, were concentrated on the effort to achieve an economical long term access from mine to ship. The Government of Québec has granted CAD $20 million for the feasibility study of a new rail linking Fire Lake / Bloom Lake area to the port of Sept-Îles. This study is being managed by Champion, and is expected to be finalised in 2016.

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

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