

Champion Iron emerges as a significant iron ore group in the Labrador Trough, Québec

Montréal: Champion Iron Limited (ASX: CIA, TSX: CIA) ("Champion" or the "Company") is positioning to be one of the lowest capital cost iron ore mines in the world. With planning underway at the recently acquired Bloom Lake Mine in Québec, Champion is optimistic that the mine's new owner, Quebec Iron Ore ("QIO"), a subsidiary entity of Champion, can identify and implement potentially significant cost reductions.

The key focus in all planning is to bring operational costs per ton down substantially which would enable Champion to capitalize on its strategic goal to bring the mine back into production.

A new mine plan and improved recoveries

Since the successful acquisition of the Bloom Lake Mine and associated assets (collectively, "Bloom Lake"), with its joint venture partner, the Quebec government, Champion has been preparing a program to introduce potential improvements to mine and processing capacity at Bloom Lake.

The first stage in this preparation was to integrate approximately 40 employees at the Bloom Lake Mine into their new company, QIO, and to commence discussions with engineering and technical contractors.

Central to the success of Bloom Lake will be the implementation of a new mine plan as well as improved recoveries at the mine's expansive processing plant and infrastructure. Where previous operations historically produced a yearly maximum of 6 million tons of iron fines at 66% Fe, QIO will target material increases to take this to over 7 million tons per year at a similar grade.

Champion Chairman and CEO Michael O'Keeffe said the Bloom Lake Mine and associated assets were acquired on very favourable terms.

While the Company intends to leverage the significant level of investment in Bloom Lake made by previous owners, the future potential of the Tier 1 project is dependent upon the current owner's strategic development plan of the overall project including upgrades at the processing plant.

The asset has the potential to be a world class project, and could position Champion, with its other iron ore assets including the Fire Lake North Project, as an iron ore miner of regional if not global significance. With the appropriate upgrades, and with a continued improvement in the longer term outlook for iron ore, Bloom Lake represents strong upside potential for shareholders.

In support of this strategy, and in addition to the acquisition of Bloom Lake and work at the mine, Champion is also advancing projects related to improving rail and port access. Discussions with government and industry are ongoing and progressing well.

Corporate development lays the foundation for future growth

It has been an intense period for Champion Iron, with key corporate developments during the past six months including:

December 11, 2015: the Company announced that it had entered, through its subsidiary entity QIO, into an Asset Purchase Agreement in respect of the Acquisition of the Bloom Lake Mine in Québec. Pursuant to the Asset Purchase Agreement the Bloom Lake assets and the Quinto Claims were acquired for a cash consideration of C\$10.5 million and the assumption of certain liabilities. These involved responsibility for environmental obligations which included 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.

On January 27, 2016, Champion reported that the transaction was approved by the Québec Superior Court under the Companies' Creditors Arrangement Act (Canada).

On February 19, 2016, Champion announced that Ressources Québec, acting as a mandatary of the Government of Québec, intended to invest C\$14 million into the new entity, QIO, owning the mine and in addition would also participate in the Financing by subscribing for C\$6 million in the share capital of Champion.

On April 11, 2016, the Company announced that, including the investment of Ressources Québec, it had closed a private placement financing for proceeds of C\$30 million which was utilized to fund the Acquisition purchase price, provide the Company with working capital and to assist in meeting care and upgrade costs in

respect of the Bloom Lake Mine. Subscribers to the Offering included:

- Wynnchurch Strategic Opportunity LP (a Wynnchurch Capital, Ltd. fund) (“Wynnchurch”) invested C\$10 million. Wynnchurch Capital, Ltd. is a leading middle-market private equity investment firm headquartered in the Chicago suburb of Rosemont, Illinois with offices in Toronto and Michigan, and affiliates in Montreal, New York City and Los Angeles.
- Resource Capital Funds (“RCF”), a mining-focused private equity firm headquartered in Denver, Colorado, invested C\$6 million.
- A company controlled by a non-arm’s length party, namely Champion’s Chairman and CEO, Michael O’Keeffe, invested C\$3.5 million.

Significantly, at a time when most investors were shying away from the market, Champion was successful in securing the support of these leading and specialist resources investor groups.

At 5pm on the 11th April 2016, QIO took possession of the Bloom Lake mine on completion of the acquisition. Looking forward, the emphasis shifts from corporate to operational, as the Champion board and management look to deliver operational improvements and efficiencies at the Bloom Lake Mine.

An important part of Plan Nord

There is a high level of interest in the future of Bloom Lake, given the mine’s important potential to add to economic growth for the Côte-Nord region of Québec.

Mr O’Keeffe said that Champion Iron is looking forward to being a key stakeholder and participating significantly to the implementation of the Québec Government’s Plan Nord, including generating employment and positive economic impact across communities in the region.

“We have already initiated a dialogue with the local authorities and partners to share the Company’s vision and work plan for Bloom Lake and we have explained that when QIO starts hiring, we will involve the local and First Nations community, as well as the mine’s former employees,” Mr O’Keeffe said.

The current operations at site rely on services and supplies from local entrepreneurs and businesses. As the Company increases its activities at and around the mine, Champion is committed to maximize the economic flow-on for the local business communities in the regions in which the Company operates.

Through the acquisition, QIO already has a strong link with nearby Fermont. This includes 30 homes and two 100-room motels that were purchased in Fermont to secure housing and accommodation for employees and contractors. This means that QIO has access to housing required for a restart of Bloom Lake.

For further information please contact:

Michael O’Keeffe, Executive Chairman and CEO at Tel. +1 514-316-4858
Fundexa, Bill Kemmery at Tel. +61 400 122 449 or bill@fundexa.com

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.

Prior to the acquisition of Bloom Lake, the main focus of Champion’s activities, holding over 3 billion tons of high quality iron ore resources, was concentrated on the effort to achieve an economical long term access from mine to ship.

Following the acquisition of Bloom Lake the Company’s main focus is to implement upgrades to the mine and processing infrastructure it now owns whilst advancing projects associated with improving access to global markets. This includes progressing rail and port infrastructure initiatives with government and other key industry and community stakeholders.

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.

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

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