

28 July 2016

ASX Market Announcements
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge St
Sydney NSW2000

June 2016 Quarterly Activities Report

- **\$34,013,000 cash on hand at 30 June 2016**
- **Acquisition of Bloom Lake Mine for \$9.75 million**
- **Private Placement by the Company for \$30 million**
- **Acquisition of Quinto claims for \$776,818**
- **Private placement by Quebec Iron Ore Inc. (QIO) for \$14 million**

REPORTING CURRENCY

Champion Iron Limited (Champion or the Company) has adopted Canadian Dollars as the reporting currency. Accordingly all financial details are in Canadian Dollars unless otherwise stated.

ACQUISITION OF BLOOM LAKE MINE

On 12 April 2016, Québec Iron Ore Inc. (QIO), a subsidiary of the Company, acquired the Bloom Lake mine and related rail assets ("Bloom Lake") for cash consideration of \$9.75 million from affiliates of Cliffs Natural Resources Inc. that were subject to restructuring proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA").

The Bloom Lake mine is located approximately 13 km north of Fermont, Quebec, in the Labrador Trough and consists of Mining Lease BM877 and 114 mining claims. The Bloom Lake Mine is a former producing open pit truck and shovel mine, with a concentrator that utilized single-stage crushing and an autogenous mill and gravity separation to produce iron concentrate. From the site, concentrate could be transported by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake mine is currently in a care and maintenance mode.

The Bloom Lake rail assets consist of the provincially regulated short-line railway comprising a 32 km rail spur contained wholly within Newfoundland and Labrador that connects the Bloom Lake mine to the railway owned by Northern Land Company.

PRIVATE PLACEMENT FOR \$30 MILLION

In order to fund the acquisition purchase price of Bloom Lake and to provide working capital, on 12 April 2016, the Company completed a private placement of 187,500,000 ordinary shares at a price of \$0.16 per share for gross proceeds of \$30 million ("Private Placement").

In connection with the Private Placement, the Company received commitments from two parties (“Initial Subscribers”) to backstop up to \$15,000,000 of the Private Placement. One of the Initial Subscribers was arm’s length while the other was a company controlled by Michael O’Keeffe, the Company’s Chairman and CEO. The Initial Subscribers each agreed to purchase 46,875,000 ordinary shares (the “Committed Shares”) under the Private Placement, subject to their right to engage dealers to find substituted purchasers to purchase all or a portion of the Committed Shares. In connection with their commitment to subscribe for the Committed Shares, the Company granted 15,000,000 compensation options to the Initial Subscribers, entitling the holder to purchase one ordinary share for \$0.25 until 1 February 2020. For one year after the closing of the Private Placement, the Initial Subscribers are restricted from selling, pledging or granting any rights with respect to the acquired ordinary shares, except in certain limited circumstances.

ACQUISITION OF QUINTO CLAIMS

The Company, through its wholly-owned subsidiary, Champion Iron Mines Limited, acquired certain mineral claims (“Quinto Claims”) for \$776,818 from affiliates of Cliffs Natural Resources Inc. that were subject to restructuring proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”).

The Quinto Claims, which encompass the Pepler Property (264 claims) and the Lamelee Property (194 claims), are an exploration project located 50 km southwest of the Bloom Lake mine and 10 km from each other.

PRIVATE PLACEMENT BY QIO

On 12 April 2016, QIO completed a private placement of 14,000,000 ordinary shares to Ressources Québec at a price of \$1 per share for gross proceeds of \$14 million following which, the Company’s interest in QIO was reduced from 100% to 63.2%.

In connection with the private placement by QIO, the Company granted 6,000,000 compensation options to Ressources Québec entitling the holder to purchase one ordinary share of the Company at a price of \$0.25 per share until February 1, 2020.

CONSOLIDATED FIRE LAKE NORTH (CFLN) PROJECT

The Company expended \$283,000 on limited exploration activity on the CFLN Project during the quarter ended 30 June 2016 primarily undertaken to maintain current claim holdings.

SOCIÉTÉ FERROVIAIRE DU NORD QUÉBÉCOIS (SFNQ) - RAIL FEASIBILITY STUDY

Champion continues to participate with the Québec government in the advancement of a multi-user railway solution to connect mine developers and producers in the Labrador Trough with the Port of Sept-Ile’s new multi-user ship loading facilities at Pointe Noire. This remains Champion’s preferred railway and port solution following evaluation and consideration of alternatives including several independent rail options to Pointe Noire and alternatives to access Baie-Comeau.

OTHER PROJECTS

At the Company’s other exploration projects, there were minimal activities primarily undertaken to maintain current, significant mineral claim holdings.

CASH POSITION

As at 30 June 2016, Champion had \$34,013,000 cash in hand. During the quarter ended 30 June 2016, \$4,336,000 was spent on care and maintenance of Bloom Lake and transaction costs in respect of the acquisition of Bloom Lake and \$1,101,000 was spent on exploration and administration activities. A tax refund of \$1,435,000 was received. Further detail is provided in the attached Appendix 5B.

MINING TENEMENTS AT 30 JUNE 2016

Through the Company's wholly owned subsidiary Champion Iron Mines Limited, the Company owns a 100% interest in the following properties (each a "Property"), covering 1,001 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of north eastern Quebec, which is 300 kilometres north of the St. Lawrence River port town of Sept-îles, and ranging from 6 to 80 kilometres southwest of Fermont.

Property-Québec	SNRC	Claims	Hectares
Consolidated Fire Lake North	23B06; 23B11; 23B12	569	28,774.11
Harvey-Tuttle	23B12; 23B05	191	10,010.36
Moire Lake	23B14	36	1,665.56
O'Keefe-Purdy	23B11; 23B12	203	10,623.15
Cassé Lake	23B05	79	4,156.78
Claire Lake	23B06	13	685.43
Hope Lake	23B06	11	579.71
Aubertin Tougard	22O13; 23B04	2	106.14
Jeannine Lake (Note 1)	22N16	21	1,117.40
Round Lake (Notes 1 & 2)	23B04; 23C01; 23N16	327	17,303.54
Silicate-Brutus (Note 1)	22O13	19	1009.25
Peppler	23B05; 23B06; 23B11; 23B12	264	13,866.79
Lamelee	23B05; 23B06; 23B11; 23B12	194	10,188.23
Property-Newfoundland	Licences		
Powderhorn	11346M, 11367M, 15136M, 15137M, 18969M, 19227M	115	2,875.00
Gullbridge	11956M, 11960M, 16260M, 16261M	212	5,300.00

Note 1 – Currently under option to Cartier Iron Corporation

Note 2 – Round Lake property includes Aubrey-Ernie, Black Dan, Penguin Lake and Round Lake project claims. Further detail is provided in the attached Appendix 5B.

The Company's 63.2% owned subsidiary Québec Iron Ore Inc. (QIO) owns a 100% interest in the following properties

Property-Québec	SNRC	Claims	Hectares
Bloom Lake Mining Lease	23B14	1	6,857.63
Bloom Lake claims	23B14	114	4,101.27

Through CIP Magnetite Limited, the Company had an option to purchase the following property. The option to purchase the property was terminated on 16 May 2016:

Property	Licences	Claims	Hectares
Snelgrove Lake	017901M,018333M, 018334M, 022461M	424	10,600

The Company did not enter into farm-in/farm-out arrangements during the quarter.

About Champion

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

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

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

The Government of Québec has granted CAD \$20 million for the feasibility study of a new rail linking Fire Lake / Bloom Lake area to the port of Sept-Îles. This study is being managed by Champion, and is expected to be finalised in 2016.

For further information please contact:

Michael O'Keeffe, Chairman on +1 (514)316-4858

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

This Quarterly Activities Report includes certain information that may constitute "forward-looking information" under applicable Australian and Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about planned operations at the Company's projects, including its joint venture projects. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Champion's annual information forms, management discussion and analysis and other securities regulatory filings by Champion on ASX and SEDAR (including under the heading "Risk Factors" therein). There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All of Champion's forward-looking information contained in this Quarterly Activities Report is given as of the date hereof and is based

upon the opinions and estimates of Champion's management and information available to management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This Quarterly Activities Report has been prepared by Champion and no regulatory authority has approved or disapproved the information contained herein.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Champion Iron Limited

Quarter ended ("current quarter")

ABN

34 119 770 142

30 June 2016

Consolidated statement of cash flows

	Current quarter	Year to date
	C\$000's	(3 months) C\$000's
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(283)	(283)
(b) development	-	-
(c) production	-	-
(d) administration	(818)	(818)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	64	64
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (refundable tax credit on exploration)	1,435	1,435
Other (care and maintenance of Bloom Lake)	(3,349)	(3,349)
Other (transaction costs)	(987)	(987)
Other (items not affecting cash)	(173)	(173)
Net Operating Cash Flows	(4,111)	(4,111)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(10,539)	(10,539)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	3,000	3,000
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(7,539)	(7,539)
1.13 Total operating and investing cash flows (carried forward)	(11,650)	(11,650)

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1.13	Total operating and investing cash flows (brought forward)	(11,650)	(11,650)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	44,000	44,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		44,000	44,000
Net increase (decrease) in cash held		32,350	32,350
1.20	Cash at beginning of quarter/year to date	1,663	1,663
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	34,013	34,013

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter C\$000's
1.23	Aggregate amount of payments to the parties included in item 1.22	379
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

Includes payments for salaries, consulting fees, director fees and rent.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available C\$000's	Amount used C\$000's
3.1 Loan facilities	–	–
3.2 Credit standby arrangements	–	–

Estimated cash outflows for next quarter

	C\$000's
4.1 Exploration and evaluation	300
4.2 Development	–
4.3 Production	–
4.4 Administration	675
4.5 Care and maintenance of Bloom Lake	3,750
Total	4,725

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter C\$000's	Previous quarter C\$000's
5.1 Cash on hand and at bank	4,986	286
5.2 Deposits at call	29,027	1,377
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)	34,013	1,663

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Casse Lake	Owned	5,261.40 ha	4,156.78 ha
	Claire Lake	Owned	1,739.67 ha	685.43 ha
	Hope Lake	Owned	1,054.12 ha	579.71 ha
	Aubertin Tougard	Owned	901.47 ha	106.14 ha
	Round Lake	Owned	17,642.36 ha	17,303.54 ha
	Big Three Lake	Owned	476.86 ha	– ha

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6.2 Interests in mining tenements acquired or increased	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
	Consolidated Fire Lake North	Owned	28,248.51 ha	27,774.11 ha
	Harvey Tuttle	Owned	9,905.65 ha	10,010.36 ha
	O'Keefe-Purdy		10,518.46 ha	10,623.15 ha
	Silicate-Brutus	Owned	849.87 ha	1,009.25 ha
	Peppler	Owned	–	13,866.79 ha
	Lamelee	Owned	–	10,188.23 ha
	Bloom Lake	Lease	–	6,857.63 ha
	Bloom Lake	Owned	–	4,101.27 ha

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference + securities <i>(description)</i>	–	–	–	–
7.2 Changes during quarter				
(a) Increases through issues	–	–	–	–
(b) Decreases through returns of capital, buy-backs, redemptions	–	–	–	–
7.3 +Ordinary securities	385,819,930	385,819,930	–	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues				
(i) Placement	187,500,000	187,500,000	–	–
(ii) Conversion of exchangeable shares	146	146	–	–
(b) Decreases through cancellation	–	–	–	–
7.5 +Convertible debt securities <i>(description)</i>	–	–	–	–
7.6 Changes during quarter				
(a) Increases through issues	–	–	–	–
(b) Decreases through securities matured, converted	–	–	–	–
7.7 Options <i>(description and conversion factor)</i>	<i>Total number</i>		<i>Exercise price</i>	<i>Expiry date</i>
	715,000	–	\$2.0455	09/09/2016
	1,173,333	–	\$0.5455	20/12/2016
	661,833	–	\$1.7728	23/12/2016
	1,000,000	–	A\$0.50	09/04/2017
	150,000	–	A\$0.50	18/06/2017
	1,000,000	–	A\$0.30	30/10/2017
	2,000,000	–	A\$0.30	11/12/2017
	1,000,000	–	A\$0.30	20/08/2018
	1,000,000	–	\$0.45	01/09/2018
	2,300,000	–	A\$0.50	29/11/2018
	7,500,000	–	A\$0.20	11/04/2020
	21,000,000	–	\$0.25	01/02/2020

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	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.8 Issued during quarter	<i>Total number</i> 7,500,000 21,000,000	– –	<i>Exercise Price</i> A\$0.20 \$0.25	<i>Expiry Date</i> 11/04/2020 01/02/2020
7.9 Cancelled during quarter	–	–	–	–
7.10 Expired during quarter	–	–	–	–
7.11 Performance Shares	<i>Total number</i> –	<i>Number quoted</i> –	<i>Issue Price</i> –	<i>Amount paid up</i> –
7.12 Exchangeable Shares	<i>Total number</i> 114,409	<i>Number quoted</i> –	<i>Issue Price</i> –	<i>Amount paid up</i> –
7.13 Special Voting Share	<i>Total number</i> 1	<i>Number quoted</i> –	<i>Issue Price</i> –	<i>Amount paid up</i> –
7.14 Warrants	<i>Total number</i> –	<i>Number quoted</i> –	<i>Exercise Price</i> –	<i>Expiry Date</i> –
7.15 Expired during quarter	–	–	–	–
7.16 Unsecured notes (totals only)	–	–	–	–

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 28th July 2016

(Company Secretary)

Print name: Pradip Devalia

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

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3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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