

Champion announces terms of previously announced offering of subscription receipts

Montréal (Québec), Canada, September 7, 2017: Champion Iron Limited (ASX: CIA) (TSX: CIA) (the “**Corporation**” or “**Champion**”) is pleased to announce, further to its announcements on August 1, 2017 and August 28, 2017 that it intended to proceed with a public offering of subscription receipts (the “**Subscription Receipts**”) for gross proceeds of up to \$20 million, that it has entered into an underwriting and agency agreement (the “**Underwriting and Agency Agreement**”) with a syndicate of dealers led by RBC Capital Markets, as sole bookrunner, and Sprott Capital Partners, as co-lead dealer, that includes BMO Capital Markets, National Bank Financial Inc., Scotia Capital Inc., Desjardins Capital Markets and Macquarie Capital Markets Canada Ltd. (collectively, the “**Dealers**”) to offer 22,222,223 Subscription Receipts (the “**Offering**”) at a price of \$0.90 per Subscription Receipt (the “**Offering Price**”), for gross proceeds to the Corporation of approximately \$20,000,000.

As previously announced, the Corporation recently secured a conditional financing commitment of US\$25 million (approximately \$31 million) from Glencore International AG for the non-brokered sale of a subordinated unsecured mandatory convertible debenture (the “**Debenture**”) on a private placement basis. As a result, Champion had announced its intention to reduce the expected size of the offering to approximately \$20,000,000.

Each Subscription Receipt will entitle the holder thereof to receive, without any further action on the part of the holder thereof or payment of any additional consideration, one ordinary share of the Corporation (each, an “**Underlying Share**”), subject to the satisfaction or waiver of certain conditions and provided that a termination event has not occurred.

As previously announced on July 12, 2017, August 1, 2017 and August 28, 2017, Québec Iron Ore Inc. (“**QIO**”), a subsidiary of the Corporation, has received conditional commitments of US\$180 million (the “**QIO Debt Financing**”) to partially fund the costs of resuming the operations of the Bloom Lake Iron Ore Mine (“**Bloom Lake**”). One of the conditions of the QIO Debt Financing requires the Corporation and QIO to secure all financing requirements for the Bloom Lake restart. In connection therewith, QIO’s equity shareholders, namely Champion and Ressources Québec Inc. are required to contribute financially to support the resumption of operations at Bloom Lake by making capital contributions to QIO of approximately \$44.8 million and \$26.2 million, respectively. The Corporation intends to use the proceeds from the sale of the Debenture, as well as the net proceeds of the Offering to make such capital contribution to QIO, further to which any remaining amount received from the Offering and the sale of the Debenture would be used for general corporate purposes.

The net proceeds of the Offering will be held in escrow and, upon the satisfaction or waiver of certain conditions (the “**Escrow Release Conditions**”), being (a) the execution of definitive documentation in connection with the QIO Debt Financing and the satisfaction or waiver of all conditions precedent to the availability of the funds thereunder (other than such conditions precedent which, by their nature, are to be satisfied upon closing of the QIO Debt Financing or upon satisfaction or waiver of the Escrow Release Conditions); and (b) the funding of the capital contribution of Ressources Québec Inc., the net proceeds will be released to the Corporation and holders of the Subscription Receipts will be entitled to receive, without payment of additional consideration or taking of further action, one ordinary share of Champion for each Subscription Receipt held. If these conditions have not been satisfied or waived by October 16, 2017, or if any of the parties to the QIO Debt Financing decides not to proceed with the QIO Debt Financing, then the Subscription Receipts shall be automatically cancelled and the escrow agent shall remit to holders of the

Subscription Receipts an amount equal to the original purchase price plus accrued interest.

The Toronto Stock Exchange has conditionally approved the listing of the Subscription Receipts and of the Underlying Shares. The Corporation will also apply for quotation of the Underlying Shares on the Australian Securities Exchange.

The Corporation intends to file a final short form prospectus on September 7, 2017. The Offering is being made in all the provinces of Canada. Subject to applicable law and the provisions of the Underwriting and Agency Agreement, the Dealers may offer the Subscription Receipts outside of Canada, including in the United States in reliance on applicable private placement exemptions under United States federal and state securities laws. If an Offering is made in Australia it will only be made to professional investors or sophisticated investors (as those terms are defined by section 708(8) and (11) of the Corporations Act) or other investors in Australia to whom securities can be issued without a disclosure document being required by the Corporations Act. Closing of the Offering is expected to take place on or around September 18, 2017.

The Corporation anticipates that certain “related parties” of the Corporation will participate in the Offering. Participation of such “related parties” in the Offering will constitute a “related party transaction” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Corporation expects that the Offering will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to insiders nor the consideration being paid by insiders will exceed 25% of the Corporation’s market capitalization. None of the Corporation’s directors has expressed any contrary views or disagreements with respect to the foregoing.

No securities regulatory authority has either approved or disapproved the contents of this press release. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. Champion’s securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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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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 sale of the Debenture, the satisfaction of the escrow release conditions, the use of proceeds, the listing of the Subscription Receipts and the Underlying Shares on the Toronto Stock Exchange and the quotation of the Underlying Shares on the Australian Securities Exchange, and the timing for closing of the Offering 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 preliminary short form prospectus relating to the Offering, 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.

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