Champion Iron Limited

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Champion Iron Limited (formerly Mamba Minerals Limited)(the "Company") for the 9 months ended December 31, 2014 and should be read in conjunction with the condensed interim consolidated financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of February 12, 2015.

All dollar amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

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Forward-Looking Statements

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans", "will", "could" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

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The Company

The Company, through its wholly-owned subsidiary Champion Iron Mines Limited ("Champion"), is an iron ore exploration and development company with properties located in the heart of Canada's premier iron ore mining district, the Labrador Trough.

The Company is a reporting issuer in Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia and its Ordinary Shares are listed for trading on the Australian Stock Exchange and the Toronto Stock Exchange under the symbol CIA.

Overall Performance

Highlights for the 9 months ended December 31, 2014

During the quarter, the Company continued exploration activity on its flagship project, the Consolidated Fire Lake North Property ("Consolidated Fire Lake North" or CFLN) and completed the collection of a 10 tonne bulk sample. On October 27, 2014, the Company announced that P&E Mining Consultants completed an independent audit of the CFLN project database and produced an updated Mineral Resource Estimate of over 1.2 billion tonnes, including 755 million tonnes of Measured and Indicated metallurgical coarse grained hematite mineralization for CFLN in compliance with Joint Ore Reserves Committee ("JORC")[1] and National Instrument 43-101 ("NI 43-101") guidelines.

The Company's immediate term focus is on completing a full feasibility study ("Feasibility Study") for the development of a long-life, low-cost operation at CFLN yielding 9.3Mtpa of concentrate at 66% Fe. During the quarter, the Company continued work on reviewing and preparing the Feasibility Study which is targeted for completion during the final quarter of calendar 2015. The major improvements targeted are the increase in iron recovery with a better recovery circuit and the decrease in stripping ratio resulting from the new data from the 2014 geotechnical drill hole campaign. Champion is also in discussion with major equipment suppliers to develop a long term partnership from the Feasibility Study to the start-up/ramp-up phases of the CFLN project.

[1] The Company is not aware of any new information or data that materially affects the information included in the JORC report and confirms that all material assumptions and technical parameters underpinning the estimates in the JORC Resource & Reserve statement continue to apply and have not materially changed.

Champion is a founding partner in La Société ferroviaire du Nord québécois, société en commandite ("SFNQ"). The other partners in the SFNQ are the Government of Québec and Lac Otelnuk Mining Ltd., a joint arrangement between Adriana Resources Inc. and WISCO International Resources Development & Investment Limited. The SFNQ was formed during the quarter as a partnership of government and industry to complete a feasibility study for the construction of a new multi-user rail link giving mining projects in the Labrador Trough access to the port at Sept-Îles at the lowest possible cost. The Government of Québec has set aside a maximum of $20,000,000 from its Plan Nord Fund to contribute to the SFNQ, while the Company's contribution will consist of previously incurred costs of a minimum of $5,000,000 and a maximum of $6,000,000, with the final amount to be determined by an audit of the previously incurred costs.

Arrangement between Mamba Minerals Limited and Champion Iron Mines Limited

On March 31, 2014, pursuant to an Arrangement Agreement ("Arrangement"), Mamba Minerals Limited ("Mamba"): (a) acquired all of the issued and outstanding common shares of Champion on the basis of an exchange ratio of 0.7333333 Mamba share and/or Exchangeable share (or combination thereof) for each outstanding Champion common share, and (b) replaced each outstanding Champion warrant and Champion stock option on the basis that the holder will be entitled to acquire 0.7333333 Mamba share on the same terms and conditions.

Prior to the closing of the Arrangement, Mamba:

a) issued 3,200,000 shares in exchange for 32,000,000 Mamba performance shares outstanding.
b) issued 3,560,448 shares with a fair value of $1,830,000, based on a price of A$0.50 per share, to remove provisions from Champion consulting contracts regarding payments on termination in the event of a change of control subsequent to completion of the Arrangement.
c) completed a private placement consisting of 20,000,000 shares at a price of A$0.50 per share for gross proceeds of A$10,000,000 and paid a financing fee of 5% of the gross proceeds equal to A$500,000.

Following the closing of the Arrangement, Mamba changed its name to Champion Iron Limited.

The Company's shares are now quoted on the Australian Stock Exchange and the Toronto Stock Exchange under the symbol CIA.

Fermont Property Holdings

Through its wholly-owned subsidiary Champion, the Company owns a 100% interest in 14 properties (each a "Property"), covering 925 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of northeastern Quebec, which is 250 km north of the St. Lawrence River port town of Port-Cartier, and ranging from 6 to 80 kilometres southwest of Fermont.

The Fermont Holdings are subject to a 3% royalty ("Royalty") payable to two arm's length parties on a 50/50 basis, of which Champion has the option to purchase a 0.5% interest from one of the parties for $1,500,000, which would reduce the Royalty to 2.5%.

The Fermont Holdings are grouped into three clusters from north to south, termed Clusters 1, 2 and 3, as outlined in Table 1 below and Map 1 on page 4.

The Fermont Holdings are located in proximity to and locally contiguous to an operating iron mine and a number of former operating iron mines and projects currently being developed for iron mining.

Table 1 sets out the current National Instrument 43-101 ("NI 43-101") compliant In-Pit Mineral Resource Estimates for the Fermont Holdings by Property[1]:

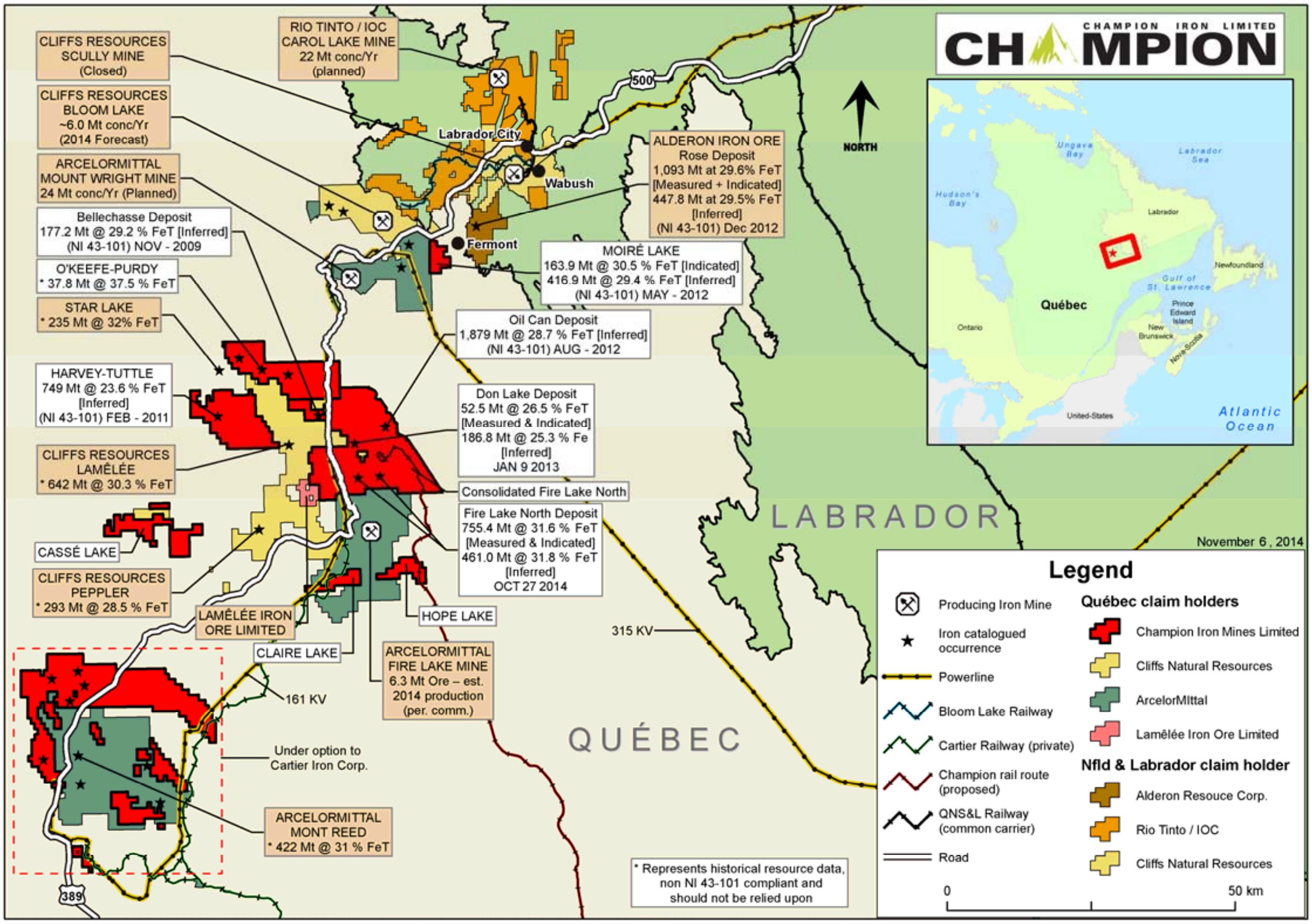
Table 1: In-Pit Mineral Resource Estimates – Fermont Holdings

			Current Mineral Resources Estimates at 15% Iron Cut-Off					
Property	**Cluster**	**Deposit**	**Measured**		**Indicated**		**Inferred**	
			tonnes millions	**grade FeT%**	**tonnes millions**	**grade FeT%**	**tonnes millions**	**grade FeT%**
Moire Lake	1	**Lac Moire**	**-**	**-**	**163.9**	**30.5**	**416.9**	**29.4**
Consolidated Fire Lake North	2	Fire Lake North-West	28.4	35.5	441.5	32.2	307.9	32.7
		Fire Lake North-East	12.0	31.2	273.5	30.2	153.1	30.0
		Fire Lake North-Don Lake	0.4	21.4	52.1	26.5	186.8	25.3
		Subtotal-Fire Lake North	**40.8**	**34.1**	**767.1**	**31.1**	**647.8**	**29.9**
		Oil Can (Oxide)	-	-	-	-	967.0	33.2
		Oil Can (Mixed)					912.0	24.1
		Bellechasse	-	-	-	-	177.2	29.2
		Midway	-	-	-	-	-	-
		Total -CFLN	**40.8**	**34.1**	**767.1**	**31.1**	**2,704.0**	**29.1**
Harvey-Tuttle	2	**Harvey-Tuttle**	**-**	**-**	**-**	**-**	**749.0**	**23.6**
O'Keefe-Purdy	2		-	-	-	-	-	-
Hope Lake	2		-	-	-	-	-	-
Casse Lake	2		-	-	-	-	-	-
Claire Lake	2		-	-	-	-	-	-
Audrey-Ernie [2]	3		-	-	-	-	-	-
Three Big Lakes [2]	3		-	-	-	-	-	-
Aubertin-Tougard Lakes[2]	3		-	-	-	-	-	-
Jeannine Lake [2]	3		-	-	-	-	-	-
Silicate-Brutus Lakes [2]	3		-	-	-	-	-	-
Penguin Lake [2]	3	**Penguin Lake**	-	-	-	-	**531.2**	**33.1**
Black Dan [2]	3		-	-	-	-	-	-
Fermont Holdings In-Pit Resource Totals			**40.8**	**34.1**	**931.0**	**31.0**	**4,401.1**	**28.7**

[1] The current Mineral Resource Estimate was calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The mineral resource estimate may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. Furthermore, the quantity and grade of estimated Inferred Resource reported herein are uncertain and there has been insufficient exploration to categorize them as an Indicated or Measured Resource. It is uncertain if further exploration will result in reclassification of Inferred Mineral Resources to the Indicated or Measured Mineral Resource categories. The tonnage numbers are rounded according to NI 43-101 standards.

[2] Currently under option to Cartier Iron Corporation.

Map 1 – Fermont Holdings



Copies of the NI 43-101 Mineral Resource Estimate reports for Consolidated Fire Lake North, Moire Lake, Bellechasse and Harvey-Tuttle are available under Champion's filings on SEDAR at www.sedar.com and a copy of the NI 43-101 Mineral Resource Estimate report for Penguin Lake is available under Cartier Iron Corporation's filings on SEDAR.

Consolidated Fire Lake North – Exploration Activity

In the quarter ended December 31, 2014, the Company expended $557,000 on ongoing exploration activity at the CFLN project. The Company's exploration activity on the CFLN project was limited to the collection of a 10 tonne bulk sample.

During the quarter, the Company announced that P&E Mining Consultants completed an independent audit of the CFLN project database and produce an updated Mineral Resource Estimate in compliance with JORC and NI 43-101 guidelines.

The Company prepared a JORC Resource and Reserve Statement. The spring 2014 drilling campaign data has been combined with data from the previous resource estimate reported under NI 43-101 to prepare a JORC estimate, whereby on October 27, 2014, the Company reported a JORC Resource and Reserve Statement.

Consolidated Fire Lake North – 2013 Prefeasibility Study

CFLN is located adjacent (to the north) of ArcelorMittal's operating Fire Lake Mine and is 60 km to the south of Cliffs Natural Resources Inc.'s Bloom Lake Mine in northeastern Quebec. CFLN is situated at the southern end of the Labrador Trough, which is known to contain coarser grained iron deposits due to higher grade metamorphism within the Grenville geological province. The Fermont-Wabush-Labrador City Iron Ore District is a world-renowned iron ore mining camp and is considered to be an optimal location to develop iron ore resource projects.

On February 7, 2013, Champion announced the results from its Prefeasibility Study ("PFS") for the Fire Lake North West and East deposits of the CFLN project that was performed by BBA Inc. of Montréal, Québec. The study is based on an initial 20-year mine life and produced a Net Present Value ("NPV") of $3.295 billion using an 8% discount rate. The financial model shows an Internal Rate of Return ("IRR") of 30.9% and a capital payback period of 3.4 years.

The PFS reports that the iron process recovery of 82% yields an average production of 9.3 million tonnes per year ("Mtpa") of iron concentrate grading 66% total Iron ("FeT") during a 19.6-year mine life. The current optimized engineered pits used in the PFS yield reserves of 464.6 M tonnes grading 32.37% FeT at a 15% FeT cut-off grade with a weight recovery of 39.9%. The first five years of production will average 9.8 Mtpa of concentrate. The engineered pits recover 67% of the current In-pit Optimized Measured and Indicated Resources totalling 691.3 Mt grading 31.5% FeT. The engineered pits limit the inclusion of In-pit Inferred resources to 45.8 Mt which are categorized as waste.

The financial model illustrates the robust economics of the Fire Lake North West and East iron ore deposits on their own merit. With the adjacent resources within the CFLN project boundaries, the mid-term and long-term growth profiles of this project are promising.

The financial analysis in the PFS study used a sale price of $115 per tonne of iron concentrate ($/tonne is FOB Sept-Iles) for the first 5 years, and $110 per tonne for years 6 to 20. The PFS study has an accuracy of +15/-10%, which is considered industry standard for capital and operating cost estimates in a feasibility study. The only component that was not at a feasibility study precision level in the PFS is a proposed multi-user rail infrastructure component.

In order to complete the PFS in a timely manner, Champion included the metrics from its Rail Cantech feasibility study completed in August 2012. This study is based on a 310 km railway designed for an initial capacity of 20 Mtpa that is located on the east side of the Ste. Marguerite River, starting at the CFLN project loading station and ending in the Pointe Noire area of the Sept-Îles port. Therefore, the PFS includes an estimated cost of $9.47/tonne of concentrate for rail debt service in addition to $4.80/tonne for operations, totalling $14.27/tonne based on 9.3 Mtpa mine-life average production of iron concentrate. This is a higher cost than the estimated rates for a multi-user rail transportation solution. Nonetheless, it shows that the project economics are strong enough to support the construction of a new 310 km railway on its own.

Excluding the rail transportation capital cost component, the total capital expenditures during the pre-production period were estimated at $1.39 billion of which $227.3 million is allocated to the Pointe Noire concentrate stockyard facilities. The cost to develop the CFLN concentrator and site facilities near Fermont totals $1.167 billion, which equates to a capital intensity of $125/tonne for the 9.3 million tonnes of annualized production of iron ore concentrate.

This PFS study takes into consideration the usage of the Sept-Iles multi-user Port facility project that is currently in construction and planned for completion in 2015. However, subsequent to the release of the PFS, on June 28, 2013, Champion terminated the July 2012 agreement related to the multi-user port facilities proposed at Pointe Noire, Sept-Îles, Quebec (see Sept-Îles Port Authority section below).

Table 2 below details the PFS pre-production capital costs:

Table 2: Pre-production Capital Costs

	C$ million
Mine equipment and pre-stripping	133.7
Site infrastructure	192.0
Concentrator including load out facilities	410.7
Environmental and Tailings Management	85.0
Other Pre-production Costs (rail rolling stock lease)	13.4
Port Facilities: Car dumper, stacker/reclaimer, stockyard	158.3
Railway (Owner's cost for 310 km distance including turnaround loop and sidings)	200.0
Sub Total	1,193.2
Indirect Costs (including Owner's Costs)	300.2
Contingency (10%)	114.6
Grand Total (100% of the project)	1,607.9

Operating costs as per the PFS are outlined in Table 3:

Table 3: Operating Costs	**($/Tonne of Concentrate)**	
Cost Parameters	**Average 20 years**	**Average years 1 to 5**
Mining	18.89	12.76
Concentrator crushing and processing	4.38	3.89
Site Infrastructure Maintenance, & General Administration	4.05	3.66
Environmental Tailings and Management	0.13	0.12
Rail Transport including lease for rolling stock	4.80	5.42
Port facilities [1]	2.34	2.14
Total Direct Operating Cost	34.58	27.99
Railway capital repayment ($1,133.6 million)	6.22	7.40
Railway interest payment ($592.6 million)	3.25	7.29
Total operating cost	44.05	42.68

[1] Subsequent to the release of the PFS, on June 28, 2013, Champion terminated the July 2012 agreement related to the multi-user port facilities proposed at Pointe Noire, Sept- Îles, Quebec.

Optimization of the mine-life production schedule resulted in a strip ratio of 1.56:1 (waste/ore) for the first three years of production, 2.02:1 for the first five years of operation; and a 2.74:1 strip ratio for the current 20-year mine-life.

Results from the PFS indicate that the CFLN project is a very technically feasible and economically robust project with a Base Case scenario including one production line yielding 9-10 Mtpa of concentrate from 464.6 M tonnes of in-pit reserves processed over a 20 year mine-life. The PFS study is based on a stand-alone operation at CFLN and does not consider the current Mineral Resources identified at other iron deposits located on the CFLN Property. The outstanding mid-term and long-term growth profiles for the Company are evident from mineral resources identified within the CFLN Property and surrounding Fermont Holdings.

Subsequent to the release of the PFS, on June 28, 2013, Champion terminated the July 2012 agreement related to the multi-user port facilities proposed at Pointe Noire, Sept-Îles, Quebec. The Company remains committed to developing the CFLN Project and securing transportation and port handling services that will permit the Company to place among the lowest cost iron producers in the Labrador Trough.

Work towards a Rail Solution

Champion is a founding partner in the SFNQ which is open to all miners in the region. The other partners in the SFNQ are the Government of Québec and Lac Otelnuk Mining Ltd., a joint arrangement between Adriana Resources Inc. and WISCO International Resources Development & Investment Limited. The SFNQ was formed during the quarter as a partnership of government and industry and has oversight of the work contributing to the feasibility study for the construction of a new multi-user rail from the port at Sept-Îles to the Labrador Trough. The Government of Québec has set aside a maximum of $20,000,000 from its Plan Nord Fund to contribute to the SFNQ, while the Company's contribution will consist of previously incurred costs of a minimum of $5,000,000 and a maximum of $6,000,000, with the final amount to be determined by an audit of the previously incurred costs.

During the quarter, the SFNQ completed the tender process for a Feasibility study on the first phase of a new multi-user railway that would link the new Pointe Noire port facilities at the Port of Sept-Iles to Fire Lake North and other miners in the Fermont area. The contract was awarded to Canarail Consultants Inc. ("Canarail").

By the end of the quarter Canarail had completed an initial flyover of the entire 310 km proposed railway alignment and commenced field investigations of specific sites for surveying and geotechnical data collection. Approximately 60% of the sites intended for investigation have been visited. Forty percent (40%) of the sites requiring deforestation to accommodate geotechnical investigations have been cleared, 25% of the sites have been surveyed and 5% of geotechnical investigations are completed. Canarail estimates the feasibility study has advanced 6% towards completion.

Sept-Îles Port Authority

On July 13, 2012, the Company signed an agreement ("Agreement") with the Port to reserve annual loading capacity of 10 million metric tons of iron ore for an initial term of 20 years with options to renew for 4 additional 5-year terms. Pursuant to the Agreement, the Company was to pay $25,581,000 and take-or-pay payments as an advance on the Company's future shipping, wharfage and equipment fees. The Company provided the Port with irrevocable guarantees in the form of a deed of hypothec regarding its mining rights, title and interest over Moire Lake and Don Lake ("Mining Rights") to secure its obligations under the Agreement.

On June 28, 2013, the Company sent to the Port a notice of termination of the Agreement and requested the repayment of the $6,000,000 that had already been advanced ("Advances"). The Port registered a notice of hypothecary recourse dated August 22, 2013 ("Notice") that requested the Company to surrender the Mining Rights and advised of its intention to have the Mining Rights sold under judicial authority. The Notice alleges that the Company is in default of a payment of $19,581,000, accrued interest of $4,522,182 up to August 22, 2013, and thereafter, *per diem* interest of $10,729. Since then, the Port has taken no further action.

Based on the advice of its legal counsel, the Company believes that it was entitled to terminate the Agreement, the Company would be entitled to the repayment of the Advances and the Port would not be entitled to any payment under the Agreement or recover the loss of profits. Accordingly, no amount has been recorded as a liability in the consolidated financial statements.

Consolidated Fire Lake North – Ongoing Development

During the 9 months ended December 31, Champion made the following expenditures on CFLN:

	2014 $	**2013** $
Expenditure		
Data acquisition	2,163,117	900,796
MRE studies	102,388	–
Exploration facilities and supplies	508,968	151,354
Exploration transportation	3,409	6,740
Exploration expenditures	132,126	–
Mineral processing tests	42,538	–
Environmental	6,781	–
Feasibility study	821,336	61,107
Geotechnical studies	790,023	10,846
Community, investor and public relations	273,135	321,540
Rail study	66,522	417,418
Project management	687,687	647,661
Other	31,451	125,584
	5,629,480	2,643,046

With the completion of the PFS in early 2013 (see Consolidated Fire Lake North Property – Preliminary Feasibility Study above), Champion has significantly curtailed development and exploration-related expenditures at CFLN. The Company anticipates that it will continue to implement cash conservation measures while remaining committed to developing the CFLN Project and securing transportation and port handling services that will permit the Company to place among the lowest cost iron producers in the Labrador Trough.

Development of several of the Cluster 2 properties – namely the CFLN project is on-going. Other CFLN deposits, such as Oil Can (see Table 1), are within a reasonable distance to the Fire Lake North deposits to enable potential development of satellite resources that might be conveyed to a centralized production complex developed at Fire Lake North. It is for this reason that the Company remains dedicated to exploring the Cluster 2 properties in order to identify which of them have the potential for coarse-grained specular-hematite mineralization and prioritize the delineation of these more valued resources for sinter feed.

The Company intends to finance its Feasibility Study from its working capital resources.

Other Fermont Holdings

Cluster 1 - Moire Lake Property

Moire Lake is located 4 kilometres southwest of the town of Fermont, adjoins the eastern boundary of the Mont Wright mine and concentrator operations owned by ArcelorMittal and is 8 kms south of existing railway and other infrastructure.

On March 29, 2012, Champion announced the results of an NI 43-101 Mineral Resource Estimate completed on its Moire Lake Project, based on the results from 21 diamond drill holes completed by the Company in 2011. Using a 15% cutoff grade, the current Mineral Resource Estimate calculated 164.0 million tonnes grading 30.5% Total Iron in the Indicated category with 417.1 million tonnes grading 29.4% Total Iron in the Inferred category. Geological and geophysical evidence indicates that the mineralization continues westward onto ArcelorMittal's Mont Wright property.

Moire Lake is not currently designated as a priority for the Company and the Company has not budgeted and does not anticipate incurring any significant expenditures at Moire Lake.

<u>Cluster 2 - Harvey-Tuttle Property and Other Properties</u>

In addition to the NI 43-101 Mineral Resource Estimates at CFLN (including the Fire Lake North, Oil Can and Bellechasse deposits) the Company has additional compliant resources in Cluster 2. On February 28, 2011, Champion announced the results of an initial NI 43-101-compliant Mineral Resource Estimate for the Harvey-Tuttle Project. The Total Inferred Mineral Resources at Harvey-Tuttle are estimated at 717 million tonnes grading 25.0% Total Iron at a 20% cut-off or 947 million tonnes grading 23.2% Total Iron at a 15% cut-off.

Further exploration at Harvey Tuttle has been deferred in order to better allocate available capital resources on the Company's higher priority project at CFLN.

Cluster 3- Cartier Iron Corporation Option

On September 28, 2012, Champion granted an option to Cartier Iron Corporation ("Cartier") to acquire a 65% interest in Aubertin-Tougard, Audrey-Ernie, Black Dan, Jeannine Lake, Penguin Lake, Silicate-Brutus and Three Big Lakes ("Cluster 3 Properties"). In order to earn its interest, Cartier must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments $	**Common shares**	**Exploration expenditures $**
Upon execution of agreement (issued)	–	1,000,000	–
Upon conditional approval from a stock exchange for the listing of the common shares of Cartier (paid)	100,000	–	–
December 10, 2013 (paid, issued and incurred)	150,000	500,000	500,000
Extended from December 10, 2014 to the date that Cartier received its refundable tax credit on eligible expenditures incurred in Québec for the year ended December 31, 2013 (paid, issued and incurred)	250,000	500,000	750,000
December 10, 2015	250,000	500,000	–
December 10, 2016	250,000	–	4,750,000
	1,000,000	2,500,000	6,000,000

Upon Cartier earning its 65% interest, a joint venture will be formed to incur additional exploration expenditures. If Champion does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. Cartier will have the option to reduce the royalty from 1% to 0.5% by making a payment of $3,000,000.

In the event that Champion or Cartier proposes to acquire any property within 10 kilometres of the Cluster 3 Properties, the acquirer must offer the property at cost to the other party for inclusion in the Cluster 3 Properties.

On October 17, 2014, Cartier completed a private placement of $500,000, and as agreed, Champion converted $1,050,000 of the amount due from Cartier into 6,176,470 units of Cartier, with each unit consisting of one common share and one warrant entitling Champion to purchase one common share of Cartier for $0.22 until April 17, 2016 ("Conversion"). After February 14, 2015, if the average closing price of Cartier's common shares is greater than $0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days of Cartier providing written notice (or such longer period as Cartier may provide), or they will be cancelled.

The remaining $1,050,000 due from Cartier was converted to a demand loan, which is unsecured, bears interest at the rate of LIBOR plus 2% and is due 6 months after Champion demands repayment (the "Demand Loan"). Champion has the right to convert the Demand Loan, plus accrued but unpaid interest, into Cartier common shares at a conversion price equal to the lowest subscription price per Cartier common share paid for the most recent capital raising undertaken by Cartier at the time of the conversion, subject to the minimum pricing rules and stock exchange approval.

At December 31, 2014, Champion holds 11,019,970 common shares of Cartier, representing 33% of the issued and outstanding common shares of Cartier and 6,176,470 warrants entitling Champion to purchase one common share of Cartier for $0.22 until April 17, 2016. After February 14, 2015, if the average closing price of Cartier's common shares is greater than $0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days of Cartier providing written notice (or such longer period as Cartier may provide), or they will be cancelled.

The holdings of Champion in Cartier are subject to the terms of a pre-emptive rights agreement and an agreement respecting board representation rights and standstill obligations entered into on December 10, 2012.

Until December 31, 2017, Champion shall not sell common shares without the prior written consent of Cartier, and thereafter, Champion shall not sell more than 2,000,000 common shares during any 30-day period.

Until December 31, 2017, provided that Champion owns at least 10% of the outstanding common shares of Cartier:

a) Cartier shall take all commercially reasonable steps to have a nominee of Champion elected as a director of the board of directors ("Board").
b) At any meeting of shareholders, Champion shall not vote (i) against any shareholder resolution recommended by the Board; (ii) in favour of any shareholder resolution unless recommended by the Board; and (iii) in favour of the election of nominees to the Board who are not proposed by the then Board.
c) Champion shall not (i) participate in a take-over bid for any securities of Cartier; (ii) solicit proxies from any shareholder or attempt to influence the voting by any shareholders other than in support of initiatives recommended by the Board or (iii) seek to influence or control the management, Board or the policies or affairs of Cartier; or (iv) make any public or private announcement or disclosure with respect to the foregoing.

On December 19, 2013, Cartier announced an initial Mineral Resource Estimate for the Penguin Lake Project. As reported by Cartier, the Mineral Resource Estimate reported 531.1 million tonnes grading 33.1% FeT of In-pit Inferred Resources at a 15% FeT cut-off grade. The Mineral Resource Estimate was based on 10 drill holes totalling 3,315 m, completed by Cartier in early 2013. A summary of the Mineral Resource Estimate and resource estimation methodology can be found in Cartier's press release dated December 19, 2013, which is available on their corporate website at www.cartieriron.com and is also be posted under Cartier's filings at www.sedar.com.

Significantly, the 10 drill holes that define the Mineral Resource Estimate drilled only the southern portion of the deposit. The deposit occurs in the form of a multiply refolded tightly overturned synform that produces a bowl-like shape of shallow dipping iron formation host rock. No recent drilling has been completed in the northern portion of the deposit; however, the strong correlation of magnetic response to where iron formation surfaces and a historic drill hole located in the northwest portion of the deposit allow for projection of the modelled iron formation and an estimate of the exploration target potential[2]. The interpreted 3D model of iron formation includes an additional 700 to 900 million tonnes of similar grade as suggested by the current Inferred Resource, predominantly in the undrilled portion of the deposit to the north and northwest where additional resources might be identified. Additional work to be undertaken by Cartier in the near-term at Penguin Lake includes metallurgical studies followed by a Preliminary Economic Assessment to establish the parameters required for the future development of the project.

On March 24, 2014, Cartier announced that it had engaged BBA Inc. to complete a Preliminary Economic Assessment ("PEA") of the Penguin Lake Project. During the quarter, Cartier raised aggregate cash proceeds of $1,360,000 which will be used to finance ongoing exploration at the optioned Cluster 3 properties.

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[2] *Exploration Target Potential is not a Mineral Resource. There is insufficient work completed to estimate the quantity and grade or quality of the exploration target on the basis of geological evidence and sampling. There is no guarantee that further exploration will define additional mineral resources from any portion of the exploration target potential.*

One director of the Company is a director of Cartier.

Snelgrove Lake

The Company has an option to acquire a 100% interest in 5 licenses covering 106 square kilometres located approximately 55 kilometres southeast of Schefferville, Newfoundland. Snelgrove Lake is encumbered with a 3% gross sales royalty. In order to earn its interest, the Company must issue Performance Shares, grant options, make option payments and incur exploration expenditures, as follows:

	Issue Performance shares	Grant options	Option payments A$	Option payments $	Exploration expenditures $
October 2012 (issued and paid)	32,000,000	17,000,000	425,000	410,000	–
March 11, 2014 (incurred)	–	–	–	–	3,250,000
August 1, 2018	–	–	–	5,750,000	3,250,000
	32,000,000	17,000,000	425,000	6,160,000	6,500,000

Up to December 31, 2014, the Company has incurred exploration expenditures of approximately $6,400,000.

The decision to exercise the option will depend on the economic viability of Snelgrove Lake and the capacity to finance its development. Given the advanced stage of CFLN and the significant funds that will be required for its development, there is no certainty that the option for Snelgrove Lake Project will be exercised. Accordingly, prior to the completion of the Arrangement, the Company recorded an impairment loss of $10,038,754 to write off the balance of Snelgrove Lake.

Changes to the Board of Directors and Management

On August 29, 2014 the Company held an Annual and Special Meeting of its shareholders (the "Meeting") in Sydney, Australia, whereby Messrs. Michael O'Keeffe, Gary Lawler, Andrew Love and Paul Ankcorn were elected to the Company's Board of Directors. The directorships of Messrs. Thomas Larsen, Donald Sheldon and James Wang ended as they were not up for re-election at the Meeting. On that same date, Thomas Larsen resigned his position as President and Chief Executive Officer of the Company to head up Cartier.

On October 3, 2014, Michael O'Keeffe, who is also the Executive Chairman of the Company was appointed as Chief Executive Officer. During the quarter, David Cataford joined the Company as Vice President, Engineering and assumed responsibility for delivering the full Feasibility Study for the Company's CFLN project.

Risks and Uncertainties

The Company is exposed to financing risk as it is not in commercial production on any of its mineral resource properties and, accordingly, has no revenues. The Company finances its operations by raising capital in the equity markets. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future, particularly in light of the volatility and uncertainties associated with current financial equity markets.

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licences.

The Company is exposed to commodity price risk with respect to iron ore prices. A significant decline in iron ore prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

Results of Operations

	3 months ended December 31, 2014 $	2013 $	9 months ended December 31, 2014 $	2013 $
Other income				
Interest	2,174	37,237	59,982	210,740
Gain on sale of exploration and evaluation	-	618,249	-	618,249
Gain on waiver of right of first refusal	-	440,000	-	440,000
	2,174	1,095,486	59,982	1,268,989
Expenses				
Professional fees	73,879	126,496	312,268	627,656
Salaries	202,757	-	762,532	-
Consulting fees	140,851	307,400	1,005,265	1,338,525
Share-based compensation	87,244	239,000	494,670	239,000
General and administrative	329,411	187,240	1,234,057	593,817
Investor relations	74,559	471,199	421,395	1,164,286
Travel	61,442	170,705	496,190	399,931
Foreign exchange gain	(137,922)	-	(448,824)	-
Unrealized loss on investments	527,600	(72,684)	2,535,712	1,128,341
Interest	-	8,318	-	12,263
	1,359,821	1,437,674	6,813,267	5,503,819
Loss before share of net loss of an associate	(1,357,647)	(342,188)	(6,753,285)	(4,234,830)
Share of net loss of associate accounted for using the equity method	(66,751)	-	(79,814)	-
Loss	(1,424,398)	(342,188)	(6,833,099)	(4,234,830)

9 months ended December 31

a) decrease in professional fees for legal fees as comparative amount included fees for non-recurring corporate governance and transactional matters.
b) increase in salaries reflect the incremental costs for the office in Australia subsequent to the Arrangement.
c) increase in share-based compensation as a result of stock options issued to new directors and employees.
d) increase in general and administrative reflect the incremental costs for the office in Australia subsequent to the Arrangement.
e) decrease in investor relations reflects the termination of contracts for consultants.
f) increase in travel to provide directors and officers with an orientation to the operations in Canada.
g) increase in unrealized loss on investments due to decline in fair value of investments.

3 months ended December 31

a) increase in salaries reflect the incremental costs for the office in Australia subsequent to the Arrangement.
b) increase in share-based compensation as a result of stock options issued to new directors and employees.
c) increase in general and administrative reflect the incremental costs for the office in Australia subsequent to the Arrangement.
d) decrease in investor relations reflects the termination of contracts for consultants.
e) increase in unrealized loss on investments due to decline in fair value of investments.

Summary of Quarterly Results

	Q4 2013 $	Q1 2014 $	Q2 2014 $	Q3 2014 $	Q4 2014 $	Q1 2015 $	Q2 2015 $	Q3 2015 $
Other income	73,426	16,878	156,504	1,095,486	(39,166)	22,331	35,478	2,174
Loss								
- Total	2,170,101	2,132,450	1,760,191	342,188	44,358,068	3,059,922	2,348,775	1,424,398
- Per share	0.01	0.01	–	–	0.44	0.02	0.01	0.01

The variation in the total loss from quarter to quarter is primarily a result of variations in gains, stock-based compensation, bonuses and unrealized loss on investments:

	Q4 2013 $	Q1 2014 $	Q2 2014 $	Q3 2014 $	Q4 2014 $	Q1 2015 $	Q2 2015 $	Q2 2015 $
Gain on sale of exploration and evaluation	–	–	–	618,249	–	–	–	–
Gain on waiver of right of first refusal	–	–	–	440,000	–	–	–	–
Stock-based compensation	–	–	–	239,000	–	284,726	122,700	87,244
Unrealized loss (gain) on investments	802,296	826,130	374,895	(72,684)	(1,867,865)	1,438,512	569,600	527,600
Reverse acquisition transaction cost	–	–	–	–	(3,811,438)	–	–	–
Impairment of goodwill	–	–	–	–	(41,177,744)	–	–	–

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties and, accordingly, the Company has no revenues, other than relatively small amount of interest earned on its cash balances. The Company finances its operations by raising capital in the equity markets.

The Company's monthly "burn rate" is approximately $300,000 for expenses and $150,000 for exploration and development.

While the Company has sufficient funds to meet its current commitments, the Company will require additional funding to fund its operations and the exploration of its mineral resource properties. During the year, the Company will seek to raise the necessary capital to meet its future funding requirements. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available.

Related Party Transactions

	9 months ended December 31, 2014 $	Outstanding as at December 31, 2014 $
Exploration and evaluation, geological consulting services		
MRB & Associates, a company controlled by Martin Bourgoin, Executive Vice President, Operations of Champion Iron Mines Limited until May 1, 2014	381,931	–
Professional fees		
Ashurst, a legal firm, of which, Gary Lawler, a director, was a partner until July 1, 2014	22,700	–
General and administrative		
Welcome Hotel, a company controlled by Michael O'Keeffe, a director	40,905	–

See Cluster 3 on page 7 for related party transactions with Cartier.

Remuneration of key management personnel

9 months ended December 31, 2014	Short term			Consulting fees	Post employment	Equity settled share based	Total
	Salary and fees $	Bonus $	Non-monetary $	$	$	$	$
Michael O'Keeffe	103,439	–	–	–	9,325	–	112,764
Thomas Larsen (a)	–	–	3,489	350,000	–	122,700	476,189
Paul Ankcorn	36,000	–	–	–	1,650	–	37,650
Gary Lawler	56,250	–	–	–	5,296	123,690	185,236
Andrew Love	56,250	–	–	–	5,296	123,690	185,236
Alexander Horvath	–	–	–	180,000	–	43,000	223,000
Beat Frei (b)	–	–	–	180,000	–	43,000	223,000
Miles Nagamatsu (c)	–	–	10,467	135,000	–	–	145,467
Jorge Estepa (d)	–	–	10,467	135,000	–	–	145,467
Niall Lenahan (e)	15,000	–	–	–	1,387	13,083	29,470
Pradip Devalia (f)	42,188	–	–	–	3,964	24,262	70,414
	309,127	–	24,423	980,000	26,918	493,425	1,833,893

Notes:
(a) Paid to Gambier Holdings Corp., a company controlled by Thomas Larsen. Thomas Larsen resigned as Chief Executive Officer on August 29, 2014.
(b) Paid to Comforta GmbH, a company controlled by Beat Frei.
(c) Paid to Marlborough Management Limited, a company controlled by Miles Nagamatsu.
(d) Paid to J. Estepa Consulting Inc., a company controlled by Jorge Estepa.
(e) Niall Lenahan resigned as a director on April 9, 2014 and Company Secretary on June 18, 2014.
(f) Pradip Devalia was appointed as Company Secretary on June 18, 2014.

See Cluster 3 on page 7 for related party transactions with Cartier.

Changes in Accounting Policies including Initial Adoption

New standards and interpretations not yet adopted
The following amendment to standards and interpretations is effective for periods beginning on or after January 1, 2015:

IFRS 9, Financial Instruments ("IFRS 9")
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is expected to have an effect on the financial statements of the Company. The Company has not determined the extent of the impact of this standard and does not plan to early adopt this new standard.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Fair value of investment in options and warrants
The Company uses the Black-Scholes option pricing model in determining the fair value of its investment in options and warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual fair value of its investments in options and warrants may vary from the amounts estimated.

Estimates of mineral resources
The amounts used in impairment calculations are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Impairment of exploration and evaluation
Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount.

Estimate of royalty payable
The Company used inputs that are not based on observable market data in determining the fair value of the royalty payable. The Company expects that, over time, royalty payable will be revised upward or downward based on updated information on production levels and changes in iron ore prices.

Share-based payments
The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated.

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Financial instruments and risk management

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, short-term investments, receivables, due from Cartier and accounts payable and accrued liabilities
The fair values of cash and cash equivalents, short-term investments, receivables, due from Cartier and accounts payable and accrued liabilities approximate their carrying value due to their short term to maturity.

Investments
The fair values of the investment in common shares of Fancamp, Century and Lamêlée are measured at the bid market price on the measurement date.

The fair value of the investment in warrants of Fancamp, Century and Lamêlée is measured using a Black-Scholes option pricing model. Measurement inputs include share price on the measurement date, exercise price, expected volatility (based on historical volatility), expected life, expected dividends and the risk-free interest rate (based on government bonds).

Stock options
The fair value of stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on grant date, exercise price, expected volatility (based on historical volatility or historical volatility of securities of comparable companies), weighted average expected life and forfeiture rate (both based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data.

As at December 31, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial asset at fair value through profit and loss				
Cash and cash equivalents and short-term investments	4,689,506	–	–	4,689,506
Investments				
Common shares	1,613,800	–	–	1,613,800
Warrants	–	93,000	–	93,000

Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash and cash equivalents, short-term investments and amount due from Cartier. The Company limits its exposure to credit risk on its cash and cash equivalents by holding its cash and cash equivalents and short-term investments in deposits with high credit quality Australian and Canadian chartered banks. The Company is able to limit the credit risk on the amount due from Cartier by settling the amount in common shares of Cartier.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to equity price risk with respect to investments. The Company estimates that if the fair value of its investment as at December 31, 2014 had changed by 10%, with all other variables held constant, the loss would have decreased or increased by approximately $161,000.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments. The Company has no interest-bearing debt.

Capital management
Capital of the Company consists of capital stock, options, warrants, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of Ordinary shares. In order to achieve its objectives, the Company intends to raise additional funds as required.
The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures ("DC&P") to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company, particularly during the period in which the interim filings are being prepared. The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with Canadian generally accepted accounting principles.

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's DC&P and ICFR and concluded that they are ineffective due to the weakness discussed below. As the Company has a limited number of personnel, management has concluded that a weakness exists in the design of internal controls over financial reporting caused by a lack of adequate segregation of duties. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures. Management has concluded that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional personnel to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, interim financial statements are reviewed by the Company's auditors and there are additional supervisory controls exercised by management and audit committee oversight.

Shares Outstanding at February 12, 2015

Ordinary Shares

Authorized: The Company does not have an authorized share capital as the requirement for a company to state an authorized share capital was repealed in Australia in 1998. Subject to compliance with the Corporations Act and the ASX Listing Rules, the legal ability of the Company to raise capital and the number of Ordinary Shares that it may issue is unlimited. The rights attaching to Ordinary Shares in the Company are set out in the Constitution of the Company and are regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and laws of general application.

Outstanding: 196,657,989 Ordinary Shares.

Warrants

Outstanding:

Exercise price	Expiry date	Warrants outstanding
$4.0909	May 17, 2015	5,133,333
$0.3409	July 31, 2015	11,000,000
		16,133,333

The 5,133,333 ordinary share purchase warrants entitling Fancamp to purchase one ordinary share for $4.0909 are non-transferable and can be exercised only between November 17, 2014 and May 17, 2015, provided that if the weighted-average closing price of the ordinary shares is over $5.45 for 20 consecutive trading days, the warrants must be exercised within 30 calendar days of the Company providing written notice to Fancamp to accelerate the expiry date, or they will be cancelled. In the event that Fancamp provides notice within 10 days of the receipt of the Company's notice that Fancamp does not have sufficient funds to exercise the Champion Warrants, the Company will advance a loan to Fancamp to fund the exercise of such warrants. The loan will be secured by Fancamp's interest in the Royalty on the Fermont Holdings and the shares acquired on exercise of the warrants.

In the event that Fancamp is not able to obtain shareholder approval for a change in control in the event that the Company exercises the Fancamp Warrants, Fancamp has agreed that it will only exercise warrants equal to the number of Fancamp Warrants exercisable by the Company divided by 5.

Share Incentive Plan and Stock Option Replacement Plan

Stock Option Replacement Plan - Outstanding:

Exercise price	Expiry date	Options outstanding
$1.3637	March 2, 2015	256,666
$1.3637	October 3, 2015	1,466,667
$1.3637	October 4, 2015	183,333
$2.9591	January 10, 2016	73,333
$2.0455	September 9, 2016	715,000
$0.5455	December 20, 2016	1,173,333
$1.7728	December 23, 2016	656,500
		4,524,832

Pursuant to the Arrangement, 6,944,667 stock options were granted to persons whose options in Champion Iron Mines Limited were exchanged under the Arrangement. No stock options under the Replacement Plan were issued, or can be issued, after March 31, 2014, the closing date of the Arrangement. During the quarter ended December 31, 2014, 36,667 stock options expired unexercised. Subsequent to the quarter ended December, 31, 2014, 1,065,000 stock options expired unexercised.

Share Incentive Plan - Outstanding:

Exercise price	Expiry date	Options outstanding
A$0.25	August 8, 2015	17,000,000
A$0.50	December 15, 2015	500,000
A$0.50	April 9, 2017	1,000,000
A$0.50	June 18, 2017	150,000
A$0.30	October 31, 2017	1,000,000
A$0.30	December 11, 2017	2,000,000
$0.45	September 1, 2018	1,000,000
A$0.50	November 29, 2018	2,300,000
		24,950,000

On June 25, 2014, the Board of the Company approved, subject to shareholder approval, amendments to the Share Incentive Plan; (i) to reserve 20% of the issued and outstanding Ordinary Shares of the Company from time to time (39,328,488 shares as of the date of this MD&A), for issuance to participants under the Share Incentive Plan and (ii) so that upon exercise of an option the Ordinary Shares which had been reserved to be issued pursuant to the Share Incentive Plan shall become available to be issued upon the exercise of subsequent stock option grants. Prior to the amendment, the Company's incentive plan had no plan maximum. The Ordinary shares issuable under the Replacement Plan are not counted towards the number of Ordinary shares issuable under the Share Incentive Plan.

During the quarter ended December 31, 2014, the Company granted 2,000,000 stock options entitling the holder to purchase one ordinary share for A$0.30 per ordinary share until December 11, 2017.

On October 3, 2014, subject to shareholder approval, the Company agreed to grant 1,000,000 stock options entitling the holder to purchase one ordinary share for A$0.30 for 3 years from the date of shareholder approval. These options will vest in annual instalments over 3 years from the date of shareholder approval, subject to holder's continued service with the Company, the satisfactory progression towards the completion of a bankable feasibility study for CFLN during the term of the stock options, and the satisfactory completion of a bankable feasibility study by the expiry date of the stock options.

Exchangeable Shares

The Company has 1,791,016 exchangeable shares issued and outstanding. Each exchangeable share will be exchanged into an ordinary share at no cost to the holder from January 1, 2015 or earlier on the occurrence of certain specified events. All exchangeable shares in existence on March 31, 2017 will be automatically converted into ordinary shares on that date.