Government of Québec forms a partnership with Champion Iron and Adriana Resources to advance Labrador Trough rail feasibility

MONTREAL and TORONTO (CANADA), October 21, 2014: The board of Champion Iron Limited (ASX: CIA, TSX: CIA) ("Champion" or the "Company") is pleased to advise that the Government of Québec and Lac Otelnuk Mining Ltd., a joint venture between Adriana Resources (TSX-V:ADI) ("Adriana") and WISCO International Resources Development & Investment Limited, have formed a partnership with Champion, "La Société ferroviaire du Nord québécois, société en commandite" ("SFNQ").

The SFNQ was formed recently, following the tabling by the Québec government of its 2014-2015 budget in June, as a partnership of government and industry and assigned the responsibility of managing the implementation of the Feasibility Study for a new Labrador Trough rail line.

The Québec government has set aside a maximum of C$20 million from its Plan Nord Fund to contribute to the study. For its part, Champion's contribution of sunk costs is valued up to C$6 million. Among other major economic and wide-reaching social benefits, the new rail infrastructure when developed will enhance the Québec-based mining industry's ability to service world markets with competitive long-term tariffs.

Champion's subsidiary Champion Iron Mines Limited is a founding partner of the SFNQ, which is open to all miners in the region.

Champion's Chairman and CEO Michael O'Keeffe said, "The SFNQ partnership includes the Government of Québec and fellow mining group Lac Otelnuk Mining Ltd, with an open invitation to others from within industry to join this important initiative".

SFNQ will oversee work contributing to the Feasibility Study for the development of a multi-user rail from the port of Sept-Îles to the Labrador Trough. With government and industry participation, the SFNQ is well positioned to manage the study.

"A range of partners will ensure the study considers the concerns of all potential rail link users and in doing so advocates a multi-user system favouring a final outcome encouraging joint investment. Champion is pleased to be a part of the SFNQ partnership," Mr O'Keeffe said.

In June this year, Champion welcomed the Government's decision to commit to the funding of a feasibility study to determine the optimum rail option of a new rail link for iron ore miners in the Labrador Trough.

The Company has been a strong and longstanding advocate of the multi-user rail feasibility study and remains committed to supporting the government and the industry in Québec through its participation as an industry partner in the SFNQ.

Mr O'Keeffe said that the Company is excited to be a founding partner of the SFNQ and for the opportunity to be part of the overall Plan Nord project, created by the government to enhance the economic, industrial and social potential of the northern region of Québec.

"Bulk commodities require world class infrastructure to ensure long term efficiencies," he quotes.

The study could lead to one of the largest sustainable development projects in the world, with a government that is putting the necessary conditions in place to facilitate the efforts of the private sector to deliver the immense economic potential of northern Québec while respecting social and environmental considerations.

Mr O'Keeffe said that the prospective development of any new rail infrastructure would necessarily involve all aspects of the community, not just the mining industry, and requires the support of the First Nations and key stakeholders.

Champion is set to benefit from the development of rail infrastructure in the region, with 14 fully owned projects situated in the highly prospective Fermont Iron Ore District in northern Québec, and with overall Canadian National Instrument (NI 43-101) compliant resource of some 5.3 billion tonnes grading on average 29% Fe. Included in the above, the Consolidated Fire Lake North is now the Company's flagship project with a completed Prefeasibility Study ("PFS") and a well-developed strategy to advance to production.

The immediate term focus of the board and management is on completing a full Feasibility Study for the development of a long-life, low-cost operation at Consolidated Fire Lake North yielding 9.3Mtpa of concentrate at 66% Fe. When in production, and with the benefit of new rail infrastructure, the saleable product is planned to be railed to the Port of Sept-Îles and then shipped to customers in Asia and Europe, where it is expected to command a premium.

For Champion shareholders, the Feasibility Study for the new Labrador Trough rail line is an important step in unlocking the value of the Company's major assets.

Additionally, for Champion's employees and stakeholders, including the communities in which the Company operates, the study provides the potential to deliver future growth and job opportunities for the local and indigenous people who live in the region.

"We see this as an opportunity to engage the local community including the First Nations as well as other business active in the region in what promises to be a significant social and economic endeavour from which Québec will benefit for generations to come," Mr O'Keeffe said.

Michael O'Keeffe
Executive Chairman

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ABOUT CHAMPION IRON LIMITED

Champion is an iron exploration and development company with offices in Montreal, Toronto and Australia, and is focused on developing its significant iron resources in the Labrador Trough in the province of Québec. Champion holds a 100% interest in the Fermont Iron Holdings, including its flagship Consolidated Fire Lake North Project, that is located in Canada's major iron ore producing district, in close proximity to producing iron mines, existing transportation and power infrastructure.

Consolidated Fire Lake North is located immediately north of Arcelor Mittal's operating Fire Lake Mine and 60 km south of Cliffs Natural Resources Inc.'s Bloom Lake Mine in northeastern Québec. Champion's management and advisory board include mining and exploration professionals with the mine development and operations experience to build, commission and operate the future Consolidated Fire Lake North mine.

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

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about planned operations at the Company's projects, including its joint venture projects. 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 forms, management discussion and analysis and other securities regulatory filings 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.

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