

This Management Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.

**MANAGEMENT INFORMATION CIRCULAR
FOR THE
ANNUAL AND SPECIAL MEETING
OF THE
SHAREHOLDERS
OF
CHAMPION MINERALS INC.**

**To be held at 10:00 a.m. (Toronto time)
on Friday August 10, 2012
at
The Albany Club (The President's Room)
91 King Street East
Toronto, Ontario**

Dated as of July 13, 2012

PROXY SOLICITATION

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of CHAMPION MINERALS INC. (the “Corporation”) of proxies to be used at the Annual and Special Meeting (sometimes referred to as the “Meeting”) of the shareholders of the Corporation, to be held at The Albany Club (The President’s Room), 91 King Street East, Toronto, Ontario on Friday, August 10, 2012, at 10:00 a.m. (Toronto time) and at any adjournments thereof, for the purposes set forth in the notice of the Meeting (the “Notice”) accompanying this Circular.

All costs of this solicitation of proxies by management will be borne by the Corporation. In addition to the solicitation of proxies by mail, directors and officers and certain employees of the Corporation may solicit proxies personally by telephone or other telecommunication but will not receive additional compensation for doing so.

The information contained herein is given as of July 13, 2012, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.

PART ONE

VOTING INFORMATION

APPOINTMENT AND REVOCABILITY OF PROXIES

REGISTERED SHAREHOLDERS

If you are a registered shareholder, you can vote your shares at the Meeting in person or by proxy. If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Circular. Your vote can be cast by you in person and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, complete and deliver a form of proxy in accordance with the instructions given below.

Appointment of Proxy

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy in the envelope provided. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the enclosed form of proxy, to attend and vote for and on behalf of the shareholder at the Meeting. Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the person to be appointed or by completing another proper form of proxy.**

The form of proxy must be executed in writing or by electronic signature by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by instrument in writing executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation. If the proxy is executed by a duly authorized attorney or authorized signatory of the shareholder, the proxy should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing such person's qualifications and authority to act (unless such has been previously filed with the Corporation or the Corporation's registrar and transfer agent, Equity Financial Trust Company).

Depositing Proxy

Proxies to be exercised at the Meeting must be mailed to or deposited with the Corporation's registrar and transfer agent, Equity Financial Trust Company, Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1, facsimile (416) 595-9593, Attention: Proxy Department, such that they are received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which they may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof.

A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

NON-REGISTERED OR BENEFICIAL SHAREHOLDERS

Your shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or a clearing agency in which such an intermediary participates). If shares are listed in an account statement provided to you by a broker, then it is likely that those shares will not be registered in your name but under the broker's name or under the name of an agent of the broker such as CDS & Co. (the registration name for The Canadian Depository for Securities Limited), the nominee for many Canadian brokerage firms.

If your shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a “**beneficial shareholder**”). Beneficial shareholders should be aware that only shareholders whose names appear on the share register of the Corporation are entitled to vote in person or by proxy at the Meeting.

The Corporation has distributed copies of this Circular, and the accompanying Notice to intermediaries for distribution to beneficial shareholders together with the intermediary's form of proxy or voting instruction form. Unless you have waived your rights to receive these meeting materials, intermediaries are required to deliver them to you as a beneficial shareholder of the Corporation and to seek your instructions as to how to vote your shares. Brokers or agents can only vote the shares of the Corporation if instructed to do so by the beneficial shareholder.

Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a voting instruction form which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this form is to seek permission from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this form to vote or otherwise represent shares in person at the Meeting. If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions (“**Broadridge**”). Broadridge mails the voting instruction form to the beneficial shareholders and asks beneficial shareholders to return the instruction forms to Broadridge. Broadridge then tabulates the results of all instructions respecting the shares to be represented at the Meeting. The instruction form must be returned to Broadridge well in advance of the Meeting in order to have the shares voted or otherwise represented at the Meeting.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of shares owned by the non-registered shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading “Registered Shareholders”.

If a beneficial shareholder who receives a voting instruction form wishes to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the beneficial shareholder should strike out the names of the persons designated in the form of proxy as the proxy holder and insert the name of the beneficial shareholder (or of such other person who will attend and vote on their behalf) in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions provided by the intermediary. A beneficial shareholder has the right to demand and to receive from an intermediary holding shares on behalf of the beneficial shareholder a proxy enabling the beneficial shareholder to attend the Meeting and to vote the shares.

Beneficial shareholders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.

REVOCAION OF PROXIES AND VOTING INSTRUCTION FORMS

Any shareholder who executes and returns a proxy may revoke it to the extent it has not been exercised by depositing a written instrument executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (a) with the Corporation's registrar and transfer agent, Equity Financial Trust Company, Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1, facsimile (416) 595-9593, Attention: Proxy Department, at any time up to the close of business on the last business day prior to the Meeting, or any adjournment thereof;
- (b) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, at any time prior to a vote being taken in reliance on such proxy; or
- (c) in any other manner permitted by law.

A beneficial shareholder may revoke a voting instruction or may revoke a waiver of the right to receive meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

VOTING AND DISCRETIONARY AUTHORITY

The proxyholders named in the accompanying form of proxy shall and will vote the shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the proxy. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED THEREBY WILL BE VOTED (i) FOR THE RE-APPOINTMENT OF COLLINS BARROW TORONTO LLP, AS THE AUDITORS OF THE CORPORATION AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION AND TERMS OF ENGAGEMENT; (ii) FOR THE ELECTION OF THE MANAGEMENT NOMINEES NAMED IN THIS CIRCULAR AS DIRECTORS; (iii) FOR THE AMENDMENT TO THE CORPORATION'S STOCK OPTION PLAN; (iv) FOR THE AMENDMENT TO THE ARTICLES OF THE CORPORATION TO INCREASE THE MAXIMUM NUMBER OF DIRECTORS FROM EIGHT (8) TO TWELVE (12); AND (v) FOR THE AMENDMENT TO THE ARTICLES OF THE CORPORATION TO CHANGE THE NAME OF THE CORPORATION;**

all as discussed below.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters as may properly come before the Meeting or any adjournments thereof. At the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. If amendments, variations to matters identified in the Notice or if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.

RECORD DATE

The Board of Directors of the Corporation has determined that the holders of common shares at the close of business on July 3, 2012 (the "**Record Date**") shall be entitled to receive notice of the Meeting and to vote at the Meeting, and any adjournment thereof. Accordingly, only shareholders of record on such record date are entitled to vote at the Meeting.

OUTSTANDING VOTING SHARES, VOTING AT MEETINGS AND QUORUM

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. At the date hereof, the Corporation has 119,286,465 common shares outstanding, each of which carries one vote per share. Holders of common shares as of the Record Date shall be entitled to vote their shares personally or by proxy at the Meeting. Unless otherwise required by law, every question coming before the Meeting shall be determined by a majority of votes duly cast on the matter. Approval of the amendment to the Corporation's stock option plan will require approval of the majority of the eligible votes cast on the applicable resolution at the Meeting. Approval of the amendment to the Corporation's Articles to increase the maximum number of directors from eight (8) to twelve (12) will require approval of two-thirds (66 2/3%) of the votes cast on the applicable special resolution at the Meeting. Approval of the amendment to the Corporation's Articles to change the name of the Corporation will require approval of two-thirds (66 2/3%) of the votes cast on the applicable special resolution at the Meeting.

Proxies returned by intermediaries as “non-votes” because the intermediary has not received instructions from the beneficial shareholder with respect to the voting of certain shares or, under applicable regulatory rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such intermediary “non-votes” will, however, be counted in determining whether there is a quorum.

A quorum for the Meeting and any adjournments thereof is two persons present in person or represented by proxy and entitled to vote thereat.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owns, directly or indirectly, controls or directs common shares carrying 10% or more of the voting rights attached to the outstanding common shares of the Corporation other than as follows:

Name	Number of Common Shares	Percentage of Outstanding Common Shares (undiluted)
Fancamp Exploration Limited (“Fancamp”)	15,025,000	12.59%

The directors and officers of the Corporation own or control, directly or indirectly, in the aggregate 6,467,354 shares representing approximately 5.4% of the issued and outstanding common shares of the Corporation as of July 12, 2012.

PART TWO

STATEMENT OF EXECUTIVE COMPENSATION (FORM 51-102F6)

In accordance with the requirements of applicable securities legislation in Canada, the section below entitled “Compensation Discussion and Analysis” sets out the “Summary Compensation Table” and related tables and narrative disclosures to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and to help investors understand how decisions about executive compensation are made.

SUMMARY COMPENSATION TABLE

The “Summary Compensation Table” below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly for the financial year ended March 31, 2012, to the Chief Executive Officer (the “CEO”), the Chief Financial Officer (the “CFO”), and the other individuals (to a maximum of three) who were the most highly compensated executive officers of the Corporation and its subsidiaries and whose total compensation from the Corporation and its subsidiaries exceeded \$150,000 in the financial year ended March 31, 2012, (together with the Chief Executive Officer and the Chief Financial Officer, the “Named Executive Officers” or the “NEOs”). During the financial year ended March 31, 2012, the Corporation had five (5) Named Executive Officers: Thomas Larsen, Miles Nagamatsu, Jeff Hussey, Alexander Horvath and Jorge Estepa.

The following table sets forth particulars concerning the compensation paid for services rendered to the Corporation by its NEOs in all capacities during the most recently completed financial year ended March 31, 2012:

Name and principal position	Year	Salary ⁽¹⁾ (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽³⁾ (\$)	Long-term incentive plans			
					Thomas Larsen President and CEO	2012			
	2011	162,000	Nil	331,000	305,000	Nil	Nil	Nil	798,000
	2010	36,500	Nil	378,900	150,000	Nil	Nil	Nil	565,400
Miles Nagamatsu CFO	2012	156,000	Nil	100,867	145,000	Nil	Nil	Nil	401,867
	2011	90,000	Nil	82,750	120,000	Nil	Nil	Nil	292,750
	2010	26,000	Nil	101,445	75,000	Nil	Nil	Nil	202,445
Alexander Horvath Executive Vice President, Exploration	2012	134,000	Nil	151,300	75,000	Nil	Nil	Nil	360,300
	2011	93,970	Nil	33,100	20,000	Nil	Nil	Nil	147,074
	2010	51,080	Nil	20,022	26,500	Nil	Nil	Nil	97,607
Jeff Hussey Executive Vice President, Development	2012	210,000	Nil	Nil	Nil	Nil	Nil	Nil	210,000
	2011	186,688	Nil	147,700	Nil	Nil	Nil	Nil	334,388
	2010	129,351	Nil	176,750	Nil	Nil	Nil	Nil	306,101
Jorge Estepa Vice President and Secretary- Treasurer	2012	156,000	Nil	100,867	145,000	Nil	Nil	Nil	401,867
	2011	99,000	Nil	99,300	135,000	Nil	Nil	Nil	333,300
	2010	27,000	Nil	184,320	75,000	Nil	Nil	Nil	286,320

Notes:

- (1) Compensation paid as consulting fees to a corporation controlled by the NEO.
- (2) The dollar value ascribed to option awards represents non-cash consideration and has been estimated using the Black-Scholes option pricing model. The amount may not represent the amounts that the NEO will receive from the options.
- (3) Compensation paid as a performance bonus to a corporation controlled by the NEO.

COMPENSATION DISCUSSION AND ANALYSIS

All matters relating specifically to senior executive compensation are reviewed and approved by the full Board. The Board appointed a Compensation and Nominating Committee effective October 4, 2010. Prior to the appointment of the Compensation and Nominating Committee, the Chief Executive Officer made recommendations to the Board with respect to compensation of the Corporation's executive officers, including base salaries, annual bonuses and long-term equity participation levels. That role has now been assumed by the Compensation and Nominating Committee. The Compensation and Nominating Committee assists the Board in setting performance objectives. In the past, the CEO played a major role in setting performance objectives and outlining progress in meeting corporate objectives and he will continue to make recommendations in the future. The Board gives final approval on compensation matters.

The Corporation's overall policy regarding compensation of the Corporation's executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain suitable and qualified executive management and establish a compensation framework which is industry competitive. The Corporation's policy is to recognize and reward individual performance as well as to place executive compensation within the range of compensation levels in the industry.

Compensation Policy and Key Compensation Components

The Corporation's compensation program for its NEOs comprises base salaries or consulting fees, incentive bonuses, and incentive stock options. The Corporation recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. Consulting fees are paid by the Corporation to executives or companies they control at competitive industry rates for work of a similar nature by arm's length service providers.

The Corporation relies upon the knowledge and experience of its Compensation and Nominating Committee and its Board to set appropriate levels of consulting fees and other compensation. These levels are based on the

Corporation's performance and development and each NEO's performance. As the Corporation's operations have grown in size and complexity, the NEOs have been rewarded with increases in their compensation packages to reflect additional responsibilities and contributions. As well, from time to time during the year, the Compensation and Nominating Committee may recommend grants of stock options. In the view of the Board, in establishing the NEOs total remuneration, the granting of stock options to the NEOs is of equal importance to the NEOs' annual cash compensation. Stock options provide long-term compensation as well as aligning the interests of the NEOs with the Corporation.

Base Salary/Fees

The objectives of providing NEOs with a base salary or consulting fee are to recognize market rates of pay for comparable positions in the industry and to acknowledge the competencies and skills of individuals. The base salary or consulting fee paid to each NEO is reviewed annually by the Board as part of the annual review of executive officers. The final decision on whether to grant an increase to the NEO's base salary or consulting fee and the amount of any such increase is in the sole discretion of the Board, taking into consideration the recommendations of the Compensation and Nominating Committee. In making such decisions, the Board refers to the contributions of the NEO as well as to compensation rates for comparable positions in the industry.

Incentive Bonuses

The objective of incentive bonuses in the form of cash is to add a variable component of compensation, based on corporate and individual performances for executive officers, directors and employees and to ensure that the compensation provided by the Corporation is industry-competitive.

Incentive bonuses were paid to NEOs, other executive officers and directors in respect of the most recently completed fiscal year upon the recommendation of the Compensation and Nominating Committee which considered such factors as the successful financings and exploration activities completed by the Corporation during the fiscal year, the increase in complexity of the Corporation's operations and the increase in market capitalization of the Corporation during the most recent fiscal year. In considering the recommendations of the Compensation and Nominating Committee in respect of annual bonuses, the Board considered the implications of the risks associated with the Corporation's compensation policies and practices. After receiving the recommendation on the Compensation and Nominating Committee regarding proposed bonuses, the Board considered the risks associated with the state of the financial markets, the ability of the Corporation to raise money in such markets, and the need for the Corporation to preserve its capital from time to time in such markets, compared to the needs of the Corporation to retain and reward experienced qualified individuals to advance the Corporation's projects. The Board recognized that there was a risk to the Corporation if additional funds were not raised for the Corporation's projects and there was also a risk to the development of those projects if the Corporation's experienced qualified individuals were not available to further the development of such projects, either of which circumstance could have a material adverse effect on the Corporation. The Board concluded that rewarding its experienced qualified officers and directors for the successes achieved during fiscal 2012 to ensure that such individuals are available and committed to the Corporation's projects to move such projects along toward success was appropriate in the circumstances.

Stock Option Plan

The objectives of the Corporation's stock option plan (the "**Plan**") are to reward achievement of long-term financial and operating performance and to focus on key activities and achievements critical to the ongoing success of the Corporation. Previous awards are not necessarily taken into account in determining the number of stock options to be granted.

Incentive Plan Awards

Outstanding share-based awards and option-based awards for Certain Officers

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Corporation which were outstanding on March 31, 2012:

Name	Number of securities underlying unexercised options (#)	Option Exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Thomas Larsen President and CEO	200,000	0.45	Jan. 10, 2013	246,000	Nil	Nil	Nil
	300,000	0.30	Sep. 16, 2014	414,000			
	400,000	0.80	Jan. 14, 2015	352,000			
	100,000	1.00	Mar. 2, 2015	68,000			
	500,000	1.00	Oct. 3, 2015	340,000			
	300,000	1.30	Dec. 23, 2016	114,000			
Miles Nagamatsu CFO	125,000	0.45	Jan. 10, 2013	153,750	Nil	Nil	Nil
	120,000	0.30	Sep. 16, 2014	165,600			
	5,000	0.33	Sep. 24, 2014	6,750			
	125,000	0.80	Jan. 14, 2015	110,000			
	125,000	1.00	Oct. 3, 2015	85,000			
	100,000	1.30	Dec. 23, 2016	38,000			
Alexander Horvath Executive Vice President, Exploration	125,000	0.45	Jan. 10, 2013	153,750	Nil	Nil	Nil
	70,000	0.30	Sep. 16, 2014	96,600			
	30,000	0.33	Sep. 24, 2014	40,500			
	50,000	0.80	Jan. 14, 2015	44,000			
	100,000	1.00	Oct. 3, 2015	68,000			
	150,000	1.30	Dec. 23, 2016	57,000			
Jeff Hussey Executive Vice President, Development	125,000	0.70	May 16, 2013	122,500	Nil	Nil	Nil
	125,000	0.30	Sep. 16, 2014	172,500			
	250,000	0.80	Jan. 14, 2015	220,000			
	100,000	1.00	Oct. 3, 2015	68,000			
	50,000	2.17	Jan. 10, 2016	Nil			
Jorge Estepa Vice President and Secretary-Treasurer	125,000	0.45	Jan. 10, 2013	153,750	Nil	Nil	Nil
	120,000	0.30	Sep. 16, 2014	165,600			
	5,000	0.33	Sep. 24, 2014	6,750			
	200,000	0.80	Jan. 14, 2015	176,000			
	50,000	1.00	Mar. 2, 2015	34,000			
	150,000	1.00	Oct. 3, 2015	102,000			
	100,000	1.30	Dec. 23, 2016	38,000			

Notes:

This amount is based on the difference between the closing market price of the Corporation's common shares on the TSX of \$1.68 on March 31, 2012, and the exercise price of the option.

Incentive plan awards for Certain Officers- value vested or earned during the year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended March 31, 2012:

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Thomas Larsen President and CEO	39,000	Nil	335,000
Miles Nagamatsu CFO	13,000	Nil	145,000
Alexander Horvath Executive Vice President, Exploration	19,500	Nil	75,000

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Jeff Hussey Executive Vice President, Development	Nil	Nil	Nil
Jorge Estepa Vice President and Secretary-Treasurer	13,000	Nil	145,000

Notes:

- ⁽¹⁾ This amount is based on the difference between the closing market price of the Corporation's common shares on the vesting date and the exercise price of the option multiplied by the number of vested options.

Pension Plan Benefits

No pension plan or retirement benefit plans have been instituted by the Corporation and none are proposed at this time.

NEO Employment Contracts, Termination and Change of Control Benefits

The Corporation has written consulting services contracts with the three of its NEOs. Each contract provides for the payment and provision of other benefits triggered by a termination without cause or as a result of a change of control.

The Corporation has a consulting services contract with its Chief Executive Officer, Thomas G. Larsen. Mr. Larsen's contract is for a two year period expiring in November 2013, and thereafter automatically extends on an annual basis for an additional term of one year. Under the terms of the consulting services contract, Mr. Larsen is entitled to receive annual consulting fees of \$300,000 payable to a corporation controlled and wholly-owned by Mr. Larsen. Notwithstanding the foregoing, for the year ended March 31, 2012, Mr. Larsen elected to receive consulting fees of \$269,000. Pursuant to the services contract, if there is a change in control of the Corporation which results in the termination of office for Mr. Larsen, he would be entitled to receive an amount equal to three times his then current maximum annual consulting services fee as described in the table below. As well, in the event of a corporate reorganization, plan of arrangement, spin-out or change of control in respect of which Mr. Larsen loses his office with the Corporation, Mr. Larsen's stock options will retain their original expiry date which will not be subject to accelerated expiry under the general terms of the Plan.

The Corporation also has a consulting services contract with its Chief Financial Officer, Miles Nagamatsu. Mr. Nagamatsu's contract is for a two year period expiring in November 2013, and thereafter automatically extends on an annual basis for an additional term of one year. Under the terms of the consulting services contract, Mr. Nagamatsu is entitled to receive annual consulting fees of \$180,000 payable to a corporation controlled and wholly-owned by Mr. Nagamatsu. Notwithstanding the foregoing, for the year ended March 31, 2012, Mr. Nagamatsu elected to receive consulting fees of \$156,000. If there is a change in control of the Corporation which results in the termination of office for Mr. Nagamatsu, he would be entitled to receive an amount equal to three times his then current maximum annual consulting services fee as described in the table below. As well, in the event of a corporate reorganization, plan of arrangement, spin-out or change of control in respect of which Mr. Nagamatsu loses his office with the Corporation, Mr. Nagamatsu's stock options will retain their original expiry date which will not be subject to accelerated expiry under the general terms of the Plan.

The Corporation also has a consulting services contract with its Executive Vice President, Exploration, Alexander Horvath. Mr. Horvath's contract is for a two year period expiring in November 2013, and thereafter automatically extends on an annual basis for an additional term of one year. Under the terms of the consulting services contract, Mr. Horvath is entitled to receive annual consulting fees of \$180,000 payable to a corporation controlled and wholly-owned by Mr. Horvath. Notwithstanding the foregoing, for the year ended March 31, 2012, Mr. Horvath elected to receive consulting fees of \$151,300. If there is a change in control of the Corporation which results in the termination of office for Mr. Horvath, he would be entitled to receive an amount equal to two times his then current maximum annual consulting services fee as described in the table below. As well, in the event of a corporate reorganization, plan of arrangement, spin-out or change of control in respect of which Mr. Horvath loses his office

with the Corporation, Mr. Horvath's stock options will retain their original expiry date which will not be subject to accelerated expiry under the general terms of the Plan.

The Corporation also has a consulting services contract with its Executive Vice President, Development, Jeffrey Hussey. Mr. Hussey's contract is for a two year period expiring in March 2014, and thereafter automatically extends on an annual basis for an additional term of one year. Under the terms of the consulting services contract, Mr. Hussey is entitled to receive annual consulting fees of \$240,000 payable to a corporation controlled and wholly-owned by Mr. Hussey. Notwithstanding the foregoing, for the year ended March 31, 2012, Mr. Hussey elected to receive consulting fees of \$210,000. If there is a change in control of the Corporation which results in the termination of office for Mr. Hussey, he would be entitled to receive an amount equal to two times his then current maximum annual consulting services fee as described in the table below.

The Corporation also has a consulting services contract with its Vice President and Secretary-Treasurer, Jorge Estepa. Mr. Estepa's contract is for a two year period expiring in November 2013, and thereafter automatically extends on an annual basis for an additional term of one year. Under the terms of the consulting services contract, Mr. Estepa is entitled to receive annual consulting fees of \$180,000 payable to a corporation controlled and wholly-owned by Mr. Estepa. Notwithstanding the foregoing, for the year ended March 31, 2012, Mr. Estepa elected to receive consulting fees of \$156,000. If there is a change in control of the Corporation which results in the termination of office for Mr. Estepa, he would be entitled to receive an amount equal to three times his then current maximum annual consulting services fee as described in the table below. As well, in the event of a corporate reorganization, plan of arrangement, spin-out or change of control in respect of which Mr. Estepa loses his office with the Corporation, Mr. Estepa's stock options will retain their original expiry date which will not be subject to accelerated expiry under the general terms of the Plan.

The following table sets forth the estimated incremental payments that would have been required to have been made to each NEO, assuming a triggering event (change of control or termination without cause) took place on March 31, 2012. In addition, the Plan contains provisions for a change of control, a sale by the corporation of all or substantially of all its assets, or termination, details of which are set out below under Part 2 – "Stock Option Plan".

Name and principal position	Estimated Cash Payout on Termination		Estimated Value Vested Option-Based Awards on Termination without Cause ⁽¹⁾
	Without Cause (\$)	Change of Control and Termination (\$)	
Thomas Larsen President and CEO	300,000	900,000	1,534,000
Miles Nagamatsu CFO	180,000	540,000	559,100
Alexander Horvath Executive Vice President, Exploration	180,000	360,000	459,850
Jeff Hussey Executive Vice President, Development	240,000	480,000	583,000
Jorge Estepa Vice President and Secretary-Treasurer	180,000	540,000	676,100

Notes:

⁽¹⁾ This amount is based on the difference between the closing market price of the Corporation's common shares on the TSX of \$1.68 per share on March 31, 2012, and the exercise price of all "in the money" options.

DIRECTORS' COMPENSATION

Directors are not entitled to fees; their compensation consists of stock options grants and incentive bonuses. The objective is to compensate the directors on an industry-competitive basis.

As set forth in the table below, during the year ended March 31, 2012, corporations owned or controlled by three (3) of the directors of the Corporation were compensated for services rendered to the Corporation. Bonuses and stock options were granted to directors of the Corporation in respect of the year ended March 31, 2012 upon the recommendation of the Compensation and Nominating Committee.

The following table sets forth the value of all compensation paid to directors of the Corporation who were not NEOs during the most recently completed financial year ended March 31, 2012:

Name	Fees Earned ⁽¹⁾ (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	All other compensation ⁽³⁾ (\$)	Pension Value (\$)	Non-equity incentive plan compensation (\$)	Total (\$)
Francis Sauve	Nil	Nil	Nil	20,000	Nil	Nil	20,000
Paul Ankcorn	Nil	Nil	Nil	20,000	Nil	Nil	20,000
Jean Depatie	50,000	Nil	523,189	20,000	Nil	Nil	593,189
Donald A. Sheldon ⁽⁴⁾	Nil	Nil	100,867	Nil	Nil	Nil	100,867
Joseph S. C. Chan	Nil	Nil	Nil	20,000	Nil	Nil	20,000
Ashwath Mehra	60,000	Nil	Nil	20,000	Nil	Nil	80,000

Notes:

- (1) Compensation paid or payable for consulting services to a corporation controlled by the director.
- (2) The dollar value ascribed to option-based awards represents non-cash consideration and has been estimated using the the Black-Scholes option pricing model. The amount may not represent the amounts that the NEO will receive from the options.
- (3) Compensation paid as a performance bonus to the director or a corporation controlled by the director.
- (4) Donald A. Sheldon is an officer and shareholder of a corporation which provided legal services to the Corporation in the aggregate amount of \$484,424.

Share-based awards and option-based awards for certain directors

The following table sets forth the options to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year ended March 31, 2012 granted to the directors of the Corporation who are not NEOs:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Francis Sauve	100,000	0.45	Jan. 10, 2013	123,000	Nil	Nil	Nil
	70,000	0.30	Sep. 16, 2014	96,600			
	30,000	0.33	Sep. 24, 2014	40,500			
	50,000	0.80	Jan. 14, 2015	44,000			
	50,000	1.00	Oct. 3, 2015	34,000			
Paul Ankcorn ⁽²⁾	100,000	0.45	Jan. 10, 2013	123,000	Nil	Nil	Nil
	70,000	0.30	Sep. 16, 2014	96,600			
	30,000	0.33	Sep. 24, 2014	40,500			
	50,000	0.80	Jan. 14, 2015	44,000			
	50,000	1.00	Oct. 3, 2015	34,000			
Jean Depatie	200,000	1.50	Jun. 24, 2016	36,000	Nil	Nil	Nil
	300,000	1.50	Sep. 9, 2016	54,000			
Donald A. Sheldon	70,000	0.30	Sep. 16, 2014	96,600	Nil	Nil	Nil
	30,000	0.33	Sep. 24, 2014	40,500			
	50,000	0.80	Jan. 14, 2015	44,000			
	100,000	1.00	Oct. 3, 2015	68,000			
	100,000	1.30	Dec. 23, 2016	38,000			
Joseph S.C. Chan	50,000	0.80	Jan. 14, 2015	44,000	Nil	Nil	Nil
	50,000	1.00	Oct. 3, 2015	34,000			
Ashwath Mehra	250,000	1.00	Oct. 4, 2015	170,000	Nil	Nil	Nil

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's common shares on the TSX of \$1.68 on March 31, 2012, and the exercise price of the option.
- (2) Paul Ankcorn resigned on May 17, 2012 and was replaced by Jean Lafleur, as described below under Part 4- "Election of Directors".

INCENTIVE PLAN AWARDS FOR CERTAIN DIRECTORS - VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors who are not NEOs during the most recently completed financial year ended March 31, 2012:

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Francis Sauve	Nil	Nil	20,000
Paul Ankcorn ⁽²⁾	Nil	Nil	20,000
Jean Depatie	Nil	Nil	20,000
Donald A. Sheldon	13,000	Nil	Nil
Joseph S.C. Chan	Nil	Nil	20,000
Ashwath Mehra	Nil	Nil	20,000

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's common shares on the vesting date and the exercise price of the option multiplied by the number of vested options.
- (2) Paul Ankcorn resigned on May 17, 2012 and was replaced by Jean Lafleur, as described below under Part 4- "Election of Directors".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information concerning the Plan as the end of the most recently completed financial year, March 31, 2012.

Plan Category	(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	(B) Weighted average option price of outstanding options, warrants and rights (\$)	(C) Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column a) (#)
Equity compensation plans approved by security holders	12,020,000 ⁽¹⁾	1.01	400,000 ⁽²⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	12,020,000	1.01	400,000

Notes:

- (1) As at March 31, 2012, the maximum number of common shares which may be reserved for issuance under the Plan is 15,000,000 of which 12,020,000 common shares are reserved for issuance under outstanding options.
- (2) As at March 31, 2012, 400,000 common shares are available for future grants of stock options.

STOCK OPTION PLAN

The Plan was originally adopted by the Corporation on August 30, 2006. The following is a summary of the key terms of the Plan. The full text of the Plan is attached as Schedule "B" hereto.

The purpose of the Plan is to attract, retain and motivate Eligible Persons (as defined below) by affording such persons the opportunity to acquire an equity interest in the Corporation through rights granted to purchase common shares of the Corporation. The exercise price of Corporation's options granted is determined at the discretion of the Board but may not be less than the market price, as defined as closing price on the principle stock exchange or market on which the common shares are or may be listed or quoted from time to time for trading on the day prior to the grant (the "**Exchange**"). If no trading has occurred on the day prior to the grant then the market price shall be determined by averaging the closing bid and ask price on the day prior to the grant. The term and vesting period for options granted under the Plan is also determined at the discretion of the Board but in no circumstances shall the options granted pursuant to the Plan have a term in excess of five years.

Under the Plan, options may be granted in favour of directors, officers, key employees (part-time or full-time) or consultants or corporations that are wholly-owned by any of the foregoing, or consultant companies of the Corporation or any its subsidiaries ("**Eligible Persons**").

Currently under the Plan, the maximum number of common shares of the Corporation reserved for issuance is 15,000,000. At the Meeting, the shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a resolution, the full text of which is set out under Part Four - "*Particulars of Matters To Be Acted On*", to approve an amendment to the Plan. On July 13, 2012, the Board of Directors approved an amendment to the Plan, subject to shareholder approval, designed to replace the 2,980,000 options which have been exercised, so that a total of 15,000,000 common shares will again be available for issuance under the Plan.

This amendment is intended to replenish the number of common shares available for issuance under the Plan. Under the Plan, as of the date of this Circular, without giving effect to this amendment, 400,000 options have been cancelled, 2,980,000 options have been exercised, 11,620,000 options are issued and outstanding, and 400,000 options are available for future grants. After giving effect to this amendment, the Corporation would have an aggregate of 15,000,000 common shares available for issuance (of which only 3,380,000 would be reserved for options to be granted in the future and of which 11,620,000 are reserved for options previously granted), which would represent approximately 12.6% of the issued and outstanding common shares as of the date of this Circular. This amendment will increase the number of common shares available for the grant of future options to 3,380,000 by replacing the 2,980,000 common shares previously issued upon the exercise of previously granted options.

No financial assistance is or will be provided by the Corporation to participants in the Plan to facilitate the purchase of common shares under the Plan.

The Plan does not limit the participation of insiders. The aggregate number of the Corporation's common shares: i) issued to insiders within any one year period; and ii) issuable to insiders at any time under the Plan, could exceed 10% of the Corporation's issued and outstanding common shares. The Toronto Stock Exchange (the "**TSX**") rules provide that the votes attached to the securities held by all insiders eligible to participate to the Plan (the "**Eligible Insiders**"), must be excluded. Accordingly, shareholders of the Corporation, other than the Eligible Insiders, are being asked to approve the increase by a majority of votes cast. As of the date of this Circular, 6,371,854 common shares held by Eligible Insiders will be excluded from the vote.

Subject to the provisions of the Plan, the directors may receive recommendations of management or any committee of the Board and shall determine and designate from time to time those Eligible Persons to whom options should be granted, the number of common shares which will be optioned from time to time to such Eligible Persons and the terms and conditions of each such grant of options. The Board will comply with all the Exchange and other regulatory requirements in granting options and otherwise administering the Plan.

The Board may make certain amendments to the Plan and may discontinue the Plan without security holder approval at any time upon receipt of any necessary regulatory approval including, without limitation, approval of the Exchange. Such powers of the Board to amend the Plan include but are not limited to:

1. minor changes of a housekeeping nature;

2. amending options issued under the Plan, including with respect to the option period (provided that the period during which an option is exercisable does not exceed 5 years from the date the option is granted), vesting period, exercise method and frequency, option price and method of determining the option price, assignability and effect of termination of an Eligible Person's employment or cessation of the optionee's directorship;
3. changing the classes of Eligible Persons able to participate under the Plan;
4. accelerating, vesting or extending the expiration date of any option (provided that such option is not held by an insider), provided that the period during which an option is exercisable does not exceed 5 years from the date the option is granted; and
5. adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying shares from the Plan reserve.

Security holder approval will be required at all times in the following circumstances:

6. the extension of the terms of an option held by an insider;
7. the reduction in the exercise price held by an insider;
8. increasing the maximum number of common shares available for issuance under the Plan to a number that is greater than that which is currently available under the Plan; and
9. changing the number of common shares available for issuance under the Plan from a fixed maximum number to a rolling percentage, where such rolling percentage of common shares available for issuance is greater than the number that shareholders had previously consented to under the fixed maximum Plan.

A summary of some of the additional provisions of the Plan are as follows:

10. The maximum number of common shares which may be reserved for issuance to any one consultant under the Plan or under any other Share Compensation Arrangement (as defined in the Plan) in any 12-month period shall not exceed 2% of the number of common shares outstanding at the date of the grant (on a non-diluted basis).
11. The maximum number of common shares which may be reserved for issuance to all persons employed to conduct Investor Relations Activities (as defined in the Plan) under the Plan or under any other Share Compensation Arrangement in any 12 month period shall not exceed 2% of the number of common shares outstanding at the date of the grant (on a non-diluted basis).
12. The Plan does not limit insider participation.
13. The maximum number of common shares which may be issued to any one optionee and such optionee's associates under the Plan and any other Share Compensation Arrangement in any 12 month period shall be 5% of the number of common shares outstanding at the date of the issuance (on a non-diluted basis).
14. Options issued to consultants performing Investor Relations Activities shall vest over 12 months from the date of the grant, with one quarter of the options vesting at the end of each three month period. The Board shall monitor the trading in the securities of the Corporation by optionees performing Investor Relations Activities.
15. Options may not be assigned or transferred, with the exception of an assignment made to a personal representative of a deceased participant.
16. The Plan does not provide for financial assistance to Eligible Persons to facilitate the payment of the purchase price.
17. If an optionee's employment or consulting agreement is terminated for "just cause" such person's options shall terminate on the same date.

18. If an optionee dies while an Eligible Person (if an individual), any vested option held by him at the date of death shall be exercisable, but only by the person or persons to whom the optionee's rights under the option shall pass by the optionee's will or the laws of descent and distribution. All such options shall be exercisable only for a six (6) month period after the date of death or prior to the expiration of the option period in respect thereof, whichever is sooner.
19. Subject to section 7.4 of the Plan regarding death of an optionee, and subject to any express resolution of the Board with respect to an option, if an optionee, including someone who provides Investor Relations Activities, ceases to be an Eligible Person because of resignation, retirement or any reason other than cause or death, any vested option held by such optionee may be exercised only for a period of thirty (30) days after the date on which such optionee ceases to be an Eligible Person, but in all cases such option shall expire and terminate within the maximum period provided by the Exchange.
20. Subject to Section 7.4 regarding death of an optionee, and subject to any express resolution passed by the Board with respect to an option, the entitlement of a consultant to options and all rights to purchase pursuant thereto including the termination thereof shall be in accordance with the terms of the consulting agreement entered into between the Corporation and the consultant, but in all cases such option shall expire and terminate within the maximum period provided by the Exchange.

In the event of a change of control or a sale by the corporation of all or substantially of all its assets, an Eligible Person shall be entitled to exercise the options (other than options granted to the optionee in relation to its performance of Investor Relations Activities, which options must be exercised within 30 days of the close of any such transaction) to the full amount of the common shares issuable under the options held by such Eligible Person remaining at that time within 90 days of the close of any such transaction, or, in the case of a consultant, in accordance with the terms of the consulting agreement entered into between the Corporation and the consultant.

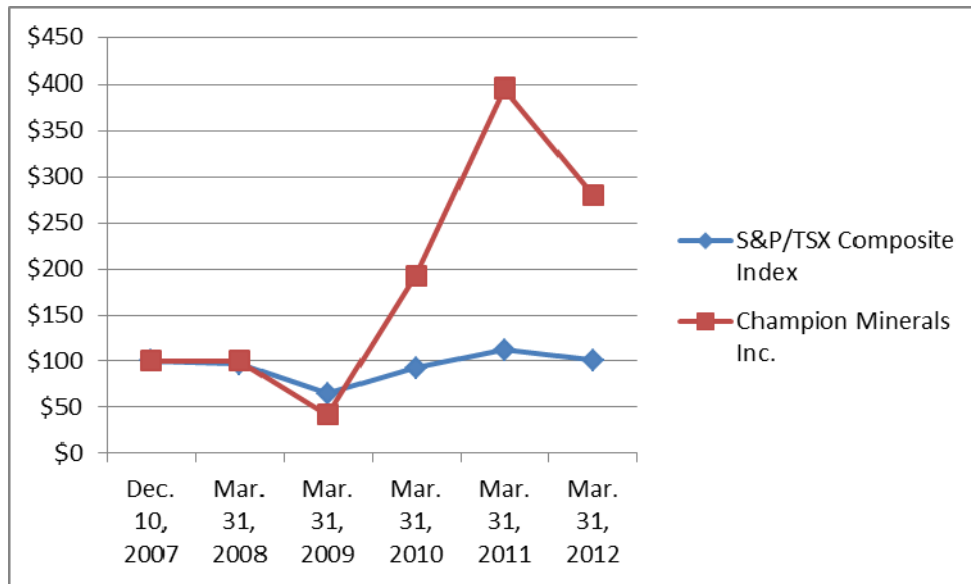
Indebtedness of Directors and Officers

No current or former director, executive officer or employee of the Corporation, nor any associate of any of the foregoing persons, was indebted to the Corporation or the subject of a support agreement such as a guarantee or other similar arrangement or understanding provided by the Corporation at any time during the most recently completed financial year ended March 31, 2012, or at any time up to July 13, 2012.

PERFORMANCE GRAPH

The common shares of the Corporation have been listed and posted for trading on the TSX under the trading symbol "CHM" since September 27, 2010. Prior to that time they were traded on the TSX Venture Exchange, (the "TSX-V"), having commenced trading on the TSX-V on December 10, 2007. As such, the Corporation has used the December 10, 2007 closing price on the TSX-V as the initial price and December 10, 2007 as the initial date in the following graph and table. The following graph and table is a reporting requirement under Canadian securities laws, and compares the Corporation's five-year cumulative total shareholder return had \$100 been invested in the Corporation on December 10, 2007 at the closing price of the common shares on that date, with the cumulative total return of the S&P/TSX Composite Index over the five most recently completed fiscal years ended on March 31.

An analysis of the trend in the graph below demonstrates a relatively direct correlation between the "Shareholder Return" performance of the Corporation and the trend in the Corporation's compensation of its executive officers reported over the same period with the exception of the recently completed fiscal year. The overall rise in the Corporation's "Shareholder Return" line in the graph below is attributable in part to the positive market sentiment towards the iron ore industry and to the dramatic increase in the Corporation's exploration and financing activities, all of which have been reflected in the substantial increases in the market capitalization of the Corporation over the same period. The recent global market downturn and global financial uncertainty may have contributed to the recent downward pressure on the Corporation's "Shareholder Return".



	Dec. 10, 2007	Mar. 31, 2008	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2012
S&P/TSX Composite Index	\$100	\$97	\$65	\$93	\$112	\$101
Champion Minerals Inc.	\$100	\$100	\$42	\$193	\$395	\$280

PART THREE

CORPORATE GOVERNANCE AND OTHER MATTERS

The Corporation's Board of Directors and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation and, as recommended under the policies of the Canadian securities regulators, the Corporation has included in this Circular the following disclosure respecting its corporate governance practices.

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires each listed company to disclose on an annual basis its approach to corporate governance. The Corporation's disclosure with respect to the guidelines is set out in Schedule "A" to this Circular, and constitutes the Corporation's statement of Corporate Governance Practices. Shareholders are advised to consult Schedule "A" for more detailed information on the Corporation's Corporate Governance Practices.

The Corporation understands that corporate governance standards and requirements are continually evolving. The Board of Directors has been charged with the responsibility of monitoring corporate governance regulatory developments, in particular the best practices recommended by the Canadian Securities Administrators, as set out in National Policy 58-201 - *Corporate Governance Guidelines*, and with reviewing the Corporation's corporate governance policies and procedures in light of these developments.

BOARD OF DIRECTORS

Mandate of the Board of Directors

The Board of Directors approved a mandate which includes, among other duties and responsibilities, the following objectives: to approve and monitor the strategic, business and financial plans of the Corporation; to supervise performance and succession planning of senior officers; to assess the principal risk factors relating to the business of

the Corporation; and to monitor and oversee the integrity of the financial reporting and disclosure practices of the Corporation. Every Director is required to act honestly and in good faith and in the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person. Responsibilities not delegated to senior management or to a committee of the Board of Directors remain those of the full Board of Directors.

Orientation and Continuing Education of Board Members

New members to the Board of Directors receive an orientation package which includes company policies and public disclosure filings by the Corporation. Meetings of the Board of Directors are held at the Corporation's facilities and are combined with presentations by the Corporation's management and employees to give the directors additional insight into the Corporation's business. In addition, management of the Corporation makes itself available for discussion with all members of the Board of Directors.

Measures to Encourage Ethical Business Conduct

The Board of Directors has not adopted a written code of business conduct and ethics, however it expects management to comply with all statutes, regulations and administrative policies applicable to the Corporation, to supervise employees and consultants in such a manner as to be informed of their activities, to promote the free flow of information, and to allow employees, consultants and others to anonymously report to the Corporation on concerns involving accounting and other issues (protection of "whistleblowers"). The Board expects management to report to the Board regarding any breaches or concerns with respect to the foregoing which are of a material nature.

Nomination of Members to the Board of Directors

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to effectively carry out the duties of the Board of Directors and to maintain a diversity of view and experience. In light of the Corporation's increasing capitalization and advancement of its operations toward developing a functional mine, and the complexities associated with such advancement, the Board has recommended that the maximum number of directors permitted under the Corporation's Articles be increased from eight (8) to twelve (12). See below under Part 4 – *"Matters to be Acted Upon – Authorization to Amend the Articles to increase the Maximum Number of Directors to Twelve."*

The Board of Directors appointed a Compensation and Nominating Committee on October 4, 2010. For additional information on the duties and responsibilities of this committee, please see *"Corporate Governance and Other Matters – Committees of the Board – Compensation and Nominating Committee"* below.

Certain of the directors are also directors of other reporting issuers, as follows:

Director	Other Reporting Issuers
Thomas Larsen	Bear Lake Gold Ltd., Eloro Resources Ltd.
Jean Lafleur	Fancamp Exploration Limited, Key Gold Holding Inc., Aurvista Gold Corporation, Gimus Resources Inc. and Rocmec Mining Inc.
Francis Sauve	Eloro Resources Ltd. and Northfield Metals Inc.
Ashwath Mehra	EMED Mining Public Limited, Northern Iron Limited
Donald A. Sheldon	Metalcorp Limited, Crown Gold Corporation, GoldTrain Resources Inc., Carlisle Goldfields Limited, Rockex Mining Corporation and Fletcher Nickel Inc.
Alexander Horvath	Bear Lake Gold Ltd. and Eloro Resources Ltd.
Joseph S.C. Chan	Harmony Asset Limited
Jean Depatie	Colt Resources Inc.

BOARD COMPOSITION AND COMMITTEES

The Board of Directors is currently comprised of eight members of whom five are unrelated outside directors. The Board of Directors has appointed an Audit Committee, a Compensation and Nominating Committee and an Environmental, Health and Safety Committee.

COMMITTEES OF THE BOARD

Audit Committee and Audit Committee Disclosure

The Audit Committee is composed of three (3) members, Jean Depatie, Francis Sauve and Joseph S.C. Chan (Chairman). Reference is made to the Annual Information Form of the Corporation dated June 29, 2012 for the year ended March 31, 2012 (the “AIF”) and filed under the Corporation’s profile on SEDAR at www.sedar.com which contains the information required to be disclosed by the Corporation under National Instrument 52-110 - *Audit Committees*. More specifically, reference is made to the “*Audit Committee Information*” section of the AIF for information regarding, among other things, the composition of the Audit Committee of the Corporation, the independence and relevant education and experience of the Audit Committee members and external auditor service fees, and to Schedule “A” of the AIF which is the Audit Committee Charter.

Compensation and Nominating Committee

The Corporation has a Compensation and Nominating Committee composed of three (3) Board members. The current members are Joseph S. C. Chan, Francis Sauve and Alexander Horvath. The Compensation and Nominating Committee makes recommendations to the Board of Directors in connection with the compensation of officers and directors and nomination matters. Please see “*Statement of Executive Compensation – Compensation Policy and Key Compensation Components*” above and Schedule “A” – “*Statement of Corporate Governance Practices*” for further information.

Environmental, Health and Safety Committee

The Corporation created an Environmental, Health and Safety Committee on November 15, 2011 and, while the Board of Directors adopted a Charter for this committee, it has not yet had its inaugural meeting. The Environmental Health and Safety Committee is composed of three (3) members: Alexander Horvath, Donald A. Sheldon and Thomas Larsen. Please see Schedule “A” – “*Statement of Corporate Governance Practices*” for further information.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any proposed director, person who has been a director or executive officer within the last financial year or any associate or affiliate of any of the foregoing in any matter, other than the election of directors and appointment of the auditors, to be acted upon at the Meeting, except as disclosed in this Circular. Management is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, insider of the Corporation, proposed director, person who has been a director or executive officer within the last financial year or any associate or affiliate of any of the foregoing, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation, except as disclosed within this Circular. An “informed person” means (i) a person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation’s last financial year, (ii) a proposed nominee for director, (iii) director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, (iv) any person or company who beneficially owns or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, and (v) the Corporation, in the event that it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any such securities and (vi) any associate or affiliate of the foregoing.

PART FOUR

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

(a) **Financial Statements**

The audited financial statements of the Corporation for the fiscal year ended March 31, 2012, and the auditors' report thereon, will be placed before the shareholders at the Meeting for consideration by the shareholders. These audited financial statements have been approved by the Board of Directors of the Corporation and are being mailed to the shareholders who have requested them with the Meeting materials. They are also available under the Corporation's SEDAR profile at www.sedar.com.

(b) **Appointment of Auditors**

The Corporation is proposing to reappoint Collins Barrow Toronto LLP, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the terms of engagement and remuneration of such auditors. Collins Barrow Toronto LLP, were first appointed as auditors of the Corporation on March 27, 2008.

The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the reappointment of Collins Barrow Toronto LLP as auditors of the Corporation at a remuneration to be fixed by the Board, unless the shareholder has specified on the proxy that the shares represented thereby are to be withheld from voting in respect thereof.

(c) **Election of Directors**

At the last annual meeting of shareholders of the Corporation, eight (8) directors were elected. On May 17, 2012, in connection with the Fermont Acquisition (as defined below under Part 4 – *Election of Directors*), Mr. Paul Ankcorn resigned from the Board to permit the appointment of Mr. Jean Lafleur to the Board in accordance with the terms of the Fermont Acquisition; concurrently, Mr. Ankcorn joined the Corporation's advisory Board.

All eight current directors of the Corporation will be standing for re-election at the Meeting. The current terms of office of each director will expire as of the date upon which the Meeting is held or until their successor is duly elected or appointed pursuant to the by-laws of the Corporation unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) or the Corporation's by-laws.

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of shares of the Corporation beneficially owned or controlled, directly or indirectly, by each of them, based upon information furnished by them to management of the Corporation

Name and Province of Residence	Office or Position held and year first elected a Director	Chief Occupation for the Previous Five Years	Number of Shares of the Corporation beneficially owned, directly or indirectly, or over which control and direction are exercised ⁽¹⁾
Thomas Larsen ⁽²⁾ Ontario, Canada	Chief Executive Officer and President and Director - 2006	Businessman and financial consultant ⁽³⁾	1,790,988 (Indirect) ⁽⁴⁾ 608,500 (Direct)
Jean Lafleur Quebec, Canada	Director – from 2006 to February 10, 2011 and from May 17, 2012	Professional Geologist ⁽⁵⁾	141,000 (Indirect) ⁽⁶⁾ 10,000 (Direct)
Francis Sauve ⁽⁷⁾⁽⁸⁾ Ontario, Canada	Director – 2007	Entrepreneur, Director ⁽⁹⁾	1,100,000
Alexander Horvath ⁽²⁾⁽⁸⁾ Ontario, Canada	Director- 2007	Professional Engineer ⁽¹⁰⁾	150,000 (Indirect) ⁽¹¹⁾ 10,000 (Direct)

Name and Province of Residence	Office or Position held and year first elected a Director	Chief Occupation for the Previous Five Years	Number of Shares of the Corporation beneficially owned, directly or indirectly, or over which control and direction are exercised ⁽¹⁾
Donald A. Sheldon ⁽²⁾ Ontario, Canada	Director - 2008	Executive Officer, Sheldon Huxtable Professional Corporation (lawyers) ⁽¹²⁾	237,500 (Indirect) ⁽¹³⁾ 5,000 (Direct)
Joseph S.C. Chan ⁽⁷⁾⁽⁸⁾ Ontario, Canada	Director – 2009	Businessman and financial consultant ⁽¹⁴⁾	40,000
Ashwath Mehra Zug, Switzerland	Director - 2010	Businessman and financial consultant. ⁽¹⁵⁾	1,111,111
Jean Depatie ⁽⁷⁾ Québec, Canada	Director - 2011	Businessman and economic geologist ⁽¹⁶⁾	50,000

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the directors individually.
- (2) Members of the Environmental and Health and Safety Committee.
- (3) Chairman, Chief Executive Officer and President of the Corporation, Eloro Resources Ltd. (a resource exploration corporation) and Vice Chairman of Bear Lake Gold Ltd. (a resource exploration corporation).
- (4) Held indirectly through Gambier Holdings Corp.
- (5) President of 9134-4382 Quebec Inc. (a mineral exploration consulting company) since 2003. President of Bonaventure Enterprises Inc. from 2007 to 2009, Vice President Exploration of Beartooth Platinum Inc. from 2005 to 2006, President of Crowflight Minerals Inc. from 2003 to 2005 (all resource exploration corporations). Mr. Lafleur is a director of Fancamp Exploration Limited, Key Gold Holding Inc., Aurvista Gold Corporation, Gimus Resources Inc. and Rocmec Mining Inc. (all resource exploration corporations).
- (6) Held indirectly through 9134-4382 Quebec Inc.
- (7) Members of the Audit Committee.
- (8) Members of the Compensation and Nominating Committee.
- (9) Director of Northfield Metals Inc. and Eloro Resources Ltd. (resource exploration corporations). Former director of NFX Gold Inc. (renamed to Bear Lake Gold Ltd.).
- (10) President of A.S. Horvath Engineering Inc. (a geological engineering services company). Director of Bear Lake Gold Ltd. since 2006 and Eloro Resources Ltd. since 2009 (resource exploration corporations).
Held indirectly through A.S. Horvath Engineering Inc.
- (11) Executive Officer, director and shareholder of Sheldon Huxtable Professional Corporation (law firm).
- (12) Held indirectly through The Second Sheldon Family Trust and Sheldon Executive Services Inc.
- (13) Executive Director of Harmony Asset Limited since 2006.
- (14) CEO of MRI Group, a leading investment and trading group in the commodities arena until July 2011, after which Mr. Mehra became CEO of Astor Management, an investment group in the natural resource sector.
- (15) Corporate Director of resource, mining and exploration companies. Director of Consolidated Thompson Iron Mines Ltd. (now Cliffs Natural Resources Inc.) from 2005 to 2011. Chairman of Colt Resources Inc. and of Trinity Mining Holding A.G. (resource exploration corporations).

Each of the eight directors receiving the most votes cast in their favour by the holders of common shares represented in person or by proxy at the Meeting will be elected and will hold office until the next annual meeting of shareholders or until such director's respective successor is duly elected or appointed. The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the election of the nominees named above as directors of the Corporation, unless the shareholder has specified in the proxy that the shares represented thereby are to be withheld from voting in respect thereof. Management has no reason to believe that any of the nominees named above will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy shall have the right to vote for another nominee in such proxyholder's discretion, unless the proxy withholds authority to vote for the election of directors.

To the knowledge of the Corporation, no proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been with 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, no proposed director has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no proposed director (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) since December 31, 2000, has entered into a settlement agreement with a securities regulatory authority or, before January 1, 2001, entered into a settlement agreement with a securities regulatory authority which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director; or (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Lafleur has been nominated as director by Fancamp pursuant to the terms of a reciprocal agreement between Champion and Fancamp dated May 17, 2012 entered into in connection with the acquisition (the "**Fermont Acquisition**") by Champion of Fancamp's remaining 17.5% interest in a joint venture between the two parties regarding Champion's Fermont Property Holdings. Under the terms of the reciprocal agreement, Fancamp is entitled to nominate two directors to the slate of directors proposed by management of Champion (one of whom is Mr. Lafleur) so long as Fancamp holds no less than 10,000,000 common shares of Champion, and Champion is entitled to nominate two directors to the slate of directors proposed by management of Fancamp so long as Champion holds no less than 12,000,000 common shares of Fancamp.

(d) **Approval of Amendments to the Stock Option Plan**

The Corporation's Plan provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares. Reference is made to the summary of the Plan in Part Two of this Circular and to the full text of the Plan attached as Schedule "B" hereto.

The number of common shares reserved for issuance under the Plan may not exceed the number of common shares established by the Board and approved by the shareholders. Currently the maximum number of common shares reserved for issuance under the Plan is 15,000,000.

The Board of Directors of the Corporation recommends replenishing the number of shares reserved for issuance under the Plan by the number of stock options exercised since the last annual and special meeting of the shareholders by again fixing the number of common shares reserved under the Plan at 15,000,000 which number, if approved by the shareholders will represent approximately 12.6% of the issued and outstanding common shares of the Corporation as of July 13, 2012. If the amendment is approved, 3,380,000 stock options will be available for future grant under the Plan. See the detailed description of the proposed amendment to the Plan in Part Two of this Circular.

In accordance with the policies of the TSX, shareholder approval is required to approve an amendment to the Plan to replenish the number of stock options available to be granted under the Plan. The TSX rules provide that the votes attached to the securities held by all insiders eligible to participate to the Plan (the "**Eligible Insiders**"), must be excluded. Accordingly, shareholders of the Corporation, other than the Eligible Insiders, are being asked to approve the amendment by a majority of votes cast. As of the date of this Circular, 6,371,854 common shares held by Eligible Insiders will be excluded from the vote. At the Meeting the shareholders of the Corporation will be asked to consider, and if thought fit, to pass the following ordinary resolution:

"NOW THEREFORE BE IT RESOLVED THAT the Corporation's Stock Option Plan (the "Plan") be and is hereby amended to replenish the number of common shares reserved for issuance under the Plan so that an aggregate of 15,000,000 common shares, which is equal to approximately 12.6% of the issued and outstanding common shares of the Corporation as at July 13, 2012, shall be reserved for issuance in respect of

unexercised options previously granted under the Plan and options to be granted in the future pursuant to the Plan, and that the Plan be and is hereby confirmed, ratified and approved as so amended.

Any one director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under corporate seal or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing”

The proposed amendment must be approved by a majority of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting, excluding votes attaching to common shares beneficially owned by Eligible Insiders. The persons named in the accompanying form of proxy intend to vote the shares represented by any such non-excluded proxy FOR the proposed replenishing amendment to the Plan, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against the foregoing resolutions.

(e) **Authorization to Amend the Articles to increase the Maximum Number of Directors to Twelve**

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution to increase the maximum number of directors permitted under the Corporation’s Articles to twelve (12). Currently, the Articles provide for a minimum of three (3) and a maximum of eight (8) directors. The shareholders previously granted the directors the power to fix the number of directors between the minimum and maximum number of directors.

The Board and management recommend that, to reflect the increasing capitalization of the Corporation and in light of the advancement of the Corporation’s operations toward developing a functioning mine and the complexities associated with such advancement, the maximum number of directors permitted under the Corporation’s articles be increased to twelve (12).

In this regard, the following special resolution will be proposed:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT the Articles of the Corporation be amended to provide for a minimum of three (3) and a maximum of twelve (12) directors.

Any director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise), at such time as the directors may determine, to execute all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing special resolution and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such action.

Notwithstanding the approval of the shareholders of the above resolutions, the Board of Directors may, without any further approval of the shareholders, revoke the foregoing resolutions at any time prior to the endorsement by the Director appointed under section 278 of the *Business Corporations Act* (Ontario) of a certificate of amendment of articles in respect of such amendment.”

The Board unanimously recommends that the shareholders vote in favour of this special resolution. To be effective, the foregoing special resolution must be approved by not less than two-thirds (2/3) of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting. The persons named in the accompanying form of proxy intend vote the Common Shares represented by such form of proxy FOR this special resolution, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against such special resolution.

(f) **Authorization to Amend the Articles to Change the Name of the Corporation**

Having regard to the advancement of the Corporation toward its goal of developing an operating mine, the Board has determined that it is advisable to change the name of the Corporation to reflect such advancement. At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution to change the name of the Corporation to “Champion Iron Mines Limited”, or such other name as the directors may determine.

In this regard, the following special resolution will be proposed:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT the Articles of the Corporation be amended to change the name of the Corporation to “Champion Iron Mines Limited” or such other name as the directors may determine.

Any director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise), at such time as the directors may determine, to execute all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing special resolution and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such action.

Notwithstanding the approval of the shareholders of the above resolutions, the Board of Directors may, without any further approval of the shareholders, revoke the foregoing resolutions at any time prior to the endorsement by the Director appointed under section 278 of the *Business Corporations Act* (Ontario) of a certificate of amendment of articles in respect of such amendment.”

The Board unanimously recommends that the shareholders vote in favour of this special resolution. To be effective, the foregoing special resolution must be approved by not less than two-thirds (2/3) of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting. The persons named in the accompanying form of proxy intend to vote the Common Shares represented by such form of proxy FOR this special resolution, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against such special resolution.

OTHER BUSINESS

While management of the Corporation is not aware of any business other than that mentioned in the Notice to be brought before the Meeting for action by the shareholders, it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the judgement of the persons authorized to act thereunder.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be obtained from the Corporation or under the Corporation’s SEDAR profile at www.sedar.com. Securityholders may contact the President of the Corporation, Thomas G. Larsen, or the Secretary of the Corporation, Jorge Estepa, by phone at (416) 866-2200 or by mail at 20 Adelaide Street East, Suite 301, Toronto, ON, M5C 2T6, to request copies of the Corporation’s financial statements and management’s discussion and analysis, this Circular and the Corporation’s AIF.

Financial information is provided in the Corporation’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario, as of the 13th day of July, 2012.

By Order of the Board of Directors

(signed) “*Thomas G. Larsen*”

Thomas G. Larsen, President and Chief Executive Officer

SCHEDULE “A”

CHAMPION MINERALS INC. (the “Corporation”)

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

1. Board of Directors

- (a) *Disclose the identity of directors who are independent.*

The board of directors of the Corporation (the “**Board**”) is currently comprised of eight (8) directors, of whom five (5) are independent within the meaning of section 1.4 of National Instrument 52-110 - Audit Committees (“**NI 52-110**”). The independent directors are Joseph S. C. Chan, Jean Depatie, Jean Lafleur, Ashwath Mehra and Francis Sauve.

- (b) *Disclose the identity of directors who are not independent and describe the basis for that determination.*

Thomas Larsen is currently President and Chief Executive Officer (“**CEO**”) of the Corporation and is, therefore, not independent. Alexander Horvath and Donald A. Sheldon are not independent as they provide services to the Corporation through their respective corporations. The Board believes that the current combination of independent and non-independent directors is an acceptable balance, for an issuer of the size and nature of the Corporation, between the objective of independent supervision of management, the insight drawn from outside members of the business and professional community, and the in-depth knowledge of the operations of the Corporation afforded by the participation of its current executive officer on the Board.

- (c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The current Board consists of eight (8) members, five (5) of whom are independent within the meaning of section 1.4 of NI 52-110, which means that a majority of the directors are independent. Following the Annual and Special Meeting of Shareholders on August 10, 2012, if management’s nominees are elected, the composition of the Board will remain unchanged and a majority of the directors will continue to be independent.

- (d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the issuer.*

The following current directors and proposed nominees are also directors or trustees of other reporting issuers.

Name of Director	Reporting Issuer
Thomas Larsen	Bear Lake Gold Ltd., Eloro Resources Ltd.
Jean Lafleur	Gimus Resources Inc., Aurvista Gold Corporation, Key Gold Holding Inc., Fancamp Exploration Limited and Rocmec Mining Inc.
Francis Sauve	Eloro Resources Ltd. and Northfield Metals Inc.
Donald A. Sheldon	Metalcorp Limited, Crown Gold Corporation, GoldTrain Resources Inc., Carlisle Goldfields Limited, Rockex Mining Corporation and Fletcher Nickel Inc.

Name of Director	Reporting Issuer
Alexander Horvath	Bear Lake Gold Ltd., Eloro Resources Ltd.
Joseph S.C. Chan	Harmony Asset Limited
Ashwath Mehra	EMED Mining Public Limited and Northern Iron Limited
Jean Depatie	Colt Resources Inc.

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.*

The independent directors do not hold regularly scheduled meetings without management and non-independent directors present. The Chairman of the Board has over 30 years experience in the public company sector as a shareholder, director and CEO and provides strong leadership and counsel to the Board. The independent directors regularly attend Board and committee meetings in person or by teleconference which encourages open, candid discussion. The Audit Committee holds meetings with the external auditors which also encourages open, candid discussion. Directors have the resources to engage outside consultants to review matters on which they feel they require independent advice.

It is responsibility of the Chairman of the Board to ensure that all of the business set out in the agenda is openly and candidly discussed with adequate input by each director and brought to resolution, as required.

- (f) *Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his or her role and responsibilities. If the Board has neither a chair nor a lead director who is independent, describe what the Board does to provide leadership for its independent directors.*

Thomas Larsen is currently acting as CEO and Chairman of the Board (and is therefore not independent within the meaning of section 1.4 of NI 52-110), which the Board believes, at this time in the development of the Corporation, is not inappropriate nor detrimental to the governance of the Corporation. The Chairman chairs all meetings of the Board as well as annual meetings of shareholders. The Chairman's role is to encourage open and frank discussion among the directors and to ensure that the members of the Board discharge their responsibilities to the Corporation and the shareholders. There is a majority of independent directors on the Board which allows the independent directors freedom to take the lead in any discussion, and the independent directors regularly attend Board and committee meetings in person or by teleconference which encourages open, candid discussion. The size, experience and background of the Board provides for an open and effective dialogue amongst its members, whether independent or not, and each director is aware of his statutory and common law duties regarding the Corporation and as such the Board is confident that open and candid discussion amongst the independent directors is facilitated.

- (g) *Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.*

Director	Board Meetings Attended	Audit Committee Meetings Attended	Compensation and Nominating Committee Meetings Attended
Thomas Larsen	8 of 11	N/A	N/A
Francis Sauve	9 of 11	1 of 1 ⁽¹⁾	1 of 1

Director	Board Meetings Attended	Audit Committee Meetings Attended	Compensation and Nominating Committee Meetings Attended
Donald A. Sheldon	11 of 11	2 of 2 ⁽²⁾	N/A
Alexander Horvath	9 of 11	N/A	1 of 1
Joseph S.C. Chan	11 of 11	5 of 5	N/A
Ashwath Mehra	8 of 11	N/A	N/A
Jean Depatie	8 of 11	1 of 3 ⁽³⁾	N/A
Paul Ankorn	10 of 10	4 of 4 ⁽⁴⁾	1 of 1 ⁽⁴⁾
Jean Lafleur	0 of 1 ⁽⁵⁾	N/A	N/A

Notes:

(1) Mr. Sauve was appointed as an audit committee member on June 27, 2012.

(2) Mr. Sheldon resigned as an audit committee member on November 3, 2011.

(3) Mr. Depatie was appointed an audit committee member on November 3, 2011.

(4) Mr. Ankorn resigned as a director and committee member of the Corporation on May 17, 2012; concurrently he joined the Corporation's advisory board.

(5) Mr. Lafleur was a director of the Corporation from 2006 to February 2011 and was reappointed director of the Corporation on May 17, 2012.

2. Board Mandate

- (a) *Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its roles and responsibilities.*

The Board approved a mandate which includes, among other duties and responsibilities, the following objectives: to approve and monitor the strategic, business and financial plans of the Corporation; to supervise performance and succession planning of senior officers; to assess the principal risk factors relating to the business of the Corporation; and to monitor and oversee the integrity of the financial reporting and disclosure practices of the Corporation. Every Director is required to act honestly and in good faith and in the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person. Responsibilities not delegated to senior management or to a committee of the Board remain those of the full Board.

3. Position Descriptions

- (a) *Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.*

The Board does not have written position descriptions for the Chairman of the Board or the chair of each committee of the Board, however the Corporation's various charters do touch upon the role and responsibilities of the chairs of each committee of the Board. The Chairman of the Board has a responsibility to the Corporation and the shareholders to act in accordance with best practices of corporate governance. The Chairman of the Board, and the Board as a whole, encourage the chairs of each committee to act in accordance with best practices of corporate governance, with measures ranging from informal advice to more formal governance training.

- (b) *Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.*

The Board has not developed a written position description for the CEO, however since the CEO is also on the Board, the Board is able to delineate the role and responsibilities of the CEO in an open and efficient manner. The CEO has over 30 years experience in the public company sector as a shareholder, director and CEO and provides strong leadership and direction to the Corporation. The CEO is familiar with the role and responsibilities of a CEO of a mineral

resource company such as the Corporation and the Board is willing and able to, and does, provide advice and guidance as required.

4. **Orientation and Continuing Education**

- (a) *Briefly describe what measures the Board takes to orient new directors regarding*
- (i) *the nature of the Board, its committees and its directors; and*
 - (ii) *the nature and operation of the issuer's business.*

The Board does not have a formal orientation policy. New directors, when elected or appointed, are provided with access to information, including sufficient historical data, to become familiar with the Corporation and its operating facilities and assets, and to familiarize themselves with the procedures of the Board. All directors are given the opportunity to visit the Corporation's offices with management and to interact with and request briefings from management in order to familiarize themselves with the business of the Corporation.

- (b) *Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

The Board does not have a formal continuing education program. All directors are encouraged to become members of the Institute of Corporate Directors. Current members of the Board are experienced directors. Members of the Board may also engage outside consultants at the expense of the Corporation to review matters on which they feel they require independent advice.

5. **Ethical Business Conduct**

- (a) *Describe whether or not the Board has adopted a written code for the directors, officers and employees.*

The Board expects management to comply with all statutes, regulations and administrative policies applicable to the Corporation, to supervise employees and consultants in such a manner as to be informed of their activities, to promote the free flow of information, and to allow employees, consultants and others to anonymously report to the Corporation on concerns involving accounting and other issues (protection of "whistleblowers"). Corporate policies include, but are not limited to, matters of corporate disclosure on a timely basis, confidentiality and insider trading restrictions. The Board has not yet instituted written policies with respect to all of the above, nor adopted written codes of conduct for directors, officers and employees. The Board expects management to report to the Board regarding any breaches or concerns with respect to the foregoing, which are of a material nature, whether or not a satisfactory resolution was already implemented by management, or of which management is aware that are reasonably likely to arise in the foreseeable future and which would be of a material nature.

If the Board has adopted a written code:

- (i) *disclose how a person or company may obtain a copy of the code:*
N/A
- (ii) *describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code:*
See Section 5(a) above.
- (iii) *provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code:*

N/A

- (b) *Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

The Corporation's governing statute and its by-laws state that every director of the Corporation who is in any way directly or indirectly interested in a contract or a proposed contract with the Corporation shall declare his interest at a meeting of the directors of the Corporation. Such a declaration should be made at the meeting of directors at which the question of entering into the contract is first considered, if his interest then exists, or in any other case at the first meeting of the directors after the acquisition of his interest and no director shall as a director vote in respect of any contract or arrangement in which he is interested as aforesaid and, if he does so vote, his vote shall not be counted. Any Board materials referencing the contract in question will be redacted for the director concerned and he will absent himself from all Board discussion relating to such contract.

- (c) *Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.*

In order to avoid the potential for disclosure, or the perception or appearance of disclosure, of confidential insider information, the Corporation observes a quiet period as well as a blackout period during which informed persons are prohibited from discussing non-public material information or trading in securities of the Corporation.

6. Nomination of Directors

- (a) *Describe the process by which the Board identifies new candidates for Board nomination.*

The Board of Directors periodically and at least annually considers the composition of the Board, including the appropriate skills and characteristics required of the directors in the context of the business experience and specific areas of expertise of each current director. The Board, with the assistance of the Compensation and Nominating Committee is also responsible for recruiting and recommending candidates for election as directors when necessary. Whenever possible, candidates are interviewed by members of the Board individually and in small groups prior to their nomination for election as a director.

- (b) *Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.*

The Board appointed a Compensation and Nominating Committee on October 4, 2010. There are three members on the Compensation and Nominating Committee, Joseph S. C. Chan, Francis Sauve and Alexander Horvath. Joseph S. C. Chan and Frances Sauve are independent within the meaning of section 1.4 of NI 52-110. Alexander Horvath is not independent as he provides services to the Corporation through his corporation. Mr. Horvath as an experienced director is aware of his corporate and common law duties regarding the Corporation and as such the Board is confident that Mr. Horvath is nonetheless able to participate in an objective nomination process.

- (c) *If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The nominating responsibilities of the Compensation and Nominating Committee include, without limitation: (i) reviewing the composition and contributions of the Board and its members and recommending Board nominees; and (ii) overseeing the orientation and continuing education program for directors.

7. Compensation

- (a) *Describe the process by which the Board determines the compensation for the issuer's directors and officers.*

The Board, is responsible for reviewing the compensation of the officers and directors of the Corporation on an "as required" basis. The total compensation from all sources, including salary, bonus, and stock options is considered in comparison to current market rates offered by similar issuers in the natural resources sector of the Canadian economy, and is intended to remain competitive in order to attract and retain talented and motivated individuals. In making such determinations, the Board gives due consideration to the recommendations of the Corporation's Compensation and Nominating Committee before the Board makes its final determinations.

- (b) *Disclose whether or not the Board has a compensation committee comprised entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.*

The Board appointed a Compensation and Nominating Committee on October 4, 2010. There are three members on the Compensation and Nominating Committee, Joseph S. C. Chan, Francis Sauve and Alexander Horvath. Joseph S. C. Chan and Frances Sauve are independent within the meaning of section 1.4 of NI 52-110. Alexander Horvath is not independent as he provides services to the Corporation through his corporation. Mr. Horvath as an experienced director is aware of his corporate and common law duties regarding the Corporation and as such the Board is confident that Mr. Horvath is nonetheless able to participate in an objective process for determining compensation.

- (c) *If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The compensation responsibilities of the Compensation and Nominating Committee include, without limitation: (i) reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and evaluating the CEO's performance in light of those corporate goals and objectives; (ii) making recommendations to the Board with respect to the CEO's compensation level based on the evaluation of the CEO's performance; (iii) making recommendations to the Board in respect of non-CEO executive compensation; (iv) reviewing the major compensation policies of the Corporation and its subsidiaries, if any, and administering the Corporation's executive compensation program, including bonuses, incentive programs and equity-based programs for senior personnel; (v) making recommendations to the Board regarding awards of stock options pursuant to the Corporation's stock option plan and all executive short-term and long-term incentive compensation programs; (vi) reviewing the management succession plans for executive officers; (vii) reviewing principles and objectives relating to the recruitment, training, development, compensation and evaluation of employees; (viii) reviewing pension arrangements and performance of the Corporation's pension plan, if any, in conjunction with the Audit Committee of the Board; and (ix) reviewing executive compensation disclosure before the Corporation publicly discloses such information.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

N/A

8. Other Board Committees

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

In addition to the Audit Committee and the Compensation and Nominating Committee, the activities of which are described earlier in this Schedule, the Board also appointed the Environmental, Health and Safety Committee on November 15, 2011. The Environmental, Health and Safety Committee is comprised of Thomas Larsen, Donald A. Sheldon and Alexander Horvath. The responsibilities of the Environmental, Health and Safety Committee include, without limitation: (i) obtain and review not less than annually a report from management regarding compliance with the environmental laws and regulations and the safety-in-the-workplace laws and regulations in each of the jurisdictions in which the Corporation operates; (ii) review the Corporation's policies relating to compliance with applicable environmental laws, regulations and policies; (iii) review the Corporation's policies relating to compliance with applicable safety-in-the-workplace laws, regulations and policies; (iv) monitor developments and changes in environmental laws relating to the responsibilities and liabilities of directors and officers; (v) monitor developments and changes in safety-in-the-workplace laws relating to the responsibilities and liabilities of directors and officers; (vi) monitor and review the extent to which the Corporation and its officers and the Board are meeting their respective obligations; (vii) assess the insurance coverage available to, and the insurance coverage maintained by, the Corporation in respect of environmental and safety-in-the-workplace matters and make recommendations in respect thereof to the Board of Directors as the Committee considers advisable from time to time; and (viii) develop and recommend, where appropriate, policies, programs and initiatives to ensure that the Corporation carries on business in a socially responsible way in the best interests of its shareholders, employees, and the communities in which it operates. The Environmental, Health and Safety Committee has not yet held its inaugural meeting.

9. Assessments

Describe whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees and its individual directors are performing effectively.

The Board annually reviews the performance of nominees for re-election to the Board, with the objectives of ensuring comprehensive and independent oversight of the management of the Corporation, maintaining its working relationship with management, and promoting open communication and disclosure by management of material information to the Board with respect to the operations of the Corporation. Each of the charters of the committees of the Board provide that such committees will regularly report to the Board with respect to their activities, and make their minutes of meetings and supporting information available to the Board. This is intended to allow the Board to evaluate the effectiveness of its committees on an ongoing basis.

SCHEDULE "B"

CHAMPION MINERALS INC. (the "Corporation")

STOCK OPTION PLAN

Adopted August 30th, 2006
Amended September 28, 2007
Amended September 30, 2008
Amended August 28, 2009
Amended September 3, 2010
Amended June 30, 2011
Amended July 13, 2012

1. PURPOSE OF PLAN

- 1.1 The purpose of the Plan is to attract, retain and motivate persons as directors, officers, key employees and consultants of the Corporation and its Subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

- 2.1 "**Associate**" when used to indicate a relationship with a Person, means: the Corporation if the Person beneficially owns or controls, directly, voting securities entitling him to all of the voting rights attached to all outstanding voting securities of the Corporation;
- 2.2 "**Board**" means the board of directors of the Corporation or, if established and duly authorized to act, the Executive Committee or another Committee appointed for such purpose by the board of directors of the Corporation;
- 2.3 "**Business Day**" means any day, other than a Saturday or a Sunday, on which the Exchange is open for trading;
- 2.4 "**Common Shares**" means the common shares of the Corporation;
- 2.5 "**Consultant**" means an individual (including an individual whose services are contracted through a Consultant Company), other than a director, officer or employee of the Corporation, with whom the Corporation or any Subsidiary has a written contract for substantial consulting, technical, management or other services and who has a relationship with the Corporation that enables such individual to be knowledgeable about the affairs of the Corporation;
- 2.6 "**Consultant Company**" means, for an individual consultant, a corporation or partnership of which the individual is an employee, shareholder or partner;
- 2.7 "**Corporation**" means CHAMPION MINERALS INC. and includes any successor corporation thereto;
- 2.8 "**Designated Brokerage Account**" means an account with an investment dealer or stock broker established by an Optionee providing Investor Relations Activities through which all trades in securities of the Corporation by such Optionee, and only such trades, must be processed unless such Optionee has undertaken to file insider trade reports as set out in section 5.13 (b) or otherwise agreed to securities trading monitoring procedures acceptable to the Board;

- 2.9 “**Eligible Person**” means any director, officer, employee (part-time or full-time) or Consultant or a corporation that is wholly-owned by any of the foregoing or a Consulting Company of the Corporation or any Subsidiary;
- 2.10 “**Exchange**” means the principle stock exchange or market on which the common shares are or may be listed or quoted from time to time for trading;
- 2.11 “**Insider**” means: (i) a director or senior officer of the Corporation; (ii) a director or senior officer of a company that is an Insider or Subsidiary of the Corporation; or (iii) a Person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation;
- 2.12 “**Investor Relations Activities**” means any activities that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation;
- 2.13 “**Management Company Employee**” means an individual employed by a person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;
- 2.14 “**Market Price**” for common shares at any date on which Options are approved by the Board shall be the last closing price of such common shares on any Exchange on the last Business Day preceding the date on which such Options are approved by the Board and, in the event that such common shares did not trade on such Business Day, the Market Price shall be the average of the bid and ask prices in respect of such common shares at the close of trading on such Business Day;
- 2.15 “**Maximum Period**” means the maximum period set out in the rules of the Exchange, as amended from time to time, during which a particular Option may be exercised;
- 2.16 “**Option**” means an option to purchase common shares granted under the Plan;
- 2.17 “**Option Price**” means the price per common Share at which common shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with Article 8;
- 2.18 “**Optionee**” means an Eligible Person to whom an Option has been granted;
- 2.19 “**Person**” means an individual, corporation, partnership, unincorporated association or organization, body corporate, trust or other entity;
- 2.20 “**Plan**” means this Stock Option Plan, as the same may be amended or varied from time to time;
- 2.21 “**Share Compensation Arrangement**” means any stock option plan;
- 2.22 “**Shares**” means and includes the common shares of the Corporation or, in the event of an adjustment contemplated by Article 8, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment; and
- 2.23 “**Subsidiary**” means any corporation which is a subsidiary (as such term is defined in the Business Corporations Act (Ontario) as amended, varied or re-enacted from time to time) of the Corporation.

3. **ADMINISTRATION OF THE PLAN**

- 3.1 The Plan shall be administered by the Board in accordance with the rules and policies of the Exchange in respect of employee stock option plans. The Board may receive recommendations of management and shall determine and designate from time to time those Eligible Persons to whom Options should be granted, the number of common Shares which will be optioned from time to time to such Eligible Persons and the terms and conditions of each such grant of Options.
- 3.2 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt, prescribe, amend or vary rules and regulations for carrying out the purposes, provisions and administration of the Plan and make all other determinations necessary or advisable for its administration;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to grant Options for common shares;
- (d) to determine which Eligible Persons are granted Options;
- (e) to determine the number of common shares covered by each Option;
- (f) to determine the Option Price for each Option;
- (g) to determine the time or times when Options will be granted and will be exercisable;
- (h) to determine if the common Shares which are subject to an Option will be subject to any vesting provisions or other restrictions upon the exercise of such Option; and
- (i) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options which initially shall be substantially in the form annexed hereto as Appendix "A".

4. SHARES SUBJECT TO THE PLAN

- 4.1 Options may be granted in respect of authorized and unissued common Shares provided that, subject to increase by the Board and the receipt of any necessary approvals from the Exchange, the maximum aggregate number of common Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options shall not exceed 15,000,000 common Shares. Common Shares in respect of which Options expire without being exercised shall be available for subsequent Options under the Plan. No fractional common Shares may be purchased or issued under the Plan.

5. ELIGIBILITY; GRANT; TERMS OF OPTIONS

- 5.1 Options may be granted to Eligible Persons.
- 5.2 Options may be granted by the Corporation from time to time provided and to the extent that such grants are approved by the Board.
- 5.3 Subject to the provisions of this Plan, the number of common Shares subject to each Option, the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board. At no time shall the period during which an Option shall be exercisable exceed 5 years from the date of the grant.
- 5.4 In the event that no specific determination is made by the Board with respect to the exercise period or vesting, the period during which an Option shall be exercisable shall be 5 years from the date the Option is granted to the Optionee and the Options shall vest on the date of the grant
- 5.5 Subject to any minimum price mandated by the rules of the Exchange or other applicable securities regulatory requirements, the Option Price of common Shares which are the subject of any Option shall in no circumstances be lower than the Market Price of the common Shares calculated at the date of the grant of the Option less any discount permissible under the rules of the Exchange and other securities regulatory requirements.
- 5.6 The maximum number of common Shares which may be reserved for issuance to any one Optionee under this Plan or under any other Share Compensation Arrangement in any 12 month period shall not exceed 5% of the number of common Shares outstanding at the date of the grant (on a non-diluted basis).

- 5.7 The maximum number of common Shares which may be reserved for issuance to any one Consultant under this Plan or under any other Share Compensation Arrangement in any 12 month period shall not exceed 2% of the number of common Shares outstanding at the date of the grant (on a non-diluted basis).
- 5.8 The maximum number of common Shares which may be reserved for issuance to all persons employed to conduct Investor Relations Activities under this Plan or under any other Share Compensation Arrangement in any 12 month period shall not exceed 2% of the number of common Shares outstanding at the date of the grant (on a non-diluted basis).
- 5.9 The maximum number of common Shares which may be issued to any one Optionee and such Optionee's Associates under the Plan and any other Share Compensation Arrangement in any 12 month period shall be 5% of the number of common Shares outstanding at the date of the issuance (on a non-diluted basis).
- 5.10 An Option is personal to the Optionee and is non-assignable and non-transferrable.
- 5.11 For Options granted to employees, Consultants or Management Company Employees, the Corporation shall be deemed to represent that the Optionee is a bona fide employee, Consultant or Management Company Employee of the Corporation, as the case may be.
- 5.12 Options issued to Consultants performing Investor Relations Activities shall vest over 12 months from the date of the grant, with one quarter of the Options vesting at the end of each three month period. The Board shall monitor the trading in the securities of the Corporation by Optionees performing Investor Relations Activities. Optionees performing Investor Relations Activities shall comply with one or more of the following, as determined by the Board:
- (a) trade in securities of the Corporation only through a Designated Brokerage Account; or
 - (b) file insider trade reports with the Board within ten days of any trade by such Optionee in securities of the Corporation; or
 - (c) agree to other securities trading monitoring procedures acceptable to the Board.
- 5.13 If the Optionee is a corporation or Consultant Company, it shall provide to the Exchange any and all forms required by the Exchange. Any such entity granted an Option shall agree not to effect or permit any transfer of ownership or option of shares or units, as the case may be, of such entity nor to issue shares or units, as the case may be, to any other individual or entity as long as the Option remains outstanding except with any written consent required by the Exchange.

6. **EXERCISE OF OPTIONS**

- 6.1 In addition to any resale restrictions under applicable securities legislation, every Option and any common Share issued upon the exercise of an Option shall be subject to a four-month hold period commencing on the date of the grant of the Option. Every Option certificate and every certificate representing one or more common Shares issued upon the exercise of an Option, if such exercise is prior to the expiry of said four-month hold period, shall bear the following legend: "WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE _____ EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL <INSERT DATE THAT IS FOUR MONTHS PLUS ONE DAY FROM THE DATE OF THE GRANT> "
- 6.2 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of common Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the common Shares to be purchased. Payment of the Option Price must be made in cash or by certified cheque or bank draft. Certificates for such common Shares shall be issued and delivered to the Optionee within a reasonable period of time following the receipt of such notice and payment.

- 6.3 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue common Shares to an Optionee pursuant to the exercise of an Option shall be subject to:
- (a) completion of such registration or other qualification of such common Shares or obtaining approval of such governmental or regulatory authority as counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - (b) the listing of such common Shares on the Exchange; and
 - (c) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such common Shares, as the Corporation or its counsel reasonably determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such common Shares in compliance with applicable securities laws and for the listing of such common Shares on the Exchange.

7. **TERMINATION OF OFFICE OR EMPLOYMENT; DEATH; DISABILITY**

- 7.1 Subject to Section 7.4 and any express resolution passed by the Board with respect to an Option, an Option granted to any Optionee who is a director, officer, part-time or full-time employee service provider or Management Company Employee and all rights to purchase pursuant thereto, shall expire and terminate on the earlier of its expiry date and thirty (30) days after the Optionee ceases to be at least one of a director, officer, part-time or full-time employee service provider or Management Company Employee of the Corporation or of any Subsidiary, but in all cases such Option shall expire and terminate within the Maximum Period.
- 7.2 Subject to Section 7.4 and any express resolution passed by the Board with respect to an Option, the entitlement of a Consultant to Options and all rights to purchase pursuant thereto including the termination thereof shall be in accordance with the terms of the consulting agreement entered into between the Corporation or the Subsidiary and the Consultant, but in all cases such Option shall expire and terminate within the Maximum Period.
- 7.3 Subject to Section 7.4 and any express resolution passed by the Board with respect to an Option, the entitlement of an Optionee engaged in Investor Relations Activities to an Option and all rights to purchase pursuant thereto, shall expire and terminate on the earlier of its expiry date and thirty (30) days after the Optionee ceases to be engaged to provide Investor Relations Activities to the Corporation or any Subsidiary, but in all cases such Option shall expire and terminate within the Maximum Period.
- 7.4 If, before the expiry of an Option in accordance with the terms thereof, the employment of the Optionee with the Corporation or with any Subsidiary shall terminate, in either case by reason of the death of the Optionee, such Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative(s) of the Optionee or his estate, as the case may be, at any time during the first six months following the death of the Optionee but prior to the expiry of the Option in accordance with the terms thereof and only to the extent that the Optionee was entitled to exercise such Option at the date of the termination of the Optionee's employment.
- 7.5 Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director where the Optionee continues to be employed by the Corporation or continues to be a director of a Subsidiary or an officer of the Corporation or any Subsidiary.
- 7.6 Notwithstanding any other provision of this Plan, if an Optionee's employment or consulting contract is terminated for "just cause", such person's Options shall terminate on the same date.

8. **CHANGE IN CONTROL AND CERTAIN ADJUSTMENTS**

- 8.1 Notwithstanding any other provision of this Plan in the event of:

- (a) the acquisition by any Person (who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation holding common Shares or securities which are convertible into common Shares entitling such Person to exercise 20% or more of the votes entitled to be cast at a meeting of the shareholders) of common Shares or rights or options to acquire common Shares of the Corporation or securities which are convertible into common Shares of the Corporation or any combination thereof such that after the completion of such acquisition such Person would be entitled to exercise 50% or more of the votes entitled to be cast at a meeting of the shareholders; or
- (b) the sale by the Corporation of all or substantially all of the property or assets of the Corporation;

then notwithstanding that at the effective time of such transaction the Optionee may not be entitled to exercise the right to purchase all of the common Shares granted by the Option, the Optionee shall be entitled to exercise the Options (other than Options granted to the Optionee in relation to its performance of Investor Relations Activities, which Options must be exercised within 30 days of the close of any such transaction) to the full amount of the common Shares issuable under the options held by such Eligible Person at that time within 90 days of the close of any such transaction.

- 8.2 Appropriate adjustments with respect to Options granted or to be granted, in the number or class of shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Shares of the Corporation resulting from subdivisions, consolidations or reclassifications of the common Shares of the Corporation, the payment of stock dividends or cash dividends by the Corporation (other than dividends in the ordinary course), the distribution of securities, property or assets by way of dividend or otherwise (other than dividends in the ordinary course), or other relevant changes in the capital stock of the Corporation or the amalgamation or merger of the Corporation with or into any other entity, subsequent to the approval of the Plan by the Board. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion, subject to approval by the shareholders of the Corporation and to acceptance by the Exchange respectively, if applicable.

9. **AMENDMENT OR DISCONTINUANCE**

- 9.1 Subject to section 9.2 below, the Board may amend or discontinue the Plan at any time upon receipt of any necessary regulatory approval including without limitation, the approval of the Exchange. The powers of the Board to amend the Plan shall include but not be limited to:

- (a) minor changes of a “housekeeping nature”;
- (b) amending Options under the Plan, including with respect to the Option Period (provided that the period during which an Option is exercisable does not exceed 5 years from the date on which the Option was granted), vesting period, exercise method and frequency, Option Price and method of determining the Option Price, assignability and effect of termination of an Eligible Person’s employment or cessation of the Eligible Person’s directorship;
- (c) changing the classes of participants eligible to participate under the Plan;
- (d) accelerating vesting or extending the expiration date of any Option (provided that such Option is not held by an Insider), provided that the period during which an Option was exercisable does not exceed 5 years from the date on which the Option was granted; and
- (e) adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Common Shares from the Plan reserve;
- (f) provided that any such amendment is not detrimental to the optionee. Any amendments to the terms of an Option shall also be subject to any necessary regulatory approvals, including without limitation, the approval of the Exchange.

- 9.2 Security holder approval will be required at all times to amend the Plan in the following circumstances:

- (a) the extension of the terms of an Option held by an Insider;

- (b) the reduction in the Option price held by an Insider;
- (c) increasing the maximum number of common shares available for issuance under the Plan to a number that is greater than that which is currently available under the Plan; and
- (d) changing the number of common shares available for issuance under the Plan from a fixed maximum number to a rolling percentage, where such rolling percentage of Common Shares available for issuance is greater than the number to which shareholders had previously consented to under the fixed maximum plan.

10. MISCELLANEOUS PROVISIONS

- 10.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the common Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option Price of the common Shares in respect of which the Option is being exercised) and the issuance of common Shares by the Corporation.
- 10.2 Nothing in the Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate his employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment of any Optionee beyond the time which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 10.3 To the extent required by law or regulatory policy or necessary to allow common Shares issued on exercise of an Option to be free of resale restrictions, the Corporation shall report in a timely manner the grant, exercise or termination of the Option to the Exchange and the appropriate securities regulatory authorities.

11. SHAREHOLDER AND REGULATORY APPROVAL

- 11.1 The Plan shall be subject to the approval of the Board or the shareholders of the Corporation, as may be prescribed by applicable securities laws and Exchange policies, to be given by a resolution passed at a meeting of the Board or the shareholders of the Corporation, as applicable, in accordance with the Business Corporations Act (Ontario) and to acceptance by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

APPENDIX “A” TO SCHEDULE “B”

STOCK OPTION CERTIFICATE

WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE _____ EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL <INSERT DATE THAT IS FOUR MONTHS PLUS ONE DAY FROM THE DATE OF THE GRANT>

CHAMPION MINERALS INC. (the “Corporation”), for good and valuable consideration, hereby grants to the Optionee set forth below an Option to purchase common shares of the Corporation subject to the terms and conditions set forth in the Corporation’s Stock Option Plan, as the same may be amended or replaced from time to time (the “Plan”), and in addition subject to the terms set forth below:

Optionee: _____
Position with the Corporation: _____
Number of common Shares: _____
Option Price: _____
Expiry Date of Option: _____
Rights of Exercise: _____

Subject to an earlier or later expiry date provided by the terms of the Plan, on the close of business on the “Expiry Date of Option” set out above, the Option granted will expire and terminate and be of no further force and effect whatsoever as to the common Shares for which the Option hereby granted has not been exercised.

By acceptance of this certificate and the Option granted hereby, the Optionee confirms that the Option and all shares purchased upon any exercise of the Option have been and will be acquired for investment purposes only and not with a view to distribution and will be acquired for the Optionee’s own individual account and disposed of in compliance with all applicable securities regulatory requirements.

The Options represented hereby are non-assignable and non-transferable.

Where used herein all defined terms shall have the respective meanings attributed thereto in the Plan.

DATED this _____ day of _____, 20__.

CHAMPION MINERALS INC.

By: _____

The undersigned hereby acknowledges receipt of a copy of the Plan and accepts and agrees to the grant of this Option on the terms and conditions set forth herein and in the Plan effective as of the date above written.

(Signature of Optionee)

NOTICE OF EXERCISE OF STOCK OPTIONS

TO: **CHAMPION MINERALS INC.**

I, _____, wish to exercise _____ of my Options at a price of \$_____ per Option. Please accept my cash payment in the amount of \$_____ and have the stock certificate representing the common Shares issued upon such exercise registered as follows:

_____.

Executed this ____ day of _____, 20__.

(Name of Optionee – please print)

(Signature of Optionee)