CHAMPION IRON LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED MARCH 31, 2019

June 20, 2019

TABLE OF CONTENTS

CAUTIONARY STATEMENT

This Annual Information Form (sometimes referred to herein as this "**AIF**") includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than regarding historical facts, included in this AIF that address activities, events or developments that Champion Iron Limited and its subsidiaries, including Champion Iron Mines Limited ("**CIML**") and Quebec Iron Ore Inc. ("**QIO**") (collectively, "**Champion**" or the "**Corporation**") expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's businesses, operations, plans and other such matters is forward-looking information.

When used in this AIF, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "will", "should", "could", "may" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such forward-looking information include information regarding financial results and expectations for fiscal year 2020, such as, but not limited to, the potential of the Corporation's properties, availability of financing, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, metal prices, demand for metals, currency exchange rates, cash operating margins, expenditures on property, plant and equipment, increases and decreases in exploration activity, changes in project parameters, joint venture operations, resources and anticipated grades and recovery rates, are or may be based on assumptions and/or estimates related to future economic, market and other factors and conditions.

Forward-looking information is based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Corporation's ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to:

(a) iron ore prices;
(b) fluctuating minerals prices;
(c) liquidity/financing risk;
(d) current global financial condition;
(e) foreign exchange;
(f) reduced global demand for steel or interruptions in steel production;
(g) mineral exploration, development and operating risks;
(h) uncertainty of mineral resource and mineral reserve estimates;
(i) uncertainties and risks relating to feasibility studies;
(j) dependance on the Bloom Lake mine;
(k) government regulation;
(l) potential land claims - first nations groups;
(m) no assurance of titles;
(n) permits and licenses;

(o) environmental risks and hazards;

(p) infrastructure and reliance on third parties for rail transportation of the Corporation's iron ore concentrate;

(q) reliance on small number of significant customers;

(r) availability of reasonably priced raw materials and mining equipment;

(s) dependence on outside parties;

(t) reliance on information technology systems;

(u) cybersecurity threats;

(v) litigation;

(w) volatility of stock price;

(x) internal controls and procedures;

(y) insurance and uninsured risks;

(z) potential conflicts of interest;

(aa) dependence on management and key personnel;

(bb) competitive conditions;

(cc) dilution and future sales; and

(dd) joint ventures and option agreements.

For more information on risk factors, refer to the heading *"Risk Factors"* below.

Readers of this AIF are cautioned not to put undue reliance on forward-looking information due to its inherent uncertainty. The Corporation disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except in accordance with applicable securities legislation. This forward-looking information should not be relied upon as representing management's views as of any date subsequent to the date of this AIF.

CURRENCY

All references to "$" or "dollars" herein are to Canadian dollars, unless otherwise specified.

GENERAL

The information contained in this Annual Information Form, unless otherwise indicated, is given as of March 31, 2019. More current information may be available on our public website at www.championiron.com and on SEDAR at www.sedar.com. In addition, we generally maintain supporting materials on our website which may assist in reviewing (but are not to be considered part of) this Annual Information Form.

MINERAL DISCLOSURE

In this document, any statement regarding the potential quantity and grade (expressed as ranges) of a potential mineral deposit is conceptual in nature. Historical estimates of mineral resources, if any, referred to in this AIF are not compliant with National Instrument 43-101- *Standards of Disclosure for Mineral Projects* (**"NI 43-101"**) standards, and should therefore not be relied upon. No "qualified person" (as such term is defined in NI 43-101) (a "**Qualified Person**") has done sufficient work to classify such historical estimates as current "mineral resources", as such term is defined in NI 43-101 (hereinafter, "**Mineral Resources**"). The Corporation is not treating any such historical estimates as current Mineral Resources. In this AIF, Mineral Resource estimates have been calculated using the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") "Standards on Mineral Resources and Reserves, Definitions and Guidelines" prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM, as amended.

SELECTED TECHNICAL TERMS

"dmt"	means dry metric tonne.
"Feasibility Study"	means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.
"IRR"	means internal rate of return.
"Indicated Mineral Resource"	means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
"Inferred Mineral Resource"	means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"LOM"	Means life of mine.
"m"	means metre.
"MRE"	means a Mineral Resource estimate.
"Mtpa"	means million tonnes per annum.
"Measured Mineral Resource"	means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
"Mineral Reserve"	is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
"Mineral Resource"	means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

"Modifying Factors"	Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
"NPV"	means Net Present Value.
"Preliminary Economic Assessment" or "PEA"	means a study, other than a Preliminary Feasibility Study or Feasibility Study, that includes an economic analysis of the potential viability of Mineral Resources.
"Preliminary Feasibility Study" or "PFS"	means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.
"Probable Mineral Reserve"	means the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
"Proven Mineral Reserve"	means the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
"t" or "tonne"	means a measure of weight equal to 1,000 kilograms or 2,204 pounds.
"Total Iron"	means all forms of iron which can be digested by four acid digestion or peroxide fusion methods.
"waste"	means barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

METRIC EQUIVALENTS

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To convert imperial measurement units	To metric measurement units	Divide by
Inches	Centimetres	0.3939
Troy ounces	Grams	0.03215
Acres	Hectares	2.4711
Pounds	Kilograms	2.2046
Miles	Kilometres	0.6214
Feet	Metres	3.2808
Inches	Millimetres	0.03937
Short Tons	Tonnes	1.1023

CORPORATION PROFILE AND CORPORATE STRUCTURE

The full corporate name of the Corporation is Champion Iron Limited. Champion is a high-grade iron ore producer and an exploration and development corporation focused on developing significant iron ore resources in eastern Canada, particularly in Québec. The Corporation is one of the largest stakeholders of mineral concessions in the Fermont Iron Ore District of Québec with its Bloom Lake iron ore property (the "**Bloom Lake Assets**", "**Bloom Lake Property**", **"Bloom Lake"** or "**Bloom Lake Mine**"), the wholly-owned Quinto claims which encompass the Peppler Property, Lamelee Property and Hobdad Property ("**Quinto Claims**"), which are part of the wholly-owned Fermont Property Holdings ("**Fermont Property Holdings**") which also encompasses the Consolidated Fire Lake North Project ("**Consolidated Fire Lake North**" or "**CFLN**"). The Corporation's flagship asset, the Bloom Lake Mine, is a long-life, large scale open pit operation located in northern Quebec approximately 300 km north of Sept-Iles and 13 km by road from the town of Fermont. The Corporation declared commercial production at the Bloom Lake Mine as of June 30, 2018. The Corporation owns a 63.2% equity interest in its subsidiary, QIO while Ressources Québec ("**RQ**"), a subsidiary of Quebec governmental agency Investissement Québec, is the owner of the remaining 36.8% interest. The Bloom Lake Assets are held in QIO. On May 29, 2019, the Corporation announced a transaction to acquire RQ's 36.8% equity interest in QIO (see "Three Year History – Current Financial Period").

Head Office and Other Offices

The Corporation's head office, registered office and mailing address is Level 1, 91 Evans Street, Rozelle, New South Wales 2039, Australia. The Corporation also has two offices in Canada, with one located at 1100 René Lévesque Ouest, Bureau 610, Montréal, Québec H3B 4N4 and the other at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

Legal Matters

Champion Iron Limited was incorporated in Australia (Australian Company Number – CAN – 119 770 142). Champion Iron Limited is registered in Western Australia under the Companies Act 2001. The Constitution of Champion Iron Limited (the "**Constitution**") was amended to comply with the Toronto Stock Exchange ("**TSX**") requirements relating to the retirement and re-election of directors at the Corporation's Annual General Meetings.

The Corporation is a reporting issuer in all Canadian provinces.

The ordinary shares of the Corporation (the "**Ordinary Shares**") are listed for trading on the Australian Stock Exchange ("**ASX**") and the TSX under the symbol "CIA".

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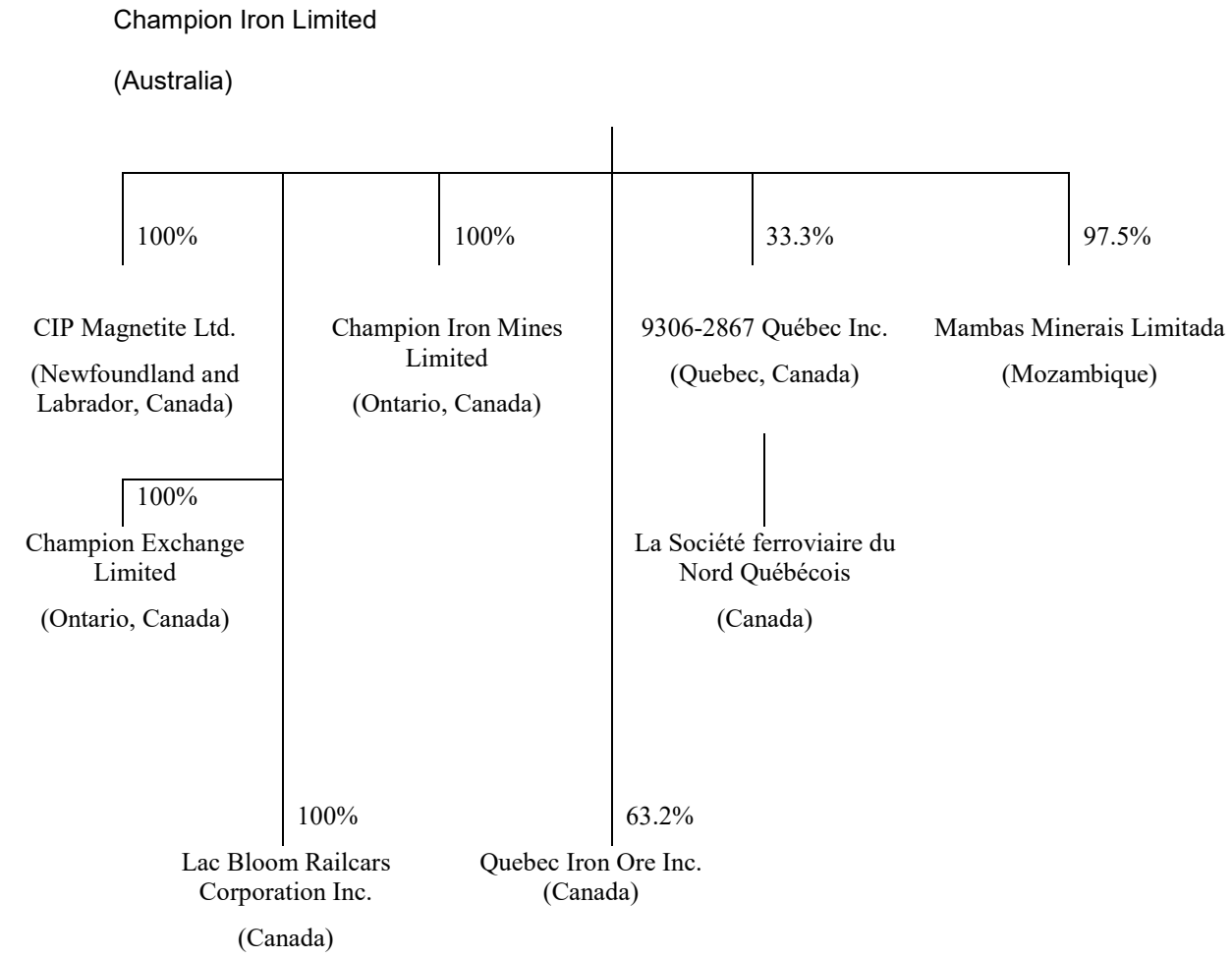
Corporate Structure



Champion Iron Mines Limited is incorporated in Canada under the Business Corporations Act of Ontario. Quebec Iron Ore Inc. is incorporated in Canada under the Canada Business Corporations Act and is 63.2% owned by the Corporation. 9306-2867 Quebec Inc. is incorporated in the Province of Quebec and is 33.3% owned by the Corporation. 9306-2867 Quebec Inc. is the general partner of La Société ferroviaire du Nord Québécois, société en commandite, of which CIML is a limited partner owning 33.3%. CIP Magnetite Ltd is incorporated in Canada under the Corporations Act of Newfoundland and Labrador. Mambas Minerais Limitada is incorporated in Mozambique and is 97.5% owned by the Corporation and is currently being liquidated. Champion Exchange Limited is wholly-owned by the Corporation and is incorporated in Canada under the Business Corporations Act of Ontario. Lac Bloom Railcars Corporation Inc. is wholly-owned by the Corporation and is incorporated in the Province of Quebec.

DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS INCLUDING THREE-YEAR HISTORY AND SIGNIFICANT ACQUISITON

Description of the Business

The Corporation is a high-grade iron ore producer, mineral exploration and development company focused on the acquisition, exploration, development and production of iron ore deposits, in North-Eastern Québec. In addition to operating its Bloom Lake Mine, the Corporation holds a number of significant mining exploration properties, primarily in North-Eastern Québec and Newfoundland and Labrador.

The Corporation has interests in numerous mineral property claims located in two distinct areas of North-Eastern Québec and Newfoundland and Labrador referred to herein as follows:

(i) the "Bloom Lake Property" located in the Fermont area, Québec;

(ii) the "Fermont Property Holdings" including the "Quinto Claims" located in the Fermont area, Québec; and

(iii) the "Powderhorn Property" and "Gullbridge Property", each located in Newfoundland.

At this time, the Corporation is focusing its resources on its Fermont area properties, primarily the Bloom Lake Property (see Map 1 – Fermont Area - Property Holdings), which is the only project the Corporation considers material for the purposes of this AIF.

The Bloom Lake Mine is located approximately 13 km north of Fermont, Quebec, in the Labrador Trough and consists of Mining Lease BM877 and 69 mining claims encompassing an area of approximately 101 square km. The Bloom Lake Mine is an open pit truck and shovel mine, with a concentrator that utilizes single-stage crushing and an autogenous mill and gravity separation to produce iron concentrate. From the site, concentrate is transported by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec.

QIO, as operator of the Bloom Lake Mine, completed its transition from an exploration company to a producing company. On February 16, 2018, QIO commenced production at Bloom Lake and made its first shipment of high grade 66% iron ore concentrate on April 1, 2018 and declared commercial production on June 30, 2018. QIO produced 6,994,500 wet metric tonnes ("**wmt**") of high grade 66.2% iron ore concentrate during the fiscal year ended March 31, 2019 and 7,617,800 wmt since the Bloom Lake Mine commenced operations.

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.

The Corporation and QIO previously completed and filed a feasibility study in connection with the Bloom Lake Mine on March 17, 2017, and a summary and excerpts of that study appear in the *Three Year History* section and is further detailed in the Material Property Technical Report section below in this AIF. The Corporation and QIO recently undertook a feasibility study with respect to a potential expansion of the operations at the Bloom Lake Mine, which would mainly involve the completion of construction work on a processing plant and other supporting infrastructure which was interrupted in November 2012 by the Bloom Lake Mine's previous owner. The expansion aims at more than doubling the current operational capacity of 7.4 million tonnes per annum of high-grade 66.2% iron ore concentrate at Bloom Lake to 15 million tonnes per annum. The Corporation and QIO reported the findings of the feasibility study on June 20, 2019 (see *Three Year History – Current Financial Period* section) and the Corporation will file the related NI 43-101 Technical Report within 45 days from the date of the news release under its profile on SEDAR (www.sedar.com).

The Corporation's wholly-owned Fermont Property Holdings consist of 7 properties covering approximately 745 square kilometres, together with a 45% joint venture interest in 2 properties covering approximately 10.5 square kilometres, located in the Fermont Iron Ore District (the "**FIOD**") of northeastern Quebec, ranging from 6 to 80 km southwest of Fermont. On February 7, 2013, CIML announced the results from its PFS for the Fire Lake North West and East deposits of the CFLN project that was performed by BBA Inc. of Montréal, Québec. A copy of the PFS is available under CIML's filings on SEDAR at www.sedar.com. With the completion of the PFS and the exploration phase of CFLN, the Corporation significantly curtailed exploration and development expenditures at CFLN. Subsequent to the PFS, a description of the Corporation's work at CFLN is provided in the *Three-Year History* section below.

Although three other properties within the Fermont Property Holdings contain NI 43-101 Mineral Resources, namely the Harvey-Tuttle Project, the Penguin Lake Project and the Moire Lake Project, the Corporation does not consider them to be material for purposes of NI 43-101. Likewise, the Corporation does not consider its interests in the Powderhorn Property or Gullbridge Property to be material for purposes of NI 43-101.

The Fermont Property Holdings are outlined in Map 1. The Fermont Property Holdings are located in proximity to and locally contiguous to operating iron mines and a number of former operating iron mines and projects currently being developed for iron mining. Table 1 sets out the current Fermont Property Holdings by Property:

Table 1: Fermont Property Holdings

The Corporation's wholly owned subsidiary, CIML, owns a 100% interest or where noted below, a 45% joint venture interest, in the following properties, 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	1,664.55
O'Keefe-Purdy	23B11; 23B12	203	10,623.15
Jeannine Lake *(Note 1)*	22N16	21	1,117.40
Round Lake *(Notes 1 & 2)*	23B04; 23C01; 22N16	178	9,420.31
Peppler	23B05	118	6,207.75
Lamelee	23B05; 23B06; 23B11; 23B12	236	12,374.67
Hobdad	23B05; 23B06	93	4,893.74
Property-Newfoundland	**Licences**		
Powderhorn	25097M, 25098M, 25609M, 25611M, 25614M	185	4,625.00
Gullbridge	11956M, 11960M	67	1,675.00

Note 1 – Joint venture with Cartier Iron Corporation (55%) and CIML (45%)
Note 2 – Round Lake property includes Aubrey-Ernie, Black Dan, Penguin Lake and Round Lake project claims.

The Corporation's 63.2% owned subsidiary 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	69	3,224.20

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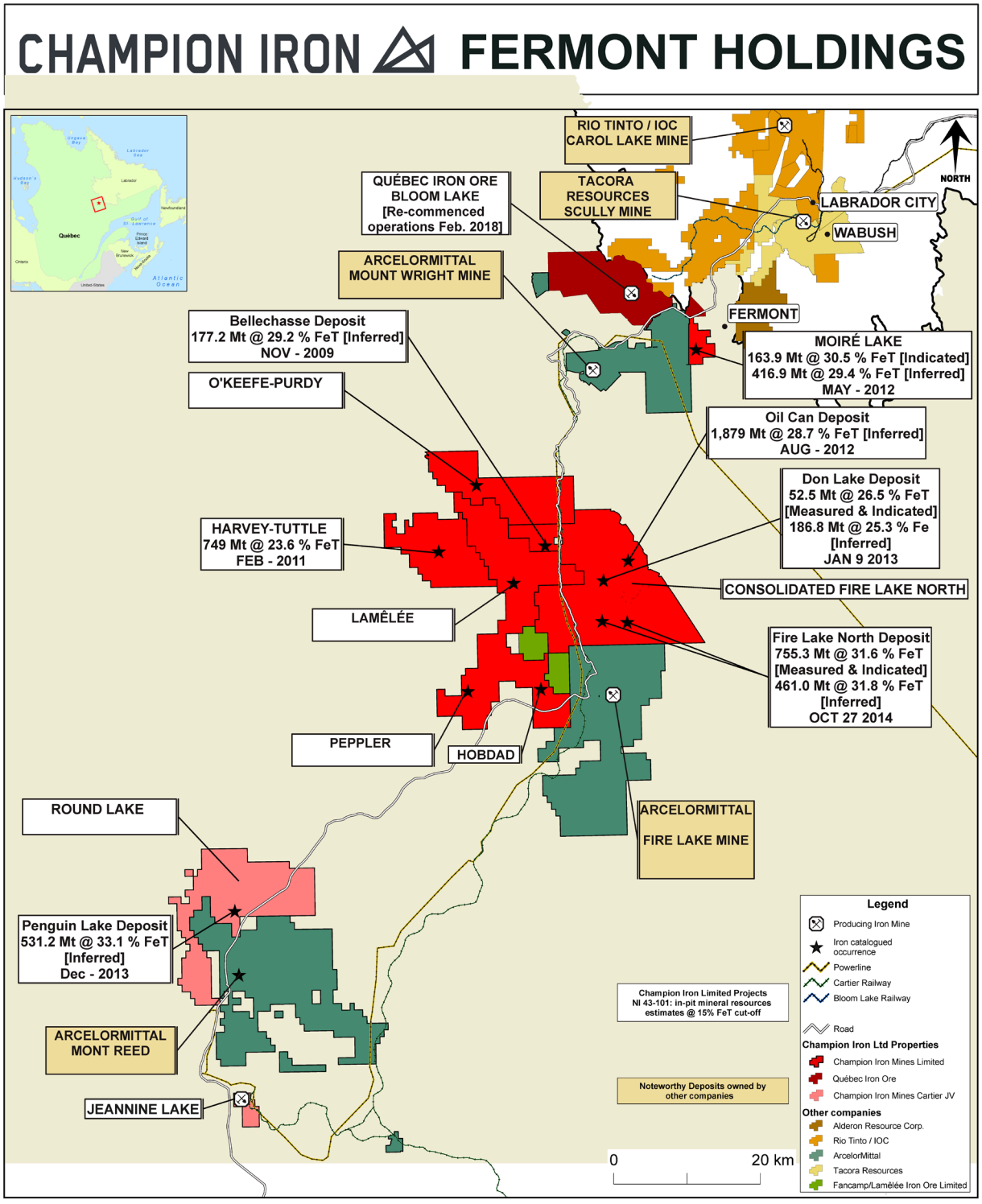
MAP 1 – FERMONT AREA - PROPERTY HOLDINGS



Copies of the NI 43-101 Mineral Resource Estimate reports for Consolidated Fire Lake North, Moire Lake, Bellechasse and Harvey-Tuttle are available under CIML'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.

The Quinto Claims (447 claims), which encompass the Peppler Property (118 claims) and the Lamelee Property (236 claims) and the Hobdad Property (93 claims) which were acquired together with the Bloom Lake Assets, are located approximately 50 km southwest of the Bloom Lake Mine.

The Corporation completed its transition from an exploration company to a producing company. On February 16, 2018, the Corporation commenced production at Bloom Lake and made its first shipment of high grade 66% iron ore concentrate on April 1, 2018 and declared commercial production on June 30, 2018. The Corporation produced 6,994,500 wmt of high grade 66.2% iron ore concentrate during the fiscal year ended March 31, 2019 and 7,617,800 wmt since the Bloom Lake Mine commenced operations. See also "*Three Year History*" and *"Risk Factors"* section below.

Iron Ore Industry and Markets

Iron ore is used almost exclusively in the production of iron products, which are subsequently transformed into steel. Demand for iron ore is directly related to global levels of steel production. The price of iron ore products is based principally on their iron content. Global iron ore prices have historically fluctuated with demand for global steel, among other factors. Another key component of iron ore price setting is applicable transportation costs. The principal markets for the Corporation's products are Asian, principally major steel mills in China, Japan and Korea and in the Middle East. The Corporation's subsidiary QIO has entered into offtake agreements with Sojitz Corporation ("**Sojitz**") and Glencore International AG ("**Glencore**") (see *"Fiscal Year Ended March 31, 2018" section below).* See also *"Risk Factors*" section below.

Competitive Conditions

The iron ore mining and mineral exploration business is highly competitive. The Corporation competes with numerous companies that have resources significantly in excess of the resources of the Corporation, in the search for (i) attractive iron ore mineral properties; (ii) qualified service providers and labour; (iii) equipment and suppliers; and (iv) purchasers for iron ore produced. The ability of the Corporation to acquire iron ore mineral properties in the future will depend on its ability to develop and operate its present properties, and also on its ability to select and acquire suitable producing properties or prospects for iron ore development or mineral exploration. See also "*Risk Factors – Competitive Conditions" and "Risk Factors – Fluctuating Minerals Prices*".

Environmental Protection

All phases of the Corporation's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste and greenhouse gas emissions. These regulations set forth a wide range of sanctions and penalties, both criminal and civil, for violations of the regulations. Compliance with such laws and regulations increases the costs and delays of exploration, planning, designing, drilling and developing the Corporation's properties.

To date, applicable environmental legislation has had no material financial or operational effects on the Corporation. See also "*Risk Factors – environmental risks and hazards*" and "*Risk Factors – Government Regulation*".

Employees

As at March 31, 2019, the Corporation had 457 full-time employees and 5 contractual workers working out of Montreal, Québec, Sydney, Australia and Toronto, Ontario.

The Corporation is dependent on the services of key executives, including the Executive Chairman and Chief Executive Officer and a small number of highly skilled and experienced executives and personnel. See "*Risk Factors – Dependence on Management and Key Personnel*".

Three-Year History

Fiscal Year ended March 31, 2017

On April 11, 2016, the Corporation completed the acquisition of the Bloom Lake Assets (through its subsidiary QIO) and the Quinto Claims (through its subsidiary CIML) for aggregate cash consideration of $10.5 million and the assumption of certain liabilities. The cash consideration paid for Bloom Lake was $9.75 million while the Quinto Claims were acquired for cash consideration of $776,818. Pursuant to the asset purchase agreement, QIO became responsible for environmental obligations, including environmental reclamation liabilities assessed at approximately $41.7 million by the Government of Québec, as well as the replacement of certain bonds securing certain obligations in respect of Bloom Lake totalling approximately $1.1 million.

In order to fund the acquisition purchase price of Bloom Lake and to provide working capital, the Corporation completed a private placement financing of 187,500,000 Ordinary Shares at a price of $0.16 per share for gross proceeds of $30,000,000 (the "**Offering**").

Subscribers to the Offering included RQ ($6,000,000), WC Strategic Opportunity L.P. (a Wynnchurch Capital LLP portfolio company) ("**Wynnchurch**") ($10,000,000), Resource Capital Fund VI LP ("**RCF**") ($6,453,000) and a company controlled by Michael O'Keeffe, the Corporation's Executive Chairman ($3,500,000).

In connection with the Offering, the Corporation received commitments from two parties (the "**Initial Subscribers**") to backstop up to $15,000,000 of the Offering. One of the Initial Subscribers was arm's length while the other was a company controlled by Michael O'Keeffe, the Corporation's Executive Chairman. The Initial Subscribers each agreed to purchase 46,875,000 Ordinary Shares (the "**Committed Shares**") under the Offering, 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 Corporation granted 15,000,000 compensation options to the Initial Subscribers, each entitling the holder to purchase one Ordinary Share for $0.25 until February 1, 2020. For one year after the closing of the Offering, the Initial Subscribers were restricted from selling, pledging or granting any rights with respect to the acquired ordinary shares, except in certain limited circumstances.

In connection with the Offering, subject to certain terms and conditions, including the condition that they continue to hold more than 10% of the issued and outstanding Ordinary Shares of the Corporation, Wynnchurch and RCF were each granted the right to designate one nominee for election or appointment to the board of directors of the Corporation (the "**Board**"). In addition, subject to such terms and conditions, the Corporation agreed not to grant any stock options unless such grant is unanimously approved by the Board.

Private placement by QIO

On April 11, 2016, QIO completed a private placement of 14,000,000 Ordinary Shares to RQ at a price of $1 per share for gross proceeds of $14,000,000, following which, the Corporation's interest in QIO was reduced from 100% to 63.2%.

In connection with the private placement by QIO, the Corporation granted 6,000,000 compensation options to RQ, each entitling the holder to purchase one Ordinary Share at a price of $0.25 per share until February 1, 2020.

Following the acquisition of Bloom Lake, the Corporation's main focus was to investigate the potential re-start of the Bloom Lake mine and concentrator.

During the quarter ended September 30, 2016, the Corporation expended $4,855,858 on care and maintenance at the Bloom Lake project and $241,891 on limited exploration activity at the CFLN project. During the quarter ended

December 31, 2016, the Corporation spent $5,931,001 on care and maintenance at Bloom Lake, while $154,584 was spent on limited exploration at the CFLN project.

On March 10, 2017, the Corporation, through its wholly-owned subsidiary, Lac Bloom Railcars Corporation Inc., entered into a Railcar Instalment Sale Agreement to acquire 735 specialized iron ore railcars for consideration of US$30,077,570 plus Goods and Services Tax ("**GST**") of US$1,503,879 and Quebec Sales Tax ("**QST**") of US$3,000,238. The Corporation made a down payment of US$1,818,100 with the balance of the consideration, including GST and QST being financed by a note owing to the vendor.

During the quarter ended March 31, 2017, $4,816,891 was spent on care and maintenance at Bloom Lake and $194,992 was spent on exploration at the CFLN project.

The Corporation completed a NI 43-101 Technical Report on the Bloom Lake Mine Re-Start ("**Feasibility Study**") dated March 17, 2017. The Feasibility Study demonstrated that recommencing iron ore mining operations at Bloom Lake is financially viable and would be competitive in global iron ore markets with the potential to be one of the region's leading long-life iron ore mines. A production restart at Bloom Lake would be a major contributor to the provincial and national economy.

Highlights of the Feasibility Study included:

- Net after-tax cash flow of $2.3 billion (including all forecasted CAPEX);
- After-tax net present value at 8% discount rate of $984 million and an internal rate of return of 33.3% after tax;
- Total revenue over LOM of $15.1 billion;
- Total capital costs of $326.8 million including mine upgrade capital cost of $157.2 million;
- Mineral Reserves for the Bloom Lake Project are estimated at 411.7 million tonnes at an average grade of 30.0% iron ("**Fe**");
- Concentrate production averages 7.4 million tonnes per annum at an assumed steady state over the 21-year LOM. The concentrate, at 66.2% Fe is obtained with an expected metallurgical recovery that averages 83.3% Fe relative to plant feed at the 30% Fe average feed grade;
- Plant and processing upgrades are expected to deliver improvements in Fe recovery. The upgraded recovery circuit flowsheet replaces the existing 3-stage spiral circuit with a new gravity circuit that limits the recirculating process streams and reduces the chance of losses of iron to the rougher stage tailings. The recovery of additional iron minerals will also be achieved by a magnetic scavenging circuit;
- LOM average operating cost of production of $44.62 per dry metric tonne, FOB Sept-Iles;
- LOM average iron ore price at 66.2% Fe CFR China (62% Fe index plus premium for extra Fe content) of US$78.40 provided by a market study by Metalytics, a specialist economics consultancy in the metals and mineral resources sector.

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A summary of the economic paramaters and feasibility results include:

Mining Parameters	Reserve (Mt)	411.7
	Processed tonnage (Mtpa)	20.0
	Average Fe processing recovery (%)	83.3%
	Average mining dilution (%)	4.3%
	Average Recovered concentrate (Mtpa)	7.4
	Mine Life (years)	21 years
Cost Parameters	Initial CAPEX including Working Capital (CA$M)	326.8
	LOM CAPEX (CA$M)	329.5
	LOM OPEX (CA$/t of ore)	16.85
	LOM OPEX (CA$/t dry concentrate)	44.62
Revenue Parameters	Gross Revenue (CA$M)	15,116
	Shipping Costs (CA$M)	3,748
	Cash Operating Margin (CA$M)	4,432
	Operating Margin %	29.3%
	After Tax Net Cash-Flow (CA$M)	2,335
Iron Ore Price Parameters	LOM Av Iron Price at 66.2%Fe CFR China (US$/ton)	78.40
	Inflation	Nil
	Average Exchange Rate	0.79 US$:1.0 CA$
Valuation Parameters	NPV – 8% Pre-Tax (CA$M)	1,675
	IRR (pre-tax)	43.9%
	NPV – 8% After-Tax (CA$M)	984
	IRR (after-tax)	33.3%
	Pay-back (pre-tax) (years)	2.5
	Pay-back (after-tax) (years)	3.1

Fiscal Year ended March 31, 2018

The Corporation, through QIO, Société du Plan Nord and Tata Steel Minerals Canada entered into a memorandum of understanding to work together, in a multi-user approach, to manage and develop the industrial facilities (rail lines, access to port facilities, rail yards, a pellet plant, administrative offices and other facilities) on a site of around 1,200 hectares at Pointe-Noire in Sept-Îles, Québec, via the limited partnership Société Ferroviaire et Portuaire de Pointe-Noire ("**SFPPN**"). SFPPN will develop an innovative business model that meets the needs of the private sector while also promoting maximum benefits for future projects in the region.

The Corporation contributed $1,000,000 to the capital of the limited partnership.

On April 12, 2017, the Corporation, through QIO, and the band council, Innu of Takuaikan Uashat mak Mani-utenam entered into an Impact and Benefits Agreement (the "**IBA**") with respect to future operations at Bloom Lake.

The IBA is a LOM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities, and ensures that the Innu of Takuaikan Uashat mak Mani-utenam will receive fair and equitable financial and socio-economic benefits. The IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat mak Mani-utenam, including recognition of their bond with the natural environment.

Off-take agreement

On May 1, 2017, the Corporation's subsidiary QIO had signed a Framework Off-Take Agreement (the "**Off-take Agreement**") with Sojitz, a major trading company based in Tokyo, Japan, pursuant to which Sojitz would purchase up to 3,000,000 dmt per annum from QIO after the re-commencement of commercial operations at the Bloom Lake. The Off-take Agreement is for an initial five-year term from the date that commercial operations commence at Bloom Lake and shall automatically extend for successive terms of five-years.

$40,000,000 bridge financing

On May 17, 2017, to finance required upgrades to the tailings management system, other process plant upgrades and long-lead items in connection with the recommencement of operations at Bloom Lake, the Corporation arranged, on behalf of QIO, a $40,000,000 financing, comprised of a bridge loan of $26,000,000 and equity of $14,000,000. The debt component of $26,000,000 was committed with Sojitz providing $20,000,000 and RQ providing $6,000,000. The equity component comprised a proportionate contribution of $8,848,000 and $5,152,000 from the shareholders of QIO, being the Corporation and RQ, respectively.

The Bridge Loan bears interest at the rate of 12% per annum on the outstanding principal amount of the Bridge Loan and a standby fee of 2% per annum on the undrawn portion of the Bridge Loan; is secured by a $26,000,000 hypothec over all of QIO's property, plant and equipment (excluding mining claims) and matures on July 15, 2018. Advances under the Bridge Loan are available in up to 4 instalments until November 30, 2017.

Principal advances of $16,000,000 were drawn down and on October 16, 2017, the Bridge Loan was repaid.

Convertible Debenture

On June 1, 2017, the Corporation completed the sale of a $10,000,000 unsecured convertible debenture bearing interest at the rate of 8% payable quarterly and matured on June 1, 2018 (the "**Debenture**"). The Debenture was convertible at the option of the holder at any time into Ordinary Shares at a conversion price of $1.00 per Ordinary Share. The maximum number of Ordinary Shares that may be issued upon conversion of the Debenture was 50,000,000 Ordinary Shares, with the balance of the unconverted principal amount of the Debenture to be repaid in cash or converted into a proportion of the Royalty (as defined hereinafter) at the option of the Corporation. If the principal amount was not repaid in full on or before June 1, 2019, the holder had the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on Bloom Lake (the "**Royalty**"). The Corporation's option to extend the Debenture had been exercised and the new maturity date was December 31, 2018.

The principal amount of the Debenture may be prepaid in whole or in part by the Corporation subject to a minimum payment representing 9 months of interest. In accordance with the agreement the Debenture was converted into 10 million Ordinary Shares on December 31, 2018 at a conversion price of $1.00 per share.

Financial assistance from Government of Québec's Green Fund

On June 5, 2017, the Corporation announced that QIO has been granted financial assistance of $3,085,089 and $2,131,656 from the Government of Québec's Green Fund in connection with two energy conversion projects at Bloom Lake. $1,304,185 was received on March 31, 2018.

Rail transportation contract

On June 8, 2017, QIO entered into a rail transportation agreement with Quebec North Shore and Labrador Railway Company, Inc. ("**QNS&L**") for the transportation of iron ore concentrate from Bloom Lake by rail from the Wabush Lake Junction in Labrador City, Newfoundland & Labrador to the Sept-Îles Junction in Sept-Îles, Quebec.

In connection with the agreement, QIO made an advance payment of $15,000,000 which is recovered monthly as a credit on rail transportation costs as per the agreement.

On February 22, 2018, the first train to Sept-Îles left the mine and the advance reimbursement mechanism has started to be applied.

Settlement agreement with the Port

On July 13, 2012, the Corporation's subsidiary company, CIML signed an agreement ("**Agreement**") with the Sept-Îles Port Authority ("**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, CIML was to pay $25,581,000 and take-or-pay payments as an advance on its future shipping, wharfage and equipment fees. CIML 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 to secure its obligations under the Agreement.

On July 15, 2017, CIML and the Port entered into a conditional settlement agreement, providing for the settlement, without admission, of the dispute with the Port. The settlement agreement provided for payments by CIML or QIO to settle in full the remaining advance payment of $19,581,000 and interest by December 1, 2017. Upon signing of the conditional settlement agreement, CIML made an advance payment of $2,400,000.

On October 16, 2017, the conditions of the settlement agreement were met and QIO paid the remaining advance payments of $17,181,000 and interest of $2,807,116 by December 1, 2017.

On March 25, 2018, the Port started the loading of the first ship and the advance payment is being reimbursed monthly as a credit as per the agreement.

Public offering of subscription receipts

On September 29, 2017, the Corporation completed a public offering of 21,033,508 subscription receipts at a price of $0.90 per subscription receipt for gross proceeds of $18,930,157 which was placed in escrow pending the satisfaction of the certain escrow release conditions. On October 16, 2017, the escrow release conditions were satisfied and the proceeds of the subscription receipts were released to the Corporation and holders of the subscription receipts received one ordinary share of Corporation for each subscription receipt held.

Rail transportation and port-facilities access agreement

On March 23, 2017, QIO entered into a memorandum of understanding to become a limited partner in SFPPN. SFPPN was formed to manage and develop the industrial facilities (rail lines, access to port facilities, rail yards, a pellet plant, administrative offices and other facilities) at Pointe-Noire in Sept-Îles, Québec. QIO advanced $1,000,000 as a contribution to the capital of SFPPN pending the completion of a limited partnership agreement.

On October 12, 2017, QIO entered into a railway and port facilities access agreement with SFPPN for the transportation, unloading, stockpiling and loading of iron ore concentrate from Sept-Iles to Pointe-Noire, Québec. In connection with the agreement, QIO made an advance payment of $5,000,000 which will be recovered as a credit to future costs owing under the agreement. QIO has secured an annual 8 million tons capacity with associated storage capacity at Pointe-Noire adjacent to the port of Sept-Îles.

QIO and Tata Steel Minerals Canada, another limited partner in SFPPN, will make their expertise available to help manage operations at Pointe-Noire. Through SFPPN, the Quebec government will continue its active involvement to maintain and assure a multi-user approach and increase benefits for current and future projects in the area covered by the Plan Nord. All three parties agree that they will endeavor to ensure that the Pointe-Noire infrastructures are developed to match anticipated needs while continuing to provide services at the lowest possible cost for all potential users. A phased capacity enhancement plan will be drawn up as quickly as possible. The first action from this plan was to build a conveyer to connect to the multi-user quay in the port of Sept-Îles. The conveyer was constructed and delivered on March 21, 2018.

Unsecured subordinated convertible debenture and off-take agreement with Glencore International AG

On October 13, 2017, the Corporation completed a non-brokered private placement of a $31,200,000 unsecured subordinated convertible debenture (the "**Glencore Debenture**") to Glencore. The Glencore Debenture is unsecured; bears interest at the rate of 12% for the first year, and thereafter, an interest rate linked to the price of iron ore; convertible into ordinary shares of the Corporation at a conversion price of $1.125 per ordinary share; mandatory conversion into ordinary shares of the Corporation at a conversion price of $0.85 per ordinary share upon (a) the occurrence of a mandatory conversion event or (b) Sprott Private Resource Lending (Collector), LP ("**Sprott**") or

CDP Investissements Inc. ("**CDP**"), lenders for the debt financing of US$180,000,000 for QIO, exercising their respective option to require a mandatory conversion.

In connection with the closing of the Glencore Debenture, QIO entered into an off-take agreement with Glencore to grant global off-take rights for the LOM of Bloom Lake with fixed commercial terms for a 10-year period for all tonnes of future iron ore production at Bloom Lake not sold in Japan under the existing off-take agreement with Sojitz. In the event of a Mandatory Conversion, the off-take terms will apply for the LOM of Phase 1 of Bloom Lake and Glencore will have the option to convert the marketing fees under the off-take terms into a FOB-based royalty under certain circumstances. In addition, Glencore has been granted a right of first refusal in connection with the financing and off-take rights for iron ore production of Phase II of Bloom Lake not allocated to certain strategic investors.

Debt financing of US$180,000,000 for QIO

On October 10, 2017, QIO entered into definitive agreements for debt financing of US$180,000,000 from Sprott and CDP, a wholly-owned subsidiary of Caisse to finance the restart of Bloom Lake.

Sprott provided US$80,000,000 by way of a 5-year senior secured loan bearing interest at 7.5% per annum plus the greater of US dollar 3-month LIBOR and 1% per annum. CDP provided US$100,000,000 by way of a 7-year subordinated loan bearing interest at 12% for the first year, and thereafter, at an interest rate linked to the price of iron ore.

In connection with the debt financing, the Corporation issued: (a) 3,000,000 ordinary share purchase warrants to Sprott, entitling the holder to purchase an ordinary share of the Corporation for $1.125 until October 16, 2022 and (b) 21,000,000 ordinary share purchase warrants to CDP, entitling the holder to purchase an ordinary share of the Corporation for $1.125 after October 16, 2018 until October 16, 2024. RQ will provide compensation commensurate with their 36.8% interest in QIO to the Corporation for issuing the ordinary share purchase warrants.

The terms and conditions of the Sprott and CDP debt facilities were disclosed in note 19 to the audited Consolidated Financial Statements of the Corporation at March 31, 2018.

Bloom Lake Re-start

The Corporation completed its transition from an exploration company to a producing company. On February 16, 2018, the Corporation commenced production at Bloom Lake and made its first shipment of high grade 66% iron ore concentrate on April 1, 2018.

Fiscal Year ended March 31, 2019

Bloom Lake Operations

In the recently completed fiscal year, the Corporation completed its transition from an exploration company to a producing company. On February 16, 2018, QIO commenced production at Bloom Lake and made its first shipment of high grade 66% iron ore concentrate on April 1, 2018 and declared commercial production on June 30, 2018. The Bloom Lake Mine produced 6,994,500 wmt of high grade 66.2% iron ore concentrate during the fiscal year ended March 31, 2019 and 7,617.800 wmt since the Bloom Lake Mine commenced operations.

QIO mined 33.4 million tonnes of material during the twelve months ended on March 31, 2019. The plant achieved nameplate capacity in October 2018, and processed 18,493,800 tonnes of ore during the twelve months ended March 31, 2019. During the year, the recovery circuit continues to be optimized where QIO initially achieved 77.0% when it resumed operations in February, 2018 compared to 80.4% during the last quarter ended March 31, 2019. Overall, QIO achieved an average recovery rate close to 80% for the most recently completed fiscal year. QIO's recovery rate continues to improve with nearly every quarter, achieving higher recovery rates and QIO is confident that it will achieve the target recovery rate of 83% once the circuit has been optimized.

Based on the foregoing, QIO produced a total of 6,994,500 wmt of Fe 66.4% in its first full year of operations ending March 31, 2019. These results established a new annual production record for the Bloom Lake Mine as the previous annual record achieved at Bloom Lake by previous operators totaled 5,885,355 in 2013.

For the year ended March 31, 2019, QIO sold over 7.1 million tonnes of iron ore concentrate shipped to end customers located in China, Europe, Japan and the Middle East in 41 ChinaMax and Capesize vessels. While the the IODEX 65% Fe CFR China Index ("**P65**" or "**Platts 65**") indicative price per tonne of high-grade iron ore fluctuated between US$81.4/dmt to US$107.2/dmt as of March 31, 2019, QIO sold its product at an average gross realized price of US$93.4/dmt before shipping. The gross sales price of US$93.4/dmt represents a premium of 30.6% over the benchmark the IODEX 62% Fe CFR China Index ("**P62**") price. Deducting sea freight costs of US$23.4/dmt, QIO obtained an average realized price of US$70.0 per tonne (CA$91.9 per tonne) for its high-grade iron ore delivered to the end customer. As a result, revenues totaled $655 million for the first year of production.

For the year ended March 31, 2019, the Corporation generated a net income of $147,599,000 translating to earnings per share of $0.20. This compared to a net loss of $107,331,000 or a loss of $0.19 per share which was realized in the year ended March 31, 2018, as the Corporation and its subsidiary QIO completed its Bloom Lake Mine construction in February 2018, and shipped its first vessel of iron ore on April 1, 2018.

Exploration Activites

During the fiscal year ended March 31, 2019, the Corporation, through its wholly-owned subsidiary CIML, conducted exploration activities at it Gullbridge-Powderhorn Properties located in northern-centralo Newfoundland. The 63 sqaure kilometre Powderhorn Property is host to several copper and zinc showings and is at an early exploration stage. The exploration program at Powderhorn targets the same volcanic units that host the Buchans Mine, located 60 km away, a rich volcanogenic massive sulphide deposit. The Gullbridge Mine is a past copper producer and is located in the northern part of the property. The exploration program at the Powderhorn Property continued with 17,000 meters of drilling during the recently completed year. Exploration expenses at Powderhorn during the year amounted to $1,476,000.

In the Fermont area, the Corporation, through its subsidiaries undertook exploration-related activites. During the year ended March 31, 2019, a magnetic survey was rconducted on the claims located north and northwest of the Bloom Lake Mine. More than 360 line kilometres were surveyed using an unmanned aerial vehicle. The total expenses for the survey amounted to $111,000, which included the cost of the survey and all related logistics.

During the same period, a drill program was completed on CIML's Peppler Lake Property, located west its Consolidated Fire Lake North project. A total of 2,887 meters were drilled. Drilling and logistics related expenses totaled $911,00 for the period.

During the year ended March 31, 2019, the Corporation and its subsidiaries maintained all of its properties in good standing. The Corporation did not enter into farm-in/farm-out arrangements during the quarter.

Additions and Changes to the Corporation's Management Team

On August 14, 2018, the Corporation announced the appointment of Natacha Garoute, LLB, CPA, CA as the Corporation's Chief Financial Officer and on January 10, 2019, the Corporation announced the addition of Michael Marcotte as Vice President, Investor Relations for the Corporation.

Current Financial Period

Proposed Acquisition of Remaining Equity Interest in QIO

On May 29, 2019, the Corporation announced a transaction whereby it agreed to acquire RQ's 36.8% equity interest in QIO for a total cash consideration of $211 million (the "**Transaction**"). The Transaction would increase the Corporation's stake in QIO to 100%. Following the completion of the Transaction, the entire net income of QIO would be allocated to the Corporation and there would no longer be any non-controlling interests.

Capital Restructuring

The Corporation also announced on May 29, 2019, that it has entered into an agreement with Caisse for a preferred share offering for proceeds of $185 million (the "**Investment**") plus a commitment for a fully underwritten US$200 million credit facility (the "**New Credit Facility**") with The Bank of Nova Scotia and Societe Generale. Proceeds from the Investment and the New Credit Facility will be used to fund current and future strategic initiatives, including the Transaction, and repay the Corporation's existing debt.

The dividend rate associated with the preferred shares will be based on the gross realized iron price and will fluctuate from 9.25% when the gross realized iron price for Bloom Lake 66.2% iron ore is greater than US$85/dmt to 13.25% should the gross realized iron ore price decrease below US$65/dmt. The closing of this facility is expected to occur in the summer of 2019.

The New Credit Facility will be available by way of a US$180 million senior secured fully amortizing non-revolving credit facility (the "**Term Facility**") in addition to a US$20 million senior secured revolving credit facility (the "**Revolving Facility**"). The New Credit Facility will bear interest between LIBOR plus 2.85% if the net debt to EBITDA ratio is lower or equal to 1.00x to LIBOR plus 3.75% if the net debt to EBITDA ratio is greater than 2.50x. The Term Facility will mature five years from the closing date while the Revolving Facility will mature three years from the closing date. The Term Facility shall be repaid in equal quarterly installments of principal and accrued interest starting on the second full year following the closing date and is not subject to prepayment penalties. The closing of this facility is also expected to occur in the summer of 2019.

Additions and Changes to the Corporation's Management Team and Board of Directors

On April 1, 2019, the Corporation announced that David Cataford had been appointed Chief Executuve Officer of the Corporation, following the transition of Michael O'Keeffe from the Chief Executive Officer position and the implementation of the Corporation's succession plan in this regard. Michael O'Keeffe retains his current position as Executive Chairman of the Corporation. Mr. Cataford joined the Corporation in 2014 as Vice President, Engineering and was appointed Chief Operating Officer in 2017.

On May 21, 2019, the Corporation announced that its Chief Executive Officer, David Cataford, was appointed as a member of the Board.

On June 14, 2019, the Corporation announced the appointment of Steve Boucratie as Vice President, General Counsel and Corporate Secretary.

Bloom Lake Phase II Feasibility Study

The Board approved a budget to undertake the the Phase II potential expansion of the operations at the Bloom Lake Mine. The expansion would mainly involve the completion of construction work on a processing plant and other supporting infrastructure which was interrupted in November, 2012 by the previous owner of the mine. The Phase II expansion aims at more than doubling the current operational capacity of 7.4 million tonnes per annum of high-grade 66.2% Fe concentrate to 15 million tonnes per annum.

The Corporation and QIO reported the findings of the Phase II Feasability Study on June 20, 2019 and the Corporation will file the related NI 43-101 Technical Report within 45 days of the date of the news release.

Highlights of the Phase II Feasibility Study include:

Feasibility Study Highlights – Phase 2

Base case assuming long-term price of US$68.2/t P62 and US$83.9/t P65 iron ore price CFR China		
	CA$	**US$**
NPV	- Pre-tax $NPV_{8\%}$ of $1,532 million - After-tax $NPV_{8\%}$ of $956 million - Pre-tax $NPV_{8\%}$ of $3,762 million combining Phase I & II - After-tax $NPV_{8\%}$ of $2,384 million combining Phase I & II	- Pre-tax $NPV_{8\%}$ of $1,160 million - After-tax $NPV_{8\%}$ of $724 million - Pre-tax $NPV_{8\%}$ of $2,850 million combining Phase I & II - After-tax $NPV_{8\%}$ of $1,806 million combining Phase I & II
IRR	Pre-tax IRR of 42.4% or after-tax IRR of 33.4% with a 2.4 years payback on initial capital	
Iron ore price	Based on $110.7/t P65 iron ore price CFR China	Based on $83.9/t P65 iron ore price CFR China
Initial CAPEX	$589.8 million	$446.8 million
Total cash cost[1]	$46.6/t FOB Sept-Îles	$35.4/t FOB Sept-Îles
Sustaining capital	4.4/t over the LOM	3.3/t over the LOM
All-in sustaining cost[1]	$52.3/t FOB Sept-Îles	$39.7/t FOB Sept-Îles
Production	Estimated average annual production of 15 million tonnes of 66.2% Fe iron ore	
Construction	21 months	
Mine life	Current study mine life of 20 years	
Mineral reserves	Bloom Lake reserves estimated at 807 million tonnes at an average grade of 29.0% Fe	
Recovery	Average metallurgical recovery of 82.4% relative to average plant feed grade of 29.0% Fe	

(1) Cash cost and all-in sustaining costs are non-IFRS financial performance measures with no standard definition under IFRS. The Corporation provides them as supplementary information that management believes may be useful to investors to explain the Corporation's financial results.

The Phase II Feasability Study conducted by BBA Inc. evaluated the LOM option for expanded mining and processing to maximize the value of the mineral resource at Bloom Lake. The Phase II Feasability Study evaluates the combined Phase I and II mining plan, current concentrator plant at Phase I and completion of the Phase II concentrator plant. Results of the Phase II Feasability Study recommend an expansion of Bloom Lake, resulting in a LOM production averaging 15 Mtpa of 66.2% Fe iron ore concentrate. Based on the new optimized mine plan, the mining rate at Bloom Lake would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a LOM of 20 years. Pursuant to strong economics outlined in the Phase II Feasability Study, the Board has approved an initial budget of $68 million to advance the project during the remainder of 2019, which is expected to meet the timetable detailed in the Phase II Feasability Study. The approved budget will be funded from cash on hand and existing debt facilities. Finalization of additional funding sources for the project is expected to be completed before mid-2020.

The processing plant for the Phase II concentrator is based on the currently operating Phase I design with minor changes to further improve performance. The recovery circuit is very similar to the Phase I concentrator with the addition of a stage of scavenger up current classifier to increase recovery and improve response to feed variations.

Most of the major equipment, with the exception of the gravity circuit equipment that was used as part of the Phase I restart project, was sourced on-site from the previous owner's Phase II expansion project which was interrupted in 2012.

The base case economic assumption utilizes a conservative blended average gross realized price at 66.2% Fe CFR China of US$84.1/t for the LOM. The P65 analyst consensus was utilized for years 1 to 3. For the remaining LOM, the iron price at 66.2% is based on the average of the P65 analyst long-term consensus and the P62 3-year trailing

average with a 15% premium. These price assumptions compare with a spot price at P65 of US$124.7/t as of June 13, 2019, of which Bloom Lake's 66.2% Fe material receives a premium.

Economic Summary

The economic sensitivity analysis uses the P65 pricing which compares to a spot price of US$124.7 (as at June 13, 2019).

	CA$	US$	CA$	US$	CA$	US$
Iron ore based on P65 $US/t CFR China	105.2/t	79.7/t	111.7/t	83.9/t	116.3/t	88.1/t
Pre-tax						
$NPV_{8\%}$ ($M)	1,210.12	976.76	1,531.80	1,160.45	1,853.47	1,404.14
IRR (%)	36.7%		42.4%		48.0%	
After-tax						
$NPV_{8\%}$ ($M)	753.17	570.59	955.71	724.03	1,157.08	876.57
IRR (%)	29.2%		33.4%		37.4%	
Payback (years)	2.5 years		2.4 years		2.2 years	
Combined Phase I and II						
Pre-tax $NPV_{8\%}$ ($M)	3,107.81	2,354.40	3,762.18	2,850.13	4,416.60	3,345.91
After-tax $NPV_{8\%}$ ($M)	1,969.81	1,492.28	2,384.09	1,806.13	2,797.24	2,119.12

Mining and Processing

A summary of the revenue, capital costs, production and operating metrics from the Phase II Feasability Study are provided below.

Production Metrics:

Feasibility Study Baseline Production Metrics	**LOM**
Reserve (Mt)	807.0
Processed Tonnage (Mtpa)	41.6
Average Fe Processing Recovery (%)	82.4%
Average mining dilution (%)	1.2%
Average mining ore loss (%)	0.8%
Average recovered concentrate (Mtpa)	15.0
Mine life (years)	20 years

Capital Costs:

CAPEX Pre-Production	(CA$M)	(US$M)
General	28.2	21.4
Mine - Phase II	37.6	28.5
Crusher and stockpile	24.3	18.4
Concentrator	165.0	125.0
Tailings and water management	50.2	38.0
Services	30.5	23.1
Rail and port	73.4	55.6
Owner's costs	105.1	79.6
Contingency (15%)	75.5	57.2
TOTAL	589.8	**446.8**
Deposits	44.0	33.3
TOTAL Including Deposits	633.8	**480.1**

Operating Costs Summary:

Category	LOM (CA$/t)	LOM (US$/t)
Mining	13.4	10.2
Crushing and conveying	1.7	1.3
Processing plant	7.9	6.0
Concentrate shipping	16.8	12.7
Water and tailings management	2.1	1.6
General and administrative	4.7	3.6
Total Cash Cost[1]	46.6	**35.4**
Sustainability and other community expenses	1.3	1.0
Sustaining CAPEX	4.4	3.3
All-in Sustaining Costs[1]	52.3	**39.7**

(1) Cash cost and all-in sustaining costs are non-IFRS financial performance measures with no standard definition under IFRS. The Corporation provides them as supplementary information that management believes may be useful to investors to explain the Corporation's financial results.

Key Assumptions:

LOM average gross realized 66.2% Fe Price (CFR China (US$/t)	US$84.1/t
Average exchange rate (CA$/US$)	0.758
Diesel price	1.18$/l
Electricity tariff	0.0491 $/kwh

Updated Mine Plan

The Phase II expansion at Bloom Lake continues with the successful operating strategies currently used at the mine since the restart of Phase I. The mining scenario has been updated with operational changes in the pit and new blending constraints required for optimum concentrator productivity.

The Phase II mine plan continues with a conventional surface mining method using an owner mining approach. Electric hydraulic shovels will be complemented with front end loaders to allow a flexible mine plan. Additional drilling and hauling capacity will be added as mine tonnages increase starting in January 2021.

Concentrator Plant

QIO intends to complete construction of the Phase II concentrator and other supporting assets to bring Bloom Lake's total average LOM production to 15 Mtpa of 66.2% Fe iron ore concentrate. Existing crushing, feed and concentrate storage facilities will be modified or completed to support operation of both concentrators.

The proposed Phase II concentrator plant is based on the currently operating Phase I concentrator which has major proven improvements in terms of tonnage and recovery over historical performances (2010 - 2014). The Phase II recovery circuit is an evolution from the Phase I design and base of the Phase I first year of operation. The main modification from the Phase I design is the addition of a scavenger up current classifier stage that will result in improved recovery and response to feed variations.

Major processing equipment is currently on site from the original expansion project that was interrupted in 2012 by Bloom Lake's previous owner. Much of this equipment will be reused with the exception of the gravity circuit equipment that was used as part of the Phase I restart project. The Phase II project will also benefit from utilization of existing infrastructure and personnel. Overland conveyor, crushers, water management facility and booster pumphouse, workshops, are all examples of existing infrastructure that reduces the overhead burden on the project as well as assists in the development timeline with shorter mobilization periods.

Logistics

The mine already has an operational rail loop infrastructure, with access to end markets via port and rail. The rail access consists of three separate segments. The first segment, a 31.9 km on-site rail spur, is operational and connects to the Quebec North Shore & Labrador (QNS&L) railway at the Wabush Mines facilities in Wabush, Labrador. The second segment uses the QNS&L railway between Wabush to the Arnaud junction in Sept-Îles. The third segment connects from Arnaud to Pointe-Noire port facilities (Sept-Îles), where the concentrate will be unloaded, stockpiled, then loaded onto vessels for export. Modifications will be made to the rail infrastructure as well as to the stockyard in order to reduce cycle time and increase concentrate storage capacity.

Bloom Lake benefits from excellent access to power, water, roads, rail, ports and a highly professional mining labour market, as well as a government that continues to be supportive of new investment and mining.

Tailings Management

Current tailings facilities, combined with the expansion plan set according to the Phase II Feasability Study, will be utilized to service the additional tonnage from Phase II. While the mine is located on the Canadian shield, being one of oldest and most seismically stable regions in the world, the site is designed to resist all extreme scenarios from earthquakes to exceptional rain events. The safe tailings management will continue to adopt world class standards where fine material is separated from coarse material, maximizing each material given their distinct properties and behaviours. This process allows to greatly reduce potentially unstable materials where less than 15% of tailings are categorized as fine material, which are then stored in centerline or downstream construction, considered a proven, safe and stable method for this type of product. To further improve on safety, the dams are raised to levels that cannot exceed 40 metres, while coarse material stored in upstream construction utilizes a slope of 10:1 compared to the industry standard of 6:1. Finally, the Corporation has a robust monitoring program, including real-time surveillance consoles.

Feasibility Study and Qualifed Persons

The Phase II Feasability Study will be filed under the Corporation’s profile on SEDAR within 45 days of the date of this AIF. The following Qualified Persons, along with other Qualified Persons, have participated in the preparation of the Phase II Feasibility Study:

- André Allaire, P.Eng. – BBA Inc.
- Isabelle Leblanc, P.Eng. – BBA Inc.
- Pierre-Luc Richard, P.Geo – BBA Inc.

- Mathieu Girard, P.Eng. – Soutex
- Philippe Rio Roberge, P.Eng. – WSP Canada Inc.

Each of these foregoing Qualified Persons has reviewed and approved the technical information contained in this Secion "*Bloom Lake Phase II Feasibility Study*" of this AIF that is relevant to their area of responsibility and verified the data underlying such technical information. Reference is made to the Phase II Feasibility Study that will be filed within 45 days as to the data verification procedures, any limitations thereon and any failure to verify data.

Mineral Resource and Reserve Estimates

The following table presents the mineral resource for Bloom Lake estimated at a cut-off grade of 15% Fe, inside an optimized open pit shell based on a long-term iron price of US$61.50/dmt for 62% Fe content, a premium of US$12.7/dmt for the 66.2%Fe concentrate and an exchange rate of 1.24 CA$/US$. The measured and indicated mineral resource for Bloom Lake is estimated at 893.5 Mt with an average grade of 29.3% Fe, and an inferred mineral resource at 53.5 Mt with an average grade of 26.2% Fe. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mineral Resource Estimate for the Bloom Lake Project (notes 1-10)

Classification	Tonnage (dmt) kt	Fe %	CaO %	Sat %	MgO %	Al_2O_3 %
Measured	379,100	30.2	1.4	4.4	1.4	0.3
Indicated	514,400	28.7	2.5	7.7	2.3	0.4
Total M&I	893,500	29.3	2.1	6.3	1.9	0.4
Inferred	53,500	26.2	2.8	8.0	2.4	0.4

Notes on mineral resources:

1. The 2019 mineral resource estimate ("**MRE**") was prepared by or under the supervision of Pierre-Luc Richard, P. Geo, of BBA Inc. Mr. Richard is an independent qualified person, as defined by NI 43-101 guidelines. The effective date of the estimate is April 19, 2019. CIM definitions and guidelines for Mineral Resource Estimates have been followed.
2. These mineral resources are not mineral reserves as they do not have demonstrated economic viability. The MRE presented herein is categorized as measured, indicated, and inferred resources. The quantity and grade of reported Inferred resources in this MRE are uncertain in nature and there has been insufficient exploration to define these Inferred resources as Indicated or Measured.
3. Resources are presented as undiluted and in situ for an open-pit scenario and are considered to have reasonable prospects for economic extraction. The constraining pit shell was developed using pit slopes varying from 42 to 46 degrees. The pit shell was prepared using Minesight.
4. The MRE was prepared using GEOVIA Surpac 2019HF1 v.7.0.1949.0 and is based on 569 surface drill holes (141,289m), and a total of 11,397 assays.
5. Density values were calculated based on the formula established and used by the issuer.
6. Grade model resource estimation was calculated from drill hole data using an Ordinary Kriging interpolation method in a block model using blocks measuring 10 m x 10 m x 14 m (vertical) in size.
7. The estimate is reported using a cut-off grade of 15% Fe. The MRE was estimated using a cut-off grade of 15% Fe, inside an optimized open pit shell based on a long-term iron price of US$61.50/dmt for 62% Fe content, a premium of US$12.7/dmt for the 66.2% Fe concentrate and an exchange rate of 1.24 CA$/US$.
8. Calculations used metric units (metre, tonne). Metal contents are presented in percent. Metric tonnages were rounded and any discrepancies in total amounts are due to rounding errors.
9. The author is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issues not reported in the Phase II Feasibility Study, that could materially affect the Mineral Resource Estimate.
10. Mineral reserves stated below are included in the mineral resources.

The proven and probable mineral reserve is estimated at 807.0 Mt at an average grade of 29.0% Fe based on a cut-off grade of 15% Fe. The mineral reserve was estimated using a long-term concentrate price of US$60.89/dmt for 62% Fe content, a premium of US$12.7/dmt for the 66.2%Fe concentrate and an exchange rate of 1.24 CA$/US$. The mineral reserve includes a mining dilution and ore loss calculated on a block-by-block basis based on the neighbouring blocks lithology and grade. The average strip ratio of the open pit is 0.88.

Mineral Reserve Estimate (notes 1-13)

Classification	Diluted Ore Tonnage (dmt) Mt	Fe %	CaO %	Sat %	MgO %	Al2O3 %
Proven	346.0	29.9	1.5	4.7	1.4	0.3
Probable	461.0	28.2	2.6	7.9	2.5	0.6
Total P&P	807.0	29.0	2.2	6.5	2.0	0.5

Notes on mineral reserves:

1. The mineral reserves were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10, 2014.
2. The mineral reserve estimate was prepared by or under the supervision of Isabelle Leblanc, P. Eng., from BBA Inc. Ms. Leblanc is an independent and qualified person, as defined by NI 43-101. The effective date of the estimate is May 17, 2019.
3. Inside the final open pit design all the measured resources and associated dilution (waste material at 0% Fe) have been converted into Proven Mineral Reserves. Inside the final open pit design all the indicated resources and associated dilution (waste material at 0% Fe) have been converted into Probable Mineral Reserves.
4. Mineral reserves based on forecasted December 31, 2020 mining surface.
5. The reference point of the mineral reserve is the primary crusher feed.
6. Mineral reserves are estimated at a cut-off grade of 15% Fe.
7. Mineral reserves are estimated using a long-term iron price reference price (P62) of US$60.89/dmt and an exchange rate of 1.24 CA$/US$. An Fe concentrate price adjustment of US$12.70/dmt was added.
8. Bulk density of ore is variable but averages 3.40 t/m^3.
9. The average strip ratio is 0.88:1.
10. Ore loss and dilution were calculated using a 1m contact skin between ore and waste rock types.
11. Average mining dilution is 1.2% at a grade of 0% Fe. Dilution was applied block by block and shows a wide range of local variability.
12. The average ore loss is 0.8% at a grade of 31% Fe. Ore loss was applied block by block and shows a wide range of local variability.
13. The author of the Phase II Feasibility Study is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issues not reported in the Feasibility Study, that could materially affect the Mineral Reserve Estimate.

Significant Acquistion

The Corporation did not complete any significant acquisition during the fiscal year ended March 31, 2019.

RISK FACTORS

An investment in securities of the Corporation is highly speculative and involves significant risks. If any of the events contemplated in the risk factors described below or in the documents incorporated by reference actually occurs, the Corporation's business may be harmed and its financial condition and results of operation may suffer significantly. In that event, the trading price of the Ordinary Shares could decline, and purchasers of Ordinary Shares may lose all or part of their investment. The risks described herein are not the only risks facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also materially and adversely affect its business.

FINANCIAL RISKS

Iron Ore Prices

The Corporation's principal business is the exploration, development and production of iron ore. The Corporation's future profitability is largely dependent on movements in the price of iron ore. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply/demand balance. Given the historical volatility of iron ore prices there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. Similarly, a decrease in iron ore demand without a corresponding decrease in the supply of iron ore would be expected to result in a decrease in the price of iron ore. A continued decline in iron ore prices would adversely impact the business of the Corporation and could affect the

feasibility of the Corporation's projects. As some of the Corporation's long-term debt are subject to rate fluctuation based on the price of iron ore, a decrease in iron ore could have an adverse impact on the cost of the Corporation's borrowing. A continued decline in iron ore prices would also be expected to adversely impact the Corporation's ability to attract financing. Iron ore prices are also affected by numerous other factors beyond the Corporation's control, including the exchange rate of the United States dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major iron ore producing regions. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

Fluctuating Minerals Prices

Factors beyond the control of the Corporation may affect the marketability of any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Corporation's control. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Corporation may result.

Liquidity/Financing Risk

The Corporation may need to raise additional funding in the future through the sale of equity or debt securities or by optioning or selling its properties. No assurance can be given that additional funding will be available for further exploration and development of the Corporation's properties when required, upon terms acceptable to the Corporation or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Current Global Financial Condition

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2017 and into 2017-2018, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery.

The majority vote in favour of the United Kingdom leaving the European Union may worsen and/or prolong global financial markets' challenges and the demand for commodities. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials. As a result, access to public financing has been negatively impacted.

These factors may impact the ability of the Corporation to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, the Corporation's operations could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

Foreign Exchange

Iron ore is sold in U.S. dollars thus the Corporation is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Corporation generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Corporation's revenues and adversely impact the Corporation's financial performance.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Corporation's ability to obtain financing, to achieve production and on its financial performance. See also "Current Global Financial Conditions" above.

OPERATIONAL RISKS

Mineral Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and is frequently non-productive. Resource acquisition, exploration, development, and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Corporation will result in the establishment or expansion of resources or reserves.

The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of iron ore and other minerals, including hazards relating to the discharge of pollutants, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls or dams, fire, explosions and natural phenomena and "acts of God" such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Corporation.

In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in commodity prices, fuel prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Corporation.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the mineral resource estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of

mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources are reported as general indicators of mine life. Mineral resources should not be interpreted as assurances of potential mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and corresponding grades. Until ore is actually mined and processed, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on mineral prices. Any material change in resources or mineral resources, or grades or stripping ratios will affect the economic viability of the Corporation's projects.

Uncertainties and Risks Relating to Feasibility Studies

Feasibility studies are used to determine the economic viability of a deposit, as are pre-feasibility studies and preliminary assessments. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. Generally accepted levels of confidence are plus or minus 15% for feasibility studies, plus or minus 25-30% for pre-feasibility studies and plus or minus 35-40% for preliminary assessments. There is no certainty that the Phase II Feasability Study will be realized. While the Phase II Feasability Study is based on the best information available to the Corporation, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Corporation incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future metal prices. In addition, ongoing mining operations at the Bloom Lake Mine are dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralization, favourable geological conditions, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. Actual operating results may differ from those anticipated in the Phase II Feasability Study. The Corporation's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. There is no certainty that metallurgical recoveries obtained in bench scale or pilot plant scale tests will be achieved in ongoing commercial operations. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties, and as a result, the Corporation cannot give any assurance that the Phase II Feasability Study results will not be subject to change and revisions.

Dependence on the Bloom Lake Mine

The Corporation began generating revenues from the Bloom Lake Mine in April 2018, prior to which its mineral project was at an exploration or pre-production stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Corporation has historically incurred significant losses as it previously had no sources of revenue (other than interest income).

While the Corporation may invest in additional mining and exploration projects in the future, and is working towards the feasibility of a potential Phase II expansion, the Bloom Lake Mine is currently the Corporation's sole producing asset, providing all of the Corporation's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine would materially and adversely affect the financial

condition and financial sustainability of the Corporation. In addition, the results of operations of the Corporation could be materially and adversely affected by any events which cause the Bloom Lake Mine to operate at less than optimal capacity, including, among other things, equipment failure, adverse weather, serious environmental and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "Liquidity/Financing Risk" above.

Government Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters.

Potential Land Claims - First Nations Groups

The Corporation conducts its operations in the Province of Québec and in the Province of Newfoundland and Labrador, which areas are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups, may have an impact on the Corporation's ability to develop its properties. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Corporation's properties. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Pursuant to section 35 of *The Constitution Act of 1982*, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the project and, in some circumstances, accommodate them.

The development and the operation of the Corporation's properties requires the conclusion of IBAs and/or other agreements with the affected First Nations. As a result of the IBAs or of other agreements, the Corporation may incur significant financial or other obligations to affected First Nations.

On April 12, 2017, the Corporation, through QIO, and the band council, Innu of Takuaikan Uashat mak Mani-utenam entered into an IBA with respect to operations at Bloom Lake. The IBA is a LOM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities, and ensures that the Innu of Takuaikan Uashat mak Mani-utenam will receive fair and equitable financial and socio-economic benefits. The IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat mak Mani-utenam, including recognition of their bond with the natural environment.

The negotiation of any IBAs required in the future for other projects may also significantly delay the advancement of the properties. There can be no assurance that the Corporation will be successful in reaching an IBA or other agreement with the Innu of Takuaikan Uashat mak Mani-utenam or other First Nations groups who may assert Aboriginal rights or may have a claim which affects the CFLN project, Quinto Claims or any of the Corporation's other projects.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Corporation has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Corporation or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Corporation in any of its properties may not be challenged or impugned.

Permits and Licenses

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Corporation believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

Environmental Risks and Hazards

The operations of the Corporation are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Corporation's operation is subject to environmental regulation primarily by the Department of Environment and Conservation (Newfoundland and Labrador) and Ministère du Développement durable, de l'Environnement et des Parcs (Québec). In addition, the Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have an enforcement role in the event of environmental incidents.

Infrastructure and Reliance on Third Parties for Rail Transportation of the Corporation's Iron Ore Concentrate

Some of the Corporation's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, the Corporation has entered into various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Corporation has concluded agreements with the relevant rail companies necessary for the transportation and handling of the Corporation's production of Bloom Lake iron ore but disruptions in their services could affect the operation and profitability of the Corporation.

In addition, there is no certainty that the Corporation will be able to continue to access sources of power on economically feasible terms for all of its projects and requirements and this could have a material adverse effect on the Corporation's results of operations and financial condition.

Reliance on Small Number of Significant Customers

The Corporation currently relies on a small number of significant customers in connection with the sale of its iron ore production. As a result of this reliance on the limited number of customers, the Corporation could be subject to adverse consequences if any of these customers breaches their purchase commitments.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Corporation will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Corporation's production and financial performance could be adversely affected. It is also expected that the required refurbishment at Bloom Lake will require significant financing.

Dependence on Outside Parties

The Corporation has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Corporation.

Reliance on Information Technology Systems

The Corporation's operations are dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in our information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in our information technology systems could materially adversely affect our financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of our internal controls over financial reporting.

Cybersecurity Threats

The Corporation's operations depend, in part, on how well we and our suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. The failure of any part of our information technology systems could, depending on the nature of any such failure, materially adversely impact our reputation, financial condition and results of operations. Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that we will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Corporation has in the past been, currently is, and may in the future be, involved in various legal proceedings. While the Corporation believes it is unlikely that the final outcome of these legal proceedings will have an adverse material effect on the Corporation's financial condition and results of operation, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Corporation's financial condition and results of operation.

OTHER RISKS

Volatility of Stock Price

In recent years, the securities markets in Australia and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which

have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Ordinary Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings and that the value of the Ordinary Shares will be affected by such volatility.

Internal Controls and Procedures

Management of the Corporation has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Corporation do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Corporation fairly present in all material respects the financial condition, results of operations and cash flow of the Corporation, as of the date of and for the periods presented. The Corporation will file certifications, signed by the Corporation's CEO and CFO, upon filing of the Annual Information Form. In those filings, the Corporation's CEO and CFO will certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Corporation's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting. The Corporation's CEO and CFO also certify the appropriateness of the financial disclosures in the Corporation's interim filings with securities regulators. In those interim filings, the Corporation's CEO and CFO also certify the design of the Corporation's disclosure controls and procedures and the design of internal controls over financial reporting. The Corporation's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate.

Insurance and Uninsured Risks

The Corporation currently maintains insurance to protect it against certain risks related to its current operations in amounts that it believes are reasonable. However, the Corporation is unable to maintain insurance to cover all risks at economically feasible premiums, and in certain cases, insurance coverage may not be available or may not be adequate to cover any resulting liability (such as matters relating to environmental pollution). Accordingly, insurance maintained by the Corporation does not cover all of the potential risks associated with its operations. In addition, no assurance can be given that the current insurance maintained by the Corporation will continue to be available at economically feasible premiums or that it will provide sufficient coverage for any future losses. Should liabilities arise as a result of insufficient or nonexistent insurance, any future profitability could be reduced or eliminated, and delays, increases in costs and legal liability could result, each of which could have a material adverse impact upon the Corporation.

Potential Conflicts of Interest

The directors and officers of the Corporation may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Corporation. In the event that such a conflict of interest arises at a meeting of the directors of the Corporation, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

Dependence on Management and Key Personnel

The Corporation is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Corporation's development to date has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, could have a material adverse impact upon the Corporation.

Competitive Conditions

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential, and for management and technical personnel. The Corporation's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Corporation will compete with other parties in each of these respects, many of which have greater financial resources than the Corporation. Accordingly, there can be no assurance that any of the Corporation's future acquisition efforts will be successful, or that it will be able to attract and retain required personnel. There is no assurance that the Corporation will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Dilution and Future Sales

The Corporation may from time to time undertake offerings of its Ordinary Shares or of securities convertible into Ordinary Shares, and may also enter into acquisition agreements under which it may issue Ordinary Shares in satisfaction of certain required payments. The increase in the number of Ordinary Shares issued and outstanding and the prospect of the issuance of Ordinary Shares upon conversion of convertible securities may have a depressive effect on the price of Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power and equity interests of the Corporation's existing shareholders will be diluted. In addition, sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Corporation's ability to raise capital through future sales of Ordinary Shares.

Joint Ventures and Option Agreements

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also be the case that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time. In some of those arrangements, failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

From time to time, the Corporation may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of any option or joint venture partner to meet its obligations to the Corporation or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a material adverse effect on such agreements. In addition, the Corporation may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

MATERIAL PROPERTY

TECHNICAL INFORMATION –Bloom Lake Property

On April 11, 2016, the Corporation, through QIO, acquired the Bloom Lake Assets. Although Bloom Lake had mining operations for several years, mining operations at Bloom Lake were suspended in December 2014 and the mine was transitioned to care and maintenance mode. The Bloom Lake Assets were acquired and significant analysis and other work was required for the Corporation to better determine the optimal approach for potential future operations and to procure a NI 43-101 compliant technical report. The Corporation completed a NI 43-101 technical report on Bloom Lake dated March 17, 2017 ("**Feasibility Study**").

Stéphane Rivard, Eng., Robing Jones, Eng., and Michel Bilodeau, Eng., of Ausenco Canada Inc., Louis-Pierre Gignac Eng., Rejean Sirois, Eng., and Etienne Bernier, Eng. of G Mining Services Inc. ("**G Mining**") and Edwart Hart, MAusIMM. of Mineral Technologies Pty Ltd. ("**Mineral Technologies**"), and Phillippe Rio Roberge, P. Eng. of WSP (collectively the "**Feasibility Study Authors**"), prepared the Feasibility Study. Each of the Feasibility

Study Authors is a qualified person under NI 43-101 and is independent of the Corporation. The Feasibility Study was prepared for the Corporation and QIO to provide an independent, NI 43-101 compliant technical report on the Bloom Lake project.

The information in the following section has been derived from and based on the assumptions, qualifications and procedures set out in the Feasibility Study. Readers should consult the Feasibility Study to obtain further particulars regarding the Bloom Lake project. The technical information contained in this section has been reviewed and approved by Mr. Hugues Longuépée, P.Geo., Ph.D., Geology Manager at the Corporation who is a "qualified person" for the purposes of NI 43-101.

Figures or charts referred to in this summary but not reproduced herein may be viewed in the Feasibility Study. Table references are to the tables in the Feasibility Study certain of which are reproduced herein. Technical information in this AIF regarding the Bloom Lake project should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Feasibility Study and the summary provided herein is qualified in its entirety by the Feasibility Study. Capitalized and abbreviated terms appearing in the following summary shall have the meaning ascribed to such terms in the Feasibility Study.

Subsequent to the release of the Feasibility Study, namely on February 16, 2018, QIO re-commenced production at Bloom Lake and made its first shipment of high grade 66% iron ore concentrate on April 1, 2018 and declared commercial production on June 30, 2018. QIO produced 6,994,500 wmt of high grade 66.2% iron ore concentrate during the fiscal year ended March 31, 2019 and 7,617.800 wmt since the Bloom Lake Mine re-commenced operations. The Corporation and QIO recently undertook a feasibility study with respect to a potential expansion of the operations at the Bloom Lake Mine, which would mainly involve the completion of construction work on a processing plant and other supporting infrastructure which was interrupted in November 2012 by the Bloom Lake Mine's previous owner. The expansion aims at more than doubling the current operational capacity of 7.4 million tonnes per annum of high-grade 66.2% iron ore concentrate at Bloom Lake to 15 million tonnes per annum. The Corporation and QIO reported the findings of the feasibility study on June 20, 2019 (see Three Year History – Current Financial Period section) and the Corporation will file the related NI 43-101 Technical Report within 45 days from the date of the news release under its profile on SEDAR (www.sedar.com).

Property Description and Location

The Bloom Lake property is located in the Labrador Trough area straddling the border between Quebec and Labrador. There are several iron ore mines in the area including Mont-Wright owned by ArcelorMittal and Carol Lake owned by Iron Ore Company of Canada (IOC). Wabush Mines, located in Labrador and once owned by Cliffs Natural Resources ("**Cliffs**"), ended its activities in 2014.

The Bloom Lake property is owned by QIO. QIO has owned the property and the facilities at the Bloom Lake mining site since April 12, 2016.

The mining site is located in the north-eastern part of the province of Quebec, adjacent to the Labrador/Newfoundland border, in Normanville Township, Kaniapiskau County. The property is centred at latitude 52° 50' North and longitude 67° 16' West, 13 km west of the town of Fermont and 30 km southwest of the municipalities of Wabush and Labrador City.

In 2016, QIO was holding 100% of 114 active claims outside of the Mining Lease (BM 877) which has a total of 6857.7 ha. QIO requested the renewal of 69 claims in October 2016. Those claims outside the mining lease remain active. As of May 2019, QIO holds 100% of 53 claims located north and northwest of the Mining Lease (BM877). These claims cover a total of 2392.3 ha. Those claims located outside the mining lease are in good standing.

There are no royalties, agreements or encumbrances on the mining site.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The mine site lies approximately 13 km west of the town of Fermont (central geographical coordinates 52° 50' N and 67° 16' W). A 5-km access road has been constructed to connect the Bloom Lake mine with Highway 389. It is accessible by road from Baie-Comeau on the north shore of the Saint Lawrence River, as well as by road from the Wabush airport in Newfoundland & Labrador. The Wabush airport is located approximately 30 km from the Bloom Lake mine. The mine site is located approximately 950 km northeast of Montreal.

The rail access to port consists of three separate segments. The first segment is the rail spur on site, consisting of a 31.9-km long segment that is operational and connects to the Quebec North Shore and Labrador (QNS&L) railway at the Wabush Mines facilities in Wabush, Labrador. This first segment belongs to QIO. The second segment employs the QNS&L railway from Wabush to Arnaud Junction in Sept-Îles and from there, the third section is from Arnaud junction to Pointe-Noire (Sept-Îles), property of "Les Chemins de Fer Arnaud", Sept-Îles, Quebec, where the concentrate will be unloaded, stockpiled, and loaded onto vessels. The third segment is owned by the Government of Quebec through the Société du Plan Nord, which acquired these assets from Cliffs' CCAA.

The climate at Fermont is defined as sub-arctic with temperatures ranging from -40 C to +25 C. The prevailing winds are mostly from the west at an average speed of 14 km/h. Average daily maximum temperatures above freezing normally starts in April and falls below freezing by end of October.

The town of Fermont has a population of 2,874 as per Statistics Canada, and is the residential town for employees working for ArcelorMittal's Mont-Wright mine operations. The town has all the required infrastructure to support the employees and families who live in this town. As part of the purchase of the Bloom Lake mine, QIO acquired the following accommodations, which are in the town of Fermont:

- 4 houses located on *rue des Mélèzes* (with 5 rooms each and built in 2012)
- 22 houses, fully furnished, located on *rue des Bâtisseurs* (12 with 8 rooms each, 6 with 7 rooms each and 4 with 5 rooms each and built in 2009)
- Two blocks (motels) of 99 rooms of lodging located on *rue du Fer* (built in 2013)

These accommodations are fully equipped with furniture, linen, and wiring for communications and entertainment and can host up to about 700 people on a fly-in-fly-out basis.

The electrical power supply which is currently installed is supplied by Hydro Quebec from the Normand sub-station which is located 12 km from the mine. The previous owner, Cliffs, was preparing for an expansion of the operations which would have doubled the production capacity. As part of this preparation, the high voltage power lines were upgraded to be able to handle a further 30 Mw. QIO owns a 315 kV station including 2 x 80 MVA transformers. QIO's current plans for a moderate increase in production capacity and further tailings pumping will use only a small fraction of this surplus electrical power availability (68 MW authorized by Hydro-Québec).

A spare parts inventory representing a total of CAN $43.6 M, as estimated in October 2014 (before the mining operations stopped), is currently available for the future operations. Moreover, all equipment including a mining fleet sufficient to support future operations and infrastructure dedicated to future expansion planned by the previous owner is still at the site, and is available for the current project. The following is a partial list of equipment that can be used for spares or will be used to reduce the actual project cost:

- Water and slurry pumps ranging from 25hp – 1250hp (qty.: 70)
- Automatic sliding gate or butterfly valves ranging from 6 in to 24 in (qty.: 120)
- Flowmeters ranging from 1.5 in to 20 in (qty.: 70)
- Full set of Metso AG mill liners and wear components
- AG mill gear and 2 complete motor/gearbox/pinion set
- Complete AG mill electrical drive components and lubrication system
- Phase 2 electrical cabling (control cables (100%), low voltage cables (75%) and medium voltage cables (10%))

- Medium and low voltage variable speed drives and motor starters up to 2000 hp for complete plant
- Power distribution components (protection relays, MCC, distribution panels, medium and low voltage transformers, etc.)
- Complete automation system and control panels
- Miscellaneous accessories related to plant services (fire protection, air/steam distribution, etc.)

The relief of the claims area is relatively hilly. The average elevation varies between 671 m and 762 m and the highest peaks culminate at about 808 m.

History

In 1951, following the discovery of a cobalt showing at Bloom Lake, James and Michael Walsh staked claims for Mr. Bill Crawford of Sursho Mining Corporation ("**SMC**"). In February 1952, Quebec Cobalt and Exploration Limited ("**QUECO**") was incorporated to acquire the claims held by SMC.

In 1952, a crew of six prospectors under the supervision of Mr. K. M. Brown began a program to prospect an area that included the Bloom Lake property. In June 1952, Mr. R. Cunningham, a mining geologist with Québec Metallurgical Industries, began to map the various cobalt occurrences at Bloom Lake. Although the results for cobalt were disappointing, several zones of magnetite-hematite iron formation (IF) were identified between Bloom Lake and Lac Pignac and were sampled. Further exploration was conducted in 1953.

In 1954, Cunningham supervised a program to investigate the iron occurrences through line cutting, geological mapping, and magnetometer surveys. In 1955, Jones and Laughlin Steel Corporation ("**J&L**") optioned the property from QUECO. Cleveland-Cliffs Iron Company ("**CCIC**") joined with J&L and conducted a diamond drill program from 1956 through 1957. Two drills were brought to the property and two series of holes, the "QC" and the "X" series, were drilled to test IF on the Bloom Lake property. Holes X-1 to X-11 (XRT - ¾" diameter core) amounted to 446 m and Holes QC-1 to QC-30 (AXT size 1.28" diameter core) totalled 4,769 m. The holes were largely drilled on sections 800 to 1,000 ft. apart (244 to 305 m). Four of these drillholes were drilled on the west part of the property.

More drilling was conducted in 1966 by Boulder Lake Mines Incorporated, a subsidiary of CCIC, and Jalore Mining Company Limited (Jalore), a subsidiary of J&L. Holes X-12 to 20, totalling 175 m, and other holes were drilled as part of this campaign, but these were not on the present property. Some ground magnetometer surveying was also conducted in 1966. J&L's option on the property was terminated in 1968.

In 1971, exploration on the property was renewed by a QUECO-sponsored program that was managed by H. E. Neal & Associates Ltd. ("**HEN**"). The exploration program consisted of line cutting, geological mapping, gravity and magnetometer surveys, and diamond drilling in 1971 and 1972.

These holes were drilled to investigate the potential for IF beneath the amphibolite on the eastern side of the property. Nine drillholes were done in 1971 for a total of 1,834.23 m (341 samples) and 12 were drilled in 1972 (3,497.79 m and 341 samples). Eight of the drillholes were done on Bloom Lake West in 1971 and five were drilled in 1972. The mapping and magnetometer surveys were designed to fill in areas not previously surveyed. The gravity survey was conducted to help evaluate the potential for IF beneath the amphibolite.

In 1973, Republic Steel Corporation optioned the property and HEN prepared a "Preliminary Evaluation" of the property that consisted of currently held property and claims further to the west. This work was conducted until 1976. The evaluation included "mineral reserve" estimates, a metallurgical test program, and preliminary mine design. The mine design included pit outline, dump area, access roads, and railway spur. Dames and Moore prepared the mine design and "reserve" estimates. Lakefield Research ("**Lakefield**") conducted the metallurgical test work.

In 1998, a major exploration program was conducted by Watts, Griffis and McOuat (WGM) for QCM, which then held the Bloom Lake property under option from Consolidated Thompson-Lundmark Gold Mines Limited ("**CLM**"). QCM held the option on the property until 2001, but no work was conducted between 1998 and 2005. The 1998 program included line cutting, surveying, road building, camp construction, diamond drilling, geological

mapping, mini-bulk sampling, bench-scale preliminary metallurgical test work, preparation of a "mineral resource" estimate, camp demobilization, and site clean-up.

In 2005, CLM retained WGM to conduct a technical review, including the preparation of a mineral resource estimate for the Bloom Lake iron deposit to assist CLM in making business decisions and future planning. The technical review was prepared in compliance with the standards of NI 43-101 in terms of structure and content. The mineral resource estimate was prepared in accordance with NI 43-101 guidelines and CIM standards. In 2006, Consolidated Thompson-Lundmark Gold Mines Limited changed the name of the company to Consolidated Thompson Iron Mines Limited. This name change reflected the Corporation's focus on iron ore mining and exploration.

From 2006 to 2007, CLM drilled 17 drill-holes (2,884.36 m) on the site of the future pit in order to get a sample for metallurgical test work. The Lakefield laboratory performed these tests. In 2006, bulk sampling took place in the area of the future pit.

Cliffs acquired CLM in May 2011. QIO, owns the Bloom Lake property and the facilities since April 12, 2016.

Overall, 243 drill-holes were made between 1957 and 2009 for a total of 45,386 metres and 273 drill-holes in 2010, 2012 and 2013 for a total of 89,197 meters. Four geotechnical holes have been drilled in 2014. The complete description of the drill programs are described in section 10.

In 2008, CLM started the construction of the plant. In December 2009, the plant was in the starting phase. Table 6-1 shows production from 2010 to 2014 in Dry Metric Ton per Year.

Table 6-1 : Production at the Bloom Lake Mine from 2010 to 2014 in Dry Metric tonnes per Year

	2010	2011	2012	2013	2014 [1]	2015	2016
Iron Ore mined	10,254,914	16,860,407	16,984,149	17,615,793	19,306,207	0	0
Iron Ore processed	8,201,688	15,604,183	15,833,945	18,429,598	18,883,848	0	0
Iron Ore concentrate production	3,166,297	5,466,155	5,450,228	5,876 761	5,940,442	0	0

1 Production halt in mid-December 2014

Geological Setting, Mineralization, and Deposit Types

The Bloom Lake Iron Deposit lies within the FIOD, a world-renowned iron-mining camp at the southern end of the Labrador Trough within the geological Grenville Province. The Labrador Trough extends along the margins of the eastern boundary of the Superior-Ungava craton for more than 1,200 km and is up to 75 km wide at its central part. The Bloom Lake deposit, including the Bloom Lake West property, is located within the Parautochton Deformation Belt of the Grenville Province of the Canadian Shield, just south of the Grenville Front. The Grenville Front, the northern limit of the Grenville Province, truncates the Labrador Trough, separating the Churchill Province greenschist metamorphic grade part of the Labrador Trough rocks from the highly metamorphosed and folded amphibolite to granulite metamorphic grade rocks, which are their equivalent in the Grenville.

The western half of the Labrador Trough, consisting of a thick sedimentary sequence, can be divided into three sections based on changes in lithology and metamorphism (north, central and south). The Trough is comprised of a sequence of Proterozoic sedimentary rocks including iron formations, volcanic rocks and mafic intrusions known as the Kaniapiskau Supergroup. The Kaniapiskau Supergroup consists of the Knob Lake Group in the western part of the Trough and the Doublet Group, which is primarily volcanic, in the eastern part. The Kaniapiskau Supergroup within the Grenville is highly metamorphosed and complexly folded and is named the Gagnon Group. It occurs as numerous isolated segments. From the base to the top, it includes a sequence of gneisses and schists, a group of chemically precipitated sediments, and more schists, including some distinctive aluminous varieties. Gabbro sills intrude parts of the Gagnon Group, and granites are found in the gneiss.

The Central or Knob Lake Range section extends for 550 km south from the Koksoak River to the Grenville Front located 30 km north of Wabush Lake. The principal iron formation unit, the Sokoman Formation, part of the Knob Lake Group, forms a continuous stratigraphic unit that thickens and thins from sub-basin to sub-basin throughout the fold belt.

The southern part of the Trough is crossed by the Grenville Front. The rocks in the Grenville Province to the south are highly metamorphosed and complexly folded. Iron deposits in the Grenville part of the Labrador Trough comprise Bloom Lake, Lac Jeannine, Fire Lake, Mounts Wright and Reed, and the Luce, Humphrey and Scully deposits in the Wabush area. The high-grade metamorphism of the Grenville Province is responsible for recrystallization of both iron oxides and silica in primary iron formation, producing coarse-grained sugary quartz, magnetite, specular hematite schists (meta-taconites) that are of improved quality for concentrating and processing.

The iron-formation and associated metasedimentary rocks, which were derived from an assemblage of continental shelf-type sediments, do not appear to extend south beyond a line trending northeast from the Hart-Jaune River linear to Plaine Lake and northeast to Ossokmanuan Lake. Granite-gneisses, charnockites, and anorthosites are part of the rock assemblage south of this line. These typical deep-seated Grenville rocks may have been thrust northwest along a system of faults that coincide with this line. The large suite of gabbro intrusions in the area between Wabush Lake and Ossokmanuan Lake probably were intruded along faults in this linear zone.

The geology and geological interpretation for the Bloom Lake property are based on data from a number of sources. These sources include the diamond drilling and mapping done on the property as part of the 1998 program, presented by Watts, Griffs and McOuat in 2005, as well as the drilling conducted in 1956, 1957, 1967, 1971, 1972 and 2007-2014 programs. The geological interpretation relies heavily on the mapping programs conducted in 1952 and the ground magnetic surveys carried out in 1967 and 1971/72 as compiled in 1973 and the survey done in April 2008.

The Bloom Lake deposit comprises gently plunging synforms on a main east-west axis separated by a gently north to northwest plunging antiform. One of these synforms is centred on Triangle Lake, while the centre for the other is located just north of Bloom Lake. The Bloom Lake property is centred primarily on the eastern synform but covers a portion of the northern limb of the western synform.

These synforms are the result of a minimum of two episodes of folding and are of regional scale.

In addition to these regional scale folds, which have created the deposit scale synforms shaping the Bloom Lake deposit, there are several other folds of diverse orientation on the property. It is not clear if all folding directions represent distinct folding episodes or progressive change in fold orientation with time.

The Bloom Lake deposits are about 24 km southwest of Labrador City and about 8 km north of the Mount Wright range. The western 6 km of this range contains very large reserves of specular hematite-magnetite iron-formation in a synclinal structure that is regarded as a southwest extension of the Wabush Lake ranges.

The iron-formation and quartzite are conformable within a metasedimentary series of biotite-muscovite-quartz-feldspar-hornblende-garnet-epidote schists and gneisses in a broad synclinal structure. This succession, following the first stage of folding and faulting, was intruded by gabbroic sills which were later metamorphosed and transformed into amphibolite gneiss with foliation parallel with that in adjacent metasediments. Two separate iron-formation units are present; these join northwest of Bloom Lake, but are separated by several dozen meters of gneiss and schist in the southern part of the structure. Quartzite, present below the upper member throughout the eastern part of the area, pinches out near the western end. Folded segments and inclusions of iron-formation in the central part of the syncline that are surrounded by amphibolite, are in most cases thought to be part of an overlying sheet that was thrust over the main syncline during the first period of deformation. The large amphibolite mass in the central part of the area was apparently emplaced along the zone of weakness created by this early thrust fault.

Iron-formation in the western 5 to 6 kilometers of the structure is predominantly of the magnetite-hematite-quartz facies that forms the major zones of potential ore. Hematite is distributed in two ways through the quartzite. The hematite is of the specularite type and has a silvery-grey colour and is non-magnetic. It is most often occurring as

anastomosing to discontinuous stringers and bands less than 10 cm thick in a quartz or actinolite-quartz matrix. Bands tend to be folded and deformed but also can be regular and tabular. Quartz is milky and granular.

Magnetite typically occurs in narrow millimetric veinlets associated with quartz-carbonate veining material. The crystals are sub- to euhedral and demonstrate the typical dull to sub- metallic luster. When associated to hematite-enriched mineralization, the magnetite occurs as blebs of porous grains, often granoblastic, that may extend up to several centimetres. Enriched magnetite horizons are mostly found, but not always, in the upper portion of the iron formations in close contact with the amphibolite mass.

With the actual state of geological knowledge in the western sector of the Bloom Lake deposit, magnetite-rich IF are less important in volume than in the eastern half of the Bloom Lake pit area. The thickness of drillhole intercepts is lower than 10 vertical metres. Many drill holes did not return significant magnetite intersections. Very few actinolite or grunerite minerals associated with magnetite mineralization were described in the western holes.

A fairly abrupt change in facies takes place along strike east of a line passing northwest across Bloom Lake, east of which the grunerite-Ca-pyroxene-actinolite-magnetite-carbonate facies predominates. The oxide facies to the west is uniform.

The lower unit is less than 30 meters thick in some places and is considerably thinner than the upper unit. The iron content ranges from 32 to 34 per cent in this facies. In places the silicate-carbonate facies to the east contains more than 50 per cent cummingtonite, which in part is magnesium rich, and the manganese content ranges from 0.1 to more than 2.0 per cent. Mueller (1960) has studied the complex assemblage of minerals in this rock and has discussed chemical reactions during metamorphism in considerable detail. He has shown that a close approach to chemical equilibrium in the amphibolite metamorphic facies is indicated by the orderly distribution of Mg, Fe, and Mn among coexisting actinolite, Ca-pyroxene, and cummingtonite, and the restriction in the number and type of minerals in association with each other. Furthermore, a comparison between the composition of the silicates and the presence or absence of hematite shows that the Mg to Mg plus Fe ratio is increased, but is much less variable when hematite is present.

Recent re-modelling of the deposit (2014) added 2 new domains in the ore classification (MAG – Magnetite Iron Formation and WSIF – Grunnerite-rich Iron Formation) in addition to the existing HEM (Hematite Iron Formation) and SIF (Silicate Iron Formation).

The iron-formation forms a long doubly plunging syncline which is canoe-shaped but buckled across the centre to produce two distinct oval-shaped basins. Although this structure appears to be relatively simple in form, it seems to have been developed during two stages of deformation. Folding along northwest-trending axes and overthrusting of the upper iron-formation during the first stage of deformation appear to have been followed by gabbro intrusion, folding along east-west axes, faulting, and metamorphism during the Grenville orogeny.

Bloom Lake property mineralization style is a deposit typical of the Superior-Lake type.

The peaks in iron sedimentation took place between ~2.65 and 2.32 Ga and again from ~1.90 to 1.85 Ga. Their deposition is linked to geochemical and environmental evolution of Earth, the Great Oxidation Event (GOE) at ca. 2.4 Ga, the growth of continents as well as to mantle plume activity and rapid crustal growth.

The Labrador Trough contains four main types of iron deposits:

- Soft iron ores formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation; they are composed mainly of friable fine grained secondary iron oxides (hematite, goethite, limonite).
- Taconites, the fine-grained, weakly metamorphosed iron formations with above average magnetite content and which are also commonly called magnetite iron formation.
- More intensely metamorphosed, coarser-grained iron formations, termed metataconites which contain specular hematite and subordinate amounts of magnetite as the dominant iron minerals.
- Minor occurrences of hard high-grade hematite ore occur southeast of Schefferville.

Secondary enrichment included the addition of secondary iron and manganese which appear to have moved in solution and filled pore spaces with limonite-goethite. Secondary manganese minerals, i.e., pyrolusite and manganite, form veinlets and vuggy pockets. The types of iron ores developed in the deposits are directly related to the original mineral facies. The predominant blue granular ore was formed from the oxide facies of the middle iron formation. The yellowish-brown ore, composed of limonite-goethite, formed from the carbonate-silicate facies, and the red painty hematite ore originated from mixed facies in the argillaceous slaty members.

All iron ore deposits in the Labrador Trough formed as chemical sediments on a continental margin which were lithified and variably affected by alteration and metamorphism that had important effects upon grade, mineralogy and grain size. Faulting and folding led to repetition of sequences in many areas, increases the surface extent and mineable thicknesses of the iron ore deposits. Underlying rocks are mostly quartzite or mica schist. Transition from these rocks and the mineralized iron formation may take place over up to 10 meters vertically. All rock sequences have been heavily metamorphosed by intense folding phases that are part of the Grenville Orogen.

If sequences range commonly from 25% to 40% iron oxide, mainly hematite of the specularite type with minor amount of magnetite (remainder mostly quartz) and can have thicknesses (ignoring minor intercalated bands of schist and quartz rock) of up to 200 m. It is these sequences that are of economic importance.

For iron formation to be mined economically, the iron content must generally be greater than 30%, but also iron oxides must be amenable to concentration (beneficiation) and the concentrates produced must be low in manganese and deleterious elements such as silica, aluminum, phosphorus, sulphur and alkalis. For bulk mining, the silicate and carbonate lithofacies, as well as other rock types interbedded within the iron formation, must be sufficiently segregated from the magnetite. Iron formations repeated by folding are often required to produce sufficiently thick sections for mining in the Mont-Wright / Wabush area.

Exploration

While construction phases were implemented at the Bloom Lake project, CLM continued to explore west of the future pit operation, between Triangle and Carrot lakes. This sector was targeted, based upon a regional airborne magnetometric survey made by the Geological Survey of Canada.

253 drill holes were made between 1957 and 2009 for a total of 45,694 metres and 278 drill holes in 2010, 2012 and 2013 for a total of 90,096 meters. Four geotechnical holes have been drilled in 2014 (GT-14-07, GT-14-08, GT-14-09, GT-14-10). In 2018, following the re-opening, two small campaigns were conducted for which a total of 36 boreholes were drilled.

The complete description of the drill programs is described in the following section.

A detailed ground magnetometric survey was done between longitudes 612200 m E and 614100 m E and between latitudes 5854600 m N and 5855800 m N. Geophysique TMC of Val D'Or, Quebec did the survey in April 2008 using a Geonics GEM-19 magnetometer.

Drilling and geophysics outlined several outcropping mineralized zones that were subsequently targeted for mechanical stripping.

Drilling

All of the data related to drilling done on the property are on the UTM NAD 83 geographical coordinates. The territory is covered by zone 19. All the previous coordinates were converted in that system.

Most of information for the 1957 - 2008 drilling programs have been summarized in Genivar report (2009) and are presented below. This drilling information was used by BBA Inc. to create a block model in 2009. The drilling programs continued in 2009, 2010, 2012 and 2013, and the new information was used to create a new block model in 2014.

The Bloom Lake west area was drilled during the years 1957 to 2008, following two dominant axes. The first one, EW oriented, is located approximately at latitude of 5855400N and the second, on a NS axis at 613250E and 613550E, where cross-sections were established.

Following the compilation of the previous results, planning of the first phase of the campaign carried out between November 2006 and December 2008 was based on historical data related to geological compilation and property ground magnetic surveys, as well as on a few existing drill holes. A new ground magnetic survey performed in April 2008 was used to do the interpretation required to plan the next phases of the campaign to better define the zones and their extensions. A set of sections was produced at 75 m intervals at the end of the campaign and covered the whole western area. The drill holes of 2008 were planned in order to properly cover the zones with a 3D spacing of 150 m.

Forage André Roy from St-Isidore, Quebec, was the contractor who did the drilling during this campaign and a BQ size drill core was produced. Towards the end of the campaign, Forage La Virole from Rimouski, Quebec, was the contractor who carried out drilling and NQ size core was produced.

The drilling campaigns continued in 2009, 2010, 2012, and 2013.

Most of the holes were drilled in the West Bloom area, as well as in the Bloom Pignac area. Much less drilling was in the Confusion Lake, Carrot Lake and central Bloom areas. All this new information was added to the previous one and a new block model was created in 2014.

In 2014, an exploration drilling campaign was planned, but only four (4) geotechnical holes were drilled.

The drilling contractors have been Forage CCL and Les Forages Lantech Drilling Services Inc. They produced both BQ and NQ size core.

The holes were collared on-site with a portable Garmin GPS. This position could vary from a few meters to accommodate drilling, depending on the ground conditions but still, was maintaining the relative position and spacing relative to the other holes.

Drilling azimuth reference was provided through points of coordinates. The use of a compass was not recommended, due to the high level of magnetism developed by some horizons of the underlying iron formations.

Deviation and inclination tests were carried out in the holes. Tests with hydrofluoric acid (HF) were done for the drilling of 2006 - 2008 while, starting 2009, a Flexit instrument was used to measure both orientation and inclination of all the drill holes. This instrument provided useful magnetic susceptibility values. Readings were taken every 15 or 30 meters. All the data obtained with the Flexit instrument were analysed and all the inappropriate data were eliminated if deviation was too large and/or if the magnetic susceptibility was too high. For some 45 holes drilled in 2012 and 2013, deviation and inclination readings were taken with a Gyro instrument every 5 m.

Deviation readings were not taken for many drill holes that were lost or abandoned.

All the drill hole collars were surveyed. The firm of land surveyors, Roussy Michaud from Sept-Îles, put in place stations on the pit site. These points were used as references for positioning the west zone. Surveyors of Roussy Michaud and Consolidated Thompson used a Trimble R8 instrument to survey the drill hole collars.

The inclination and direction of the drill collars were not precisely surveyed. An approximate direction was obtained in aiming at a 3 m rod inserted into the drill hole tubing and then, the direction was verified against Flexit readings for most holes, and against Gyro readings for a few holes.

The core shack was established in the industrial area of the town of Fermont. It is situated in a large warehouse building used for various purposes. In the core shack area, a number of inclined tables were installed for core logging with several core racks for boxes storage. An area was also organized for sampling and shelves were put in to store sample bags before being shipped to the assay laboratory.

Another closed and locked section contained core boxes of the drilling programs from previous and current campaigns.

Until July 2008, 10 feet drill rods were used. The drillers identified the marks in the boxes using the imperial system and then, a conversion into the metric system was done at the core shack. After July, 3 m rods replaced the 10 feet rods. Drillers also took care of marking the core portions not recovered with wooden sticks. At the drill rig, all the used core boxes were carefully closed with tape and were transported by either snowmobile or ATV to a pick-up truck which brought them to the core shack in the Town of Fermont at the end of each shift. No core box was left outside the core shack.

All the boxes were labelled, photographed in lots of five and most of them were photographed in detail, 3 to 4 pictures being taken for each box. The core boxes were systematically measured to validate the marks of the drillers. Measuring was also done to calculate the rock quality designation ("**RQD**") and the core recovery.

Most of the core was stored at the mine site.

The core was logged using standard verified methods. Rock types were identified and intervals were measured according to the marks done by the drillers. Geological logging took into account the general colour of the rock, the relative percentage of constituents, the grain size distribution, the alteration, the contact with other rocks, the texture and the variation of these elements, when significant. A particular attention was given to the orientation of foliations relative to the core axis. This was very useful in the structural interpretation. Geotechnical features in the core, such as core recovery, RQD, fractures and joints, foliation, granulometry, friability, rock strength, and weathering, were also described in the logs.

The mineralized units to be sampled were marked with a grease pencil at 1 to 6 m intervals, depending on the mineral content.

All the data were stored in the Geovia GEMS logging tool, CoreLogger, which uses a SQL database platform.

In 2018, following the re-opening, two small campaigns were conducted for which a total of 36 boreholes were drilled to better understand the position of the Pignac pit north hanging wall and for better defining the Patte Pignac sector. These holes were drilled by Les Forages CCL. They produced NQ core and deviation survey was taken every 50 meters. Holes were located using mine surveying before and after hole completion. Logging was done using Geotic Log and data stored in the SQL database.

Sampling, Analysis, and Data Verification

The sampling procedure for the various analyses is relatively simple. The two factors that are taken into consideration are the grade cut-off for samples and the length of the samples. Samples are taken before, through and after the potentially mineralized zone.

In case of planned heavy liquids tests, head chemistry results are required before selecting samples for gravity separation.

The iron content of samples must be equal to or greater than 15%. This estimate is done visually by the person core logging. In addition, a sample is taken directly before and after the potentially economic ore and its rock type is noted (quartzite or amphibolite). An argillized contact between iron formation and amphibolite is generally included in the amphibolite. Overall, sample intervals respect the lithological contacts (upper or lower) and does not overlap two distinct lithologies. Samples must isolate, if possible, areas of equal content, but also potentially contaminated zones.

The geologist indicates the beginning and end of the sample to guide employees responsible for physical sampling. The sample still in its box is broken into fragments of 10 cm or less. Each fragment is divided into two portions using a hydraulic splitter. One of the fragments is placed in the same order in the core box and is stored as a Save. The other fragment is deposited in a numbered bag with the hole number and "FROM / TO". Generally, a chalk line

marks the entire sample. To facilitate the repositioning of the fragments in the box, the sample was cut along the line.

The standard length of a sample is six (6) meters, the equivalent of a box of BQ core. Obviously, the sample is half the core previously divided. However, the sample must be between three (3) to six (6) meters to a maximum of seven (7) meters in length. For the NQ core the standard sample length is 4.5 meters.

Samples are composed of at least 1.6 m of core. If the core sequence is intersected by CNR intervals, core pieces are added up to create a sample measuring at least 1.6 m long.

Core boxes are handled with care during transportation and storage. Boxes are kept horizontal at all times to avoid jostling the core.

Upon arrival at the core shack, the boxes are placed on a table and opened. The core intervals are carefully measured and compiled on a list that will then be used to identify each box using aluminum tape affixed to its end. The following is affixed to the front of each box: the number of the hole, the number of the box and "FROM / TO".

When all the work of description and sampling is completed, the boxes are placed on stands to keep the remaining core intact as a reference or, if required, for further testwork.

At the Bloom Lake site, sample bags are stored in a core shack until removed to go, via pick-up trucks, to TST Overland Express in Wabush, which then transported them to SGS Lakefield Research Limited (Lakefield), in Lakefield, Ontario. Once delivered to TST Overland in Wabush, the bags were put on pallets that were sealed with plastic wrap-ups.

At SGS Lakefield, the samples were dried at ~70 +/-10°C for a suitable amount of time, if received wet. The next step involved crushing to reduce each sample size to 2 mm (9 mesh). The sample was then split with a riffle splitter to divide the sample into two representative 0-2 mm portions. One portion was for analysis and the other for reject.

A whole rock analysis was done on each sample to measure the following parameters (in %): SiO_2, Al_2O_3, Fe_2O_3, MgO, CaO, Na_2O, K_2O, TiO_2, P_2O_5, MnO, Cr_2O_3, V_2O_5, loss on ignition ("**LOI**") and S (in ppm).

Samples are crushed and pulverized to -150 mesh. This method is used to report, in percentage, the whole rock suite (SiO_2, Al_2O_3, Fe_2O_3, MgO, CaO, Na_2O, K_2O, P_2O_5, MnO, TiO2, Cr_2O_3, V_3O_5. Sample preparation entails the formation of a homogenous glass disk by the fusion of 0.2 to 0.5 g of rock pulp with 7g of lithium tetraborate/lithium metaborate (50/50). The disc specimen was then analyzed by WDXRF spectrometry. The detection limits for all analyzed oxides is 0.01%.

This method has been fully validated for the range of samples typically analyzed. Method validation includes the use of certified reference materials, replicates and blanks to calculate accuracy, precision, linearity, range, limit of detection, limit of quantification, specificity and uncertainty measurement.

The LOI at 1000°C is determined separately gravimetrically. The LOI is included in the matrix-correction calculations, which are performed by the XRF instrument software.

Additional analysis included determination of magnetic iron with a Satmagan magnetic analyser. The instrument is an equilibrated, level and clean magnet potentiometer scale (Satmagan). The magnetic force is read from the potentiometer scale. The magnetic Fe is calculated using the formula: % magnetic Fe = Reading from scale x calibration factors x 0.724

Other additional analysis included determination of sulphur by combustion-infrared detection on LECO instrumentation.

Specific gravity was determined using an air comparison pycnometer. It should be noted that this method does not take into account existing porosity in a rock and some of the oxide iron formation does contain vugs due to calcite

removal. Although the degree of porosity has not been quantified, it is estimated on the basis of visual examination of drill core to be generally less than 2%. It should be noted that specific gravity was not measured for all drill holes.

Total iron was calculated from Fe_2O_3 by dividing total iron expressed as Fe_2O_3 by a factor of 1.4295.

A database was provided to G Mining by QIO. The database contained coordinates of drill hole collars, deviation tests, lithological contacts, measures of contact and foliation, geotechnical data and assay results. Verifications were done with the provided digital copies of the original log books and assay certificates.

The conversion of the old drill holes coordinates was done by Watts, Griffis and McOuat Limited when the resource was calculated for the pit in 2005. The method of conversion was not specified in their 43-101 Technical Review and Mineral Resource Estimate, dated May 26, 2005.

All the assays on the core samples were done by SGS Lakefield. In 1998, Lakefield was accredited by the Standards Council of Canada under ISO Guide 25. The routine quality control program at Lakefield was modelled after guidelines provided by the International Standards Organization (ISO), the Ontario Ministry of Environment and Energy, Environment Canada and the Canadian Association of Environmental Analytical Laboratories and included the processing of method blanks, replicate samples and standard reference materials. Quality control for the routine sample analysis included Lakefield's own quality control procedures, involving internal and external checks. Approximately 6% of laboratory throughput was quality control material of which, 5% were duplicates and 1% blanks. The reference material (standards) has been used for the 2013 drilling campaign only.

No external check was carried out with respect to the precision and accuracy of the various analytical methods used during these drilling programs.

A number of 170 duplicates coming from the core of the 2010, 2012 and 2013 drilling programs were analysed for major oxides and sulphurs. Table 12-1 presents the list of duplicates and the major oxides results.

In order to validate the assays results from the analytical laboratory, a series of graphs were produced (Table 12-1). These graphs, shown in the next pages, present the correlation between the samples and the duplicates of the same samples.

In all cases, the curves demonstrate no significant difference, which means a correlation varying from acceptable to excellent. The graphs (for Fe, Mag Fe, MgO and CaO) show a few outliners that are considered to be typing errors.

Until 2009, quartz samples have been used as blanks. These blank samples were obtained from the Daviault Lake silica quarry of Blackburn Quartz. This property, entirely owned by Quebec/ Labrador Exploration, is located 7 km north of Fermont. The samples of quartz were visually selected prior to their use as blanks, to avoid the presence of any impurity. The samples were crushed to 2 - 3 cm. A complete description and assay results of the silica blanks are provided in the Technical Reports of Consolidated Thompson Iron Mines and Breton Banville & Associates (2007) and Genivar (2009).

Starting with the 2012 drilling campaign, the silica blanks have been replaced by samples coming from the waste lithology, mainly amphibolites. Even if they were considered as blanks, these 69 samples have a variable amount of oxides that is related to the mineralogical composition and alteration of the selected samples. Because of this reason, these blanks cannot offer any indication if the sample preparation and analytical results have been affected by contamination. The list of the blanks is presented in Table 12-2, but we did not consider these blanks as part of the QAQC procedures.

Twenty-seven (27) Standards have been used in the 2013 drilling campaign. They are presented in Table 12-3. These Standards were not of industrial type, but rather made from samples collected from mineralized material from the Bloom Lake deposit. The Standards analysed reported grades varying between 26.90% Fe and 28.40% Fe and an average of 27.80% Fe.

Due to insufficient information about the procedures surrounding Standard analyses, no conclusions can be drawn from the Standard results in terms of QA/QC.

G Mining has taken core samples to compare with assay grades available in the drilling database of the Bloom Lake project. The sampling was carried out independently by the qualified person responsible for the resource estimate, Réjean Sirois, during the site visit in September 2016. A total of 12 samples were selected and analysed for iron content. The check samples generally returned higher iron grades than those of the original assays in the database. Results are presented in Table 12-4 and illustrated in a scatterplot in Figure 12-2.

G Mining is of the opinion that the check assay results are reasonably close to those of the original assays and that consequently, the assay results included in the database of the Bloom Lake Project are reliable and can be used for the resource estimation.

As of June 2019, assaying of samples collected during the 2018 drilling is not complete. The assaying was delayed in order to identify the metallurgical test that would better reflect the current concentration circuit.

Mineral Processing and Metallurgical Testing

The proposed Phase 1 upgrade flowsheet was developed to improve the overall iron recovery achieved by the existing Phase 1 concentrator. The specific goal was to improve the recovery of both the coarser (+425 microns) and fine (-106 microns) iron minerals, while having no adverse effect on the recovery of other size fractions.

The Phase 1 upgrade flowsheet development was initially based on historical Phase 1 data, pilot testing data undertaken during the Phase 1 operation, the proposed Phase 2 flowsheet design and Mineral Technologies design data and information on spiral and UCC performance in iron ore applications in the Labrador Trough area.

Mineral Technologies proposed two processing routes for the Phase 1 upgrade flowsheet:

1. A gravity-only primary case comprising rougher spirals, rougher middlings scavenging spirals, an up-current classifier (UCC) and a final UCC overflow scavenging spiral stage.
2. A bonus case serving to boost recovery of iron ore through the treatment of the gravity circuit tailings by a series of wet high intensity magnetic separators ("**WHIMS**").

The proposed flowsheet, including the bonus case, is presented in Figure 1-2.

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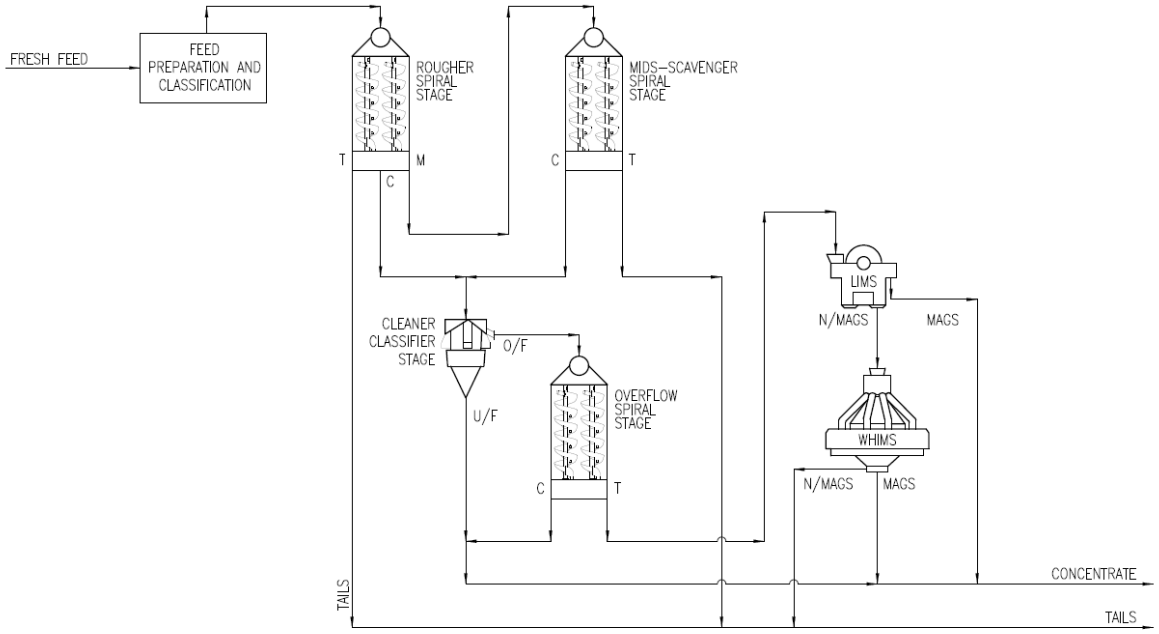

Figure 1-2 – Phase 1 Upgrade Conceptual Flow Diagram

This flowsheet is similar to that developed for the planned Phase 2 concentrator; however, it includes a Mids Scavenger spiral stage. This stage has been included in the flowsheet to enable:

- Improved iron recovery through the production of a lower grade gravity circuit tailings stream than would otherwise be produced by a Rougher spiral stage only
- Maximum utilisation of the Rougher spirals for treating virgin run-of-mine material (compared to recirculating the middlings back to the Rougher spiral feed).
- "Buffer" capacity that serves to recover minerals that would otherwise be lost to tailings in the event of an increase in feed grade to a Rougher spiral stage.

A metallurgical model was developed to estimate the mineral recovery levels in the flowsheet. To verify and confirm the performance estimated by the model, a comprehensive metallurgical testing program has been conducted using six bulk samples taken from the Bloom Lake deposit as well as an additional 500kg composite sample taken from drill core samples on hand at Bloom Lake to represent plant feed for the first 5 years of mine operation. The metallurgical testing of the gravity portion of the upgrade flowsheet comprised the following stages:

- Rougher stage spiral testing was conducted on each bulk sample separately, to produce a bulk Rougher concentrate
- The Rougher stage middlings products were combined and used as feed for the Mids Scavenger spiral stage testing.
- Both the Rougher and Mids Scavenger spiral concentrate products were blended as feed for the UCC testwork. The UCC underflow product represents the main source of gravity concentrate.
- Fine iron from the UCC overflow was scavenged by retreating this stream over a spiral to simulate the overflow spiral stage. The concentrate from this overflow spiral stage combines with the UCC underflow, to make up the gravity concentrate stream.

Following on from the gravity circuit testwork, the tailings (reject) material from both the Overflow spiral and Mids Scavenger stages were tested separately for amenability to iron scavenging in a WHIMS.

The tailings stream from the Overflow spirals was upgraded by rougher and cleaner stage WHIMS to an iron grade sufficient for inclusion as part of the overall plant concentrate production, whereas the iron grade achieved when scavenging the Mids spiral tailings was not sufficient for inclusion in the combined final concentrate.

The bulk sample processing iron recovery to the final product from both gravity and WHIMS stages of metallurgical testwork was 81.0% (refer to Table 1-4).

Table 1-4 – Metallurgical Test Program Concentrate Summary

PRODUCT	% Mass	XRF assay									Recovery		
	Head	Fe	SiO_2	Al_2O_3	P	S	CaO	TiO_2	Mn	MgO	Fe	SiO_2	Al_2O_3
		%	%	%	%	%	%	%	%	%	%	%	%
UCC Underflow	33.1	67.2	3.19	0.23	0.01	0.01	0.06	0.12	0.08	0.06	69.8	2.0	10.2
O/F Spiral Concentrate	4.76	64.4	5.92	0.51	0.04	0.01	0.32	0.40	0.08	0.28	9.6	0.5	3.3
O/F Spiral Reject WHIMS Concentrate	1.00	48.1	29.3	0.40	0.02	0.01	0.34	0.26	0.09	0.31	1.5	0.6	0.5
Total	38.8	66.4	4.20	0.27	0.01	0.01	0.10	0.16	0.08	0.09	81.0	3.1	14.0

The recovery obtained during the testwork pertains to performance within the limits of stage-by-stage bulk sample processing in a laboratory environment. Plant operation incorporates fully integrated circuitry which allows greater control of the final product grade and plant recovery, hence, a higher level of recovery is expected.

The experimental data collected from the testwork program was used to update the metallurgical model, allowing it to be utilised for optimising and predicting plant circuit performance in terms of concentrate grade, production rate and recovery at various feed grades. Following the update of the metallurgical model, the 500kg drill core sample was processed and subsequently confirmed the results of the model.

The model predicts a theoretical maximum iron recovery from the flowsheet of 85.3% and an expected plant recovery of 83.3% from a continuous plant operation treating ore of similar characteristics to the sample tested at the expected life of mine feed grade of 30% iron.

Mineral Resource and Mineral Reserve Estimates

G Mining was mandated to produce the mineral resource estimate for the Bloom Lake Project. The mineral resource estimate was prepared in accordance with the CIM Standards for Mineral Resource and Mineral Reserves (2014) as incorporated in NI 43-101. The 2016 Bloom Lake Mineral Resource presented in the Feasibility Study from which the information herein was derived was prepared under the supervision and approved by Réjean Sirois, P. Eng., from G Mining. Mr. Sirois is an independent "Qualified Person" as defined in NI 43-101.

In November 2014, Dassault Systemes, Geovia ("**Geovia**") prepared a resource estimate for the Bloom Lake deposit for Cliffs and the results were published internally in the company. G Mining reviewed and approved the geology and mineralization model, the geostatistical studies, the variography analysis, the interpolation assumptions and estimation procedure developed by Geovia in 2014.

Geovia® GEMS software was used to facilitate the resource estimation process including geological modelling review, geostatistical and variography analysis, and grade interpolation. The resource model was prepared in November 2016, using all of the drill holes available in the zone of interest as of that date.

Eight geological units were modelled on cross-sections which interpretations were transferred to plan sections through the use of traverses (or horizontal holes). The final geological model, including mineralized and non-mineralized units, was based on wireframes extruded every 14 m bench level. Because of the folded nature of the Bloom Lake deposit, the geological model was divided into multiple structural domains, each of which outlines a single mineralization continuity orientation.

The raw-assays were composited into regular 7.0 m run lengths within each mineralized unit. Grade variography analyses were completed on the 7.0 m composites, grouped by litho-structural domains. Large search ellipsoids and one pass run strategy were used to perform the ordinary kriging grade interpolation inside the block model. The dimensions of the blocks in the block model are (X)10 m by (Y)10 m by (Z)14 m. The interpolation was done

strictly within the mineralization wireframes, using various search ellipsoid orientations, according to the structural domains defined in the deposit. The mineral resource estimate was classified into measured, indicated and inferred categories according to the CIM Definition Standards on Mineral Resources and Mineral Reserves.

Table 1-1 presents the Mineral Resource for the Bloom Lake Project as of November 15, 2016, estimated at a cut-off grade of 15% Fe, inside an optimized Whittle open pit shell based on a long-term iron price of USD $60/dmt concentrate. The Measured and Indicated Mineral Resource for the Bloom Lake Project is estimated at 911.6 Mt at an average grade of 29.7% Fe, and Inferred Mineral Resource at 80.4 Mt at an average grade of 25.6% Fe.

Table 1-1 – Mineral Resource Estimate for the Bloom Lake Project

Classification	Tonnage (dry)	Fe	CaO	Sat	MgO	Al_2O_3
	kt	%	%	%	%	%
Measured	439,700	31.0	0.6	3.0	0.7	0.3
Indicated	471,900	28.5	2.5	6.8	2.3	0.4
Total M&I	911,600	29.7	1.6	5.0	1.5	0.4
Inferred	80,400	25.6	1.9	7.9	1.7	0.3

Notes on Mineral Resources:

1. The mineral resources were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.
2. The independent and qualified person for the 2016 Bloom Lake resource estimate, as defined by NI 43-101, is Réjean Sirois, P. Eng., from G Mining. The effective date of the estimate is November 15, 2016.
3. The mineral resources are estimated at a cut-off grade of 15% Fe.
4. The mineral resources are estimated using a long-term iron price of USD $60/dmt con and an exchange rate of 1.30 CAD/USD.
5. The mineral resources are reported within an optimized Whittle open pit shell.
6. The average strip ratio is 0.97:1 (w:o).
7. "Sat" stands for Satmagan or Saturation Magnetization Analyser, an instrument which measures magnetite in ores.
8. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserves.
9. The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.

The mineral reserve for the Bloom Lake Project is estimated at 411.7 Mt at an average grade of 30.0% Fe as summarized in Table 1-2. The mineral reserve estimate was prepared by G Mining. The resource block model was also generated by G Mining.

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Table 1-2 – Mineral Reserve Estimate

Classification	Diluted Ore Tonnage (dry)	Fe	CaO	SAT	MgO	Al_2O_3
	kt	%	%	%	%	%
Proven	264,160	30.73	0.48	2.98	0.56	0.32
Probable	147,554	28.71	2.84	6.68	2.72	0.40
Total P&P	**411,713**	**30.01**	**1.33**	**4.30**	**1.33**	**0.35**

Notes:

1. CIM definitions were followed for mineral reserves.
2. Mineral reserves based on September 28, 2016 LIDAR survey
3. Mineral reserves are estimated at a cut-off grade of 15% Fe.
4. Mineral reserves are estimated using a long-term iron price reference price (Platt's 62%) of $50/dmt and an exchange rate of 1.30 CAD/USD. An Fe concentrate price adjustment of $4.00/dmt was added.
5. Bulk density of ore is variable but averages 3.63 t/m^3.
6. The average strip ratio is 0.48:1.
7. The mining dilution factor is 4.3%.
8. Numbers may not add due to rounding.

The mine design and mineral reserve estimate have been completed to a level appropriate for feasibility studies. The mineral reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the mineral reserves are based on measured and indicated ("**M&I**") mineral resources, and do not include any inferred mineral resources. The inferred resources contained within the mine design are classified as waste. The mineral reserve includes a 4.3% mining dilution at an average grade of 10.34% Fe.

Open pit optimization was conducted to determine the optimal economic shape of the open pit to guide the pit design process. This task was undertaken using Whittle software, which is based on the Lerchs-Grossmann algorithm. The optimization parameters are presented in Table 1-3.

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Table 1-3 – Optimization Parameters

Optimization Parameters		Values
Ore tonnage	Mtpy	20.00
Mining dilution	%	3%
Mining recovery	%	100%
Royalty	%	0%
Weight recovery	%	34.5%
Fe recovery	%	80.0%
Revenues		
Concentrate production	Mt con.	6.90
Concentrate iron grade	% Fe	66.0%
Concentrate moisture content	%	3.5%
Reference price (Platt's 62%)	US$/dmt con.	50.00
Fe concentrate price adj.	US$/dmt con.	4.00
Concentrate adjusted price CIF China (66%)	US$/dmt con.	54.00
Exchange rate	C$/US$	1.30
Concentrate adjusted price CIF China	C$/dmt con.	70.20
Land Logistics (Mine to Sept-Iles Port)	C$/dmt con.	16.58
Ocean freight (Sept-Iles to China)	C$/dmt con.	16.72
Total concentrate logistics costs	C$/dmt con.	33.30
Concentrate adjusted price FOB Bloom Lake	C$/dmt con.	36.90
Ore-Based Costs		
Processing cost	C$/dmt ore	3.41
Crushing cost	C$/dmt ore	0.56
Tailings and water mgmt. cost	C$/dmt ore	1.03
G&A costs	C$/dmt ore	2.15
Total ore based cost	C$/dmt ore	7.15
Mining Costs & Parameters		
Reference mining cost	C$/dmt mined	2.85
Incremental bench cost	US$/t/14m	0.029
Reference elevation	RL	704

A pit slope design study was carried out by Golder following a request from the previous owner of the project. The conclusions of this study have been used as an input to the pit optimization and design process.

Mining Operations

The Bloom Lake Project was previously owned by Cliffs and was closed and placed on care in maintenance in January 2015. It was later acquired by QIO in April 2016. The restart of the operation is based on different operating assumptions which consist of an upgrade to the Phase I plant with a mineral reserve and mining scenario updated for the current iron ore market.

The operation consists of a conventional surface mining method using an owner mining approach with electric hydraulic shovels and mine trucks. All major mine equipment required for the restart of the project is present on site as this equipment was among the assets purchased by QIO from Cliffs. The study consists of resizing the open pit based on parameters outlined in this section and producing a LOM plan to feed a plant at a nominal rate of 20 Mtpa.

Drill and blast specifications are established to effectively single pass drill and blast a 14 m bench. For this bench height, a 311 mm blast holes size is proposed with a 6.25 m burden by 7.25 m spacing with 1.5 m of sub-drill in ore. The blast pattern in waste material varies slightly with the various rock types. These drill parameters, combined with a high energy bulk emulsion with a density of 1.2 kg/m^3, result in a powder factor of 0.40 kg/t. Blast holes are initiated with electronic detonators and primed with 450 g boosters. The bulk emulsion product is a gas-sensitized pumped emulsion blend specifically designed for use in wet blasting applications.

The majority of the loading in the pit will be done by two electric drive hydraulic face shovels equipped with a 23 m^3 bucket. The shovels are matched with a fleet of 218 t payload capacity mine trucks. The project already owns three Caterpillar 6060 electric drive hydraulic front shovels. The hydraulic shovels will be complemented by one production front-end wheel loader with a 12 m^3 bucket. Two Komatsu WA1200-6 units are available on site.

Haulage will be performed with 218 tonne class mine trucks. The existing truck fleets consist of seven Caterpillar 793D and three Caterpillar 793F mechanical drive trucks, which is sufficient for the project excluding equipment replacement.

Mining of the Bloom Lake Project is planned in four phases with a starter phase and a final pushback in both the east and west pits. Waste rock will be disposed of in two distinct waste dumps. The original northern location used by the previous owner and a new location to the south. From year 5 onwards, in-pit dumping will occur whenever possible, once a phase gets fully depleted. The open pit generates 198.9 Mt of overburden and waste rock for a strip ratio of 0.48:1.

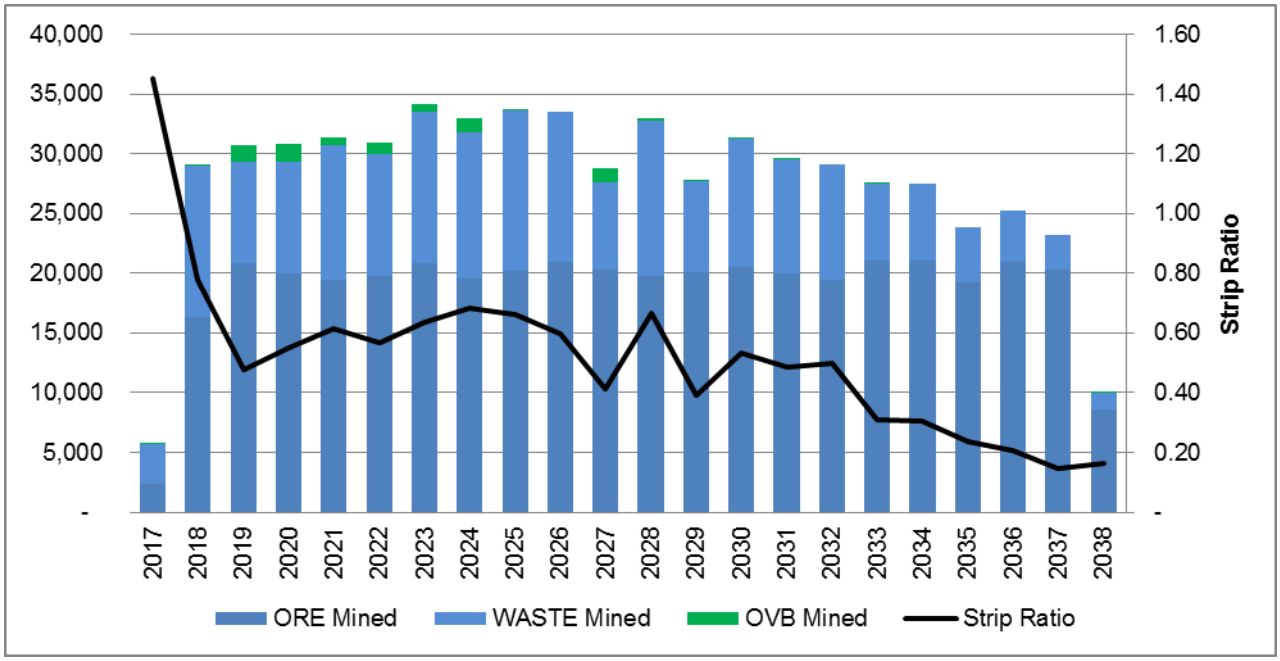

Figure 1-1 – Mine Production

Processing and Recovery Operations

QIO intends to use the crushing and storage facilities of the Phase II operation along with the mill and the rail load-out facilities from the Phase I operation to produce 7.4 Mtpa of concentrate, with a recovery of 83.3% from the ore mined from the main pit.

The phase I and phase II facilities currently exist; however, prior to the start-up planned for the end of 2017, refurbishments and improvements as described below will be made to improve the iron ore recovery, operational reliability, and fugitive dust control.

Table 1-5 following is the list of major equipment that will be used for QIO operations and from which operational phase it comes from:

Table 1-5 – List of Major Processing Facilities

Major Processing Facilities	Source Phase
Primary Crusher (near pit)	Phase II
Crushed ore stock pile (local to the crusher)	Phase II
Overland conveyor (3.46 km)	Phase II
A-Frame crushed ore stockpile shed	Phase II
Reclaim apron feeders (within the A-Frame)	Phase I
AG Mill	Phase I
Screens	Phase I
Spirals	Phase II & New
Hydrosizer	New
Magnetic separators	New
Pan filter & thickener	Phase I
Concentrate storage and rail load-out	Phase I

Figure 1-3 shows the block flow diagram of the plant process from the primary crusher to the rail load-out.

The existing Phase 1 concentrator circuit is a traditional 3-stage spiral separator circuit with rougher, cleaner and re-cleaner spiral stages. The three stages of spiral separators are arranged vertically, allowing products from one stage to flow to the next via gravity. A basic flowsheet is shown in Figure 1-8.

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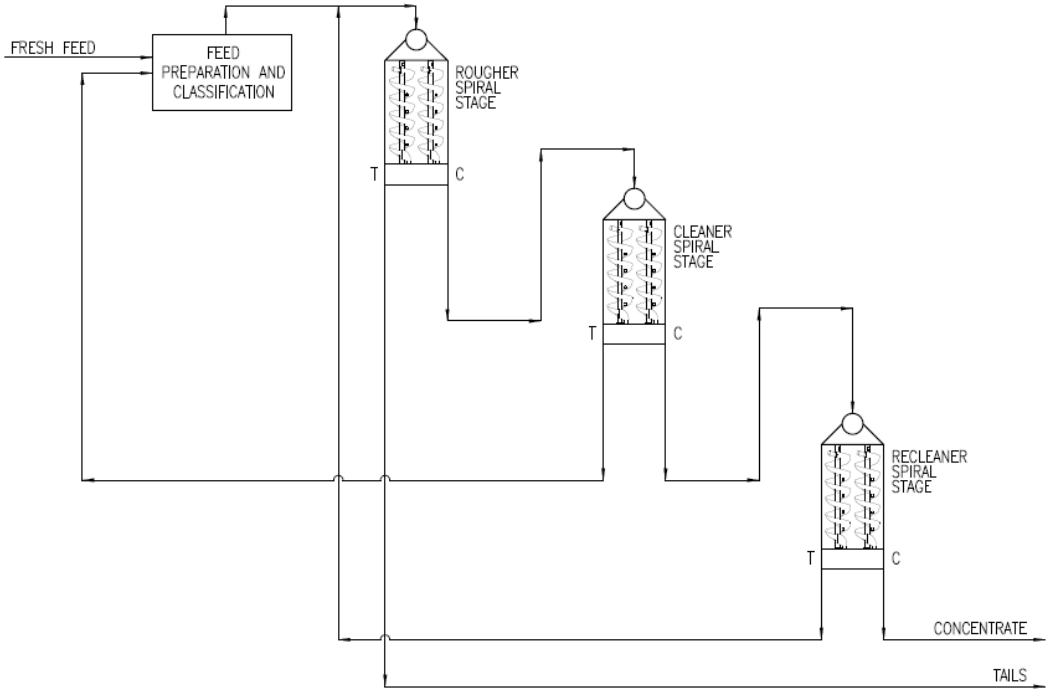

Figure 1-4 – Simplified Phase 1 Three-Stage Spiral Recovery Circuit Flowsheet

The long-term iron recovery of the Phase 1 concentrator prior to the shutdown averaged nominally 72%. Factors influencing this lower-than-expected performance include the selection of the spiral model used in the process, premature wear of the spirals, changing concentrate grade requirements and operational issues relating to inconsistent spiral feed densities and wash water supply. To enable direct comparison of the previous operational recoveries and those achieved through the testwork, the previous feed PSD was evaluated against the sample characterisation undertaken during the metallurgical testing (refer section 13.1.4). This confirmed a close match and shows that the sample preparation closely represented the operational feed preparation.

For the planned Phase 2 concentrator, an alternative gravity concentration flowsheet was developed to provide significantly improved iron recoveries. The Phase 2 flowsheet is comprised of rougher spirals followed by a cleaning stage employing UCCs (up-current classifiers) producing final concentrate to the underflow. The UCC overflow stream is scavenged with a spiral separator stage to recover misplaced fine iron. This complementary use of these two methods of gravity separation maximises iron recovery across a broad range of particle sizes. A simplified diagram of the Phase 2 recovery circuit flowsheet is shown in Figure 1-8.

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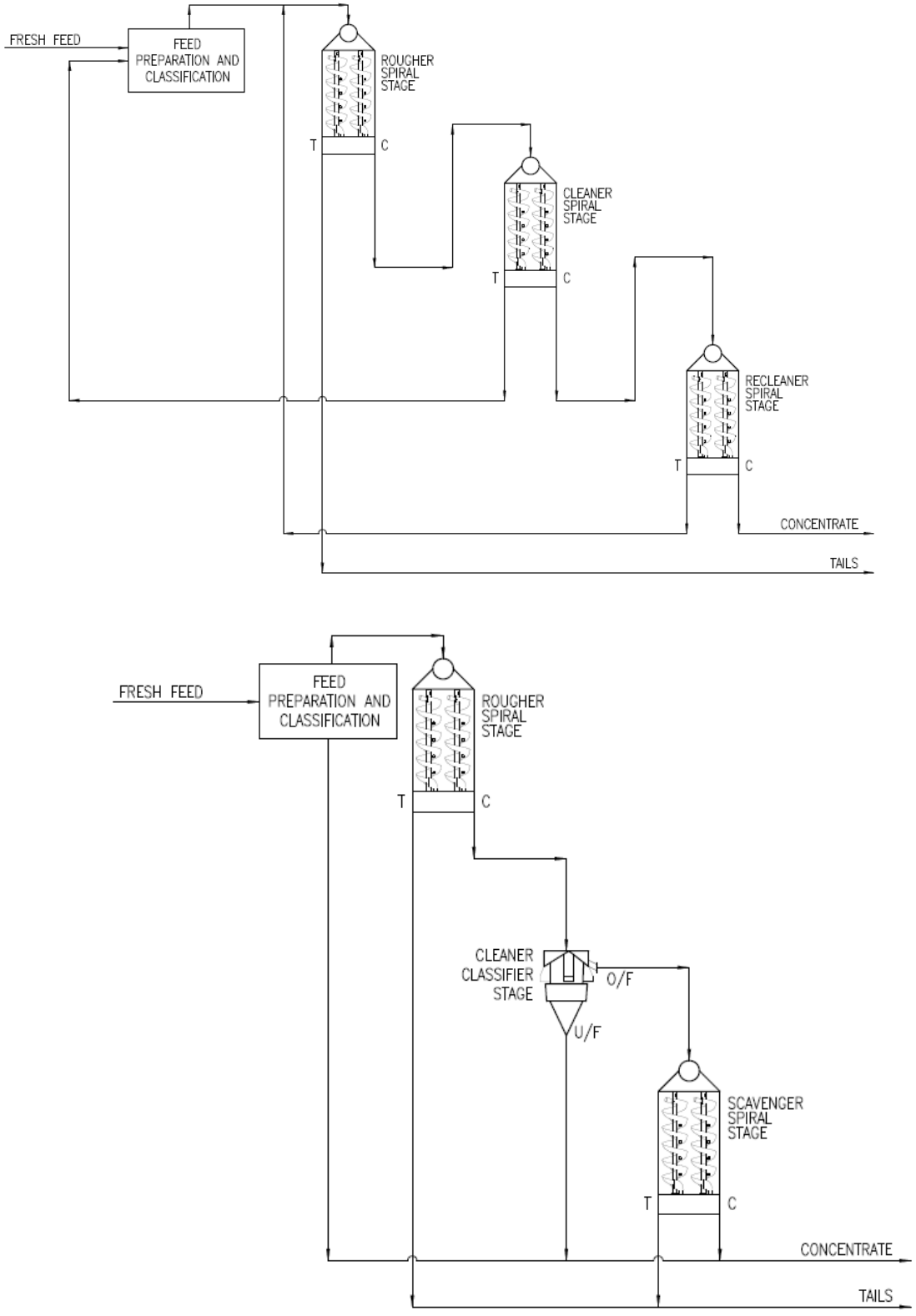


Figure 1-5 – Simplified Phase 2 Spiral and UCC Recovery Circuit Flowsheet

The seven-turn WW6+ spiral was selected for both the rougher and UCC overflow spiral stages in the Phase 2 flowsheet following in-plant testing against 3 other spiral models. The WW6 spiral separator has been used successfully for many years for iron ore processing; thousands of spiral starts are in operation around the world, with a high concentration of units in service in the Labrador Trough.

The effort to develop an improved flowsheet for implementation in the Phase 1 concentrator upgrade was initially based on the review of available data, including historical Phase 1 performance, testing and pilot data from development of the Bloom Lake Phase 2 flowsheet and MT information regarding spiral performance on typical ores in the Labrador Trough.

Based on the results of the data review and process modelling (described in section 13), Mineral Technologies developed a proposed Phase 1 upgrade flowsheet (refer to Figure 1-6) to replace the existing Phase 1 iron recovery circuit. The key difference between the proposed upgrade flowsheet and the Phase 2 flowsheet is the inclusion of a mids scavenger spiral stage to treat the rougher middlings and an additional magnetic separation stage to recover fine iron from the gravity circuit tailings.

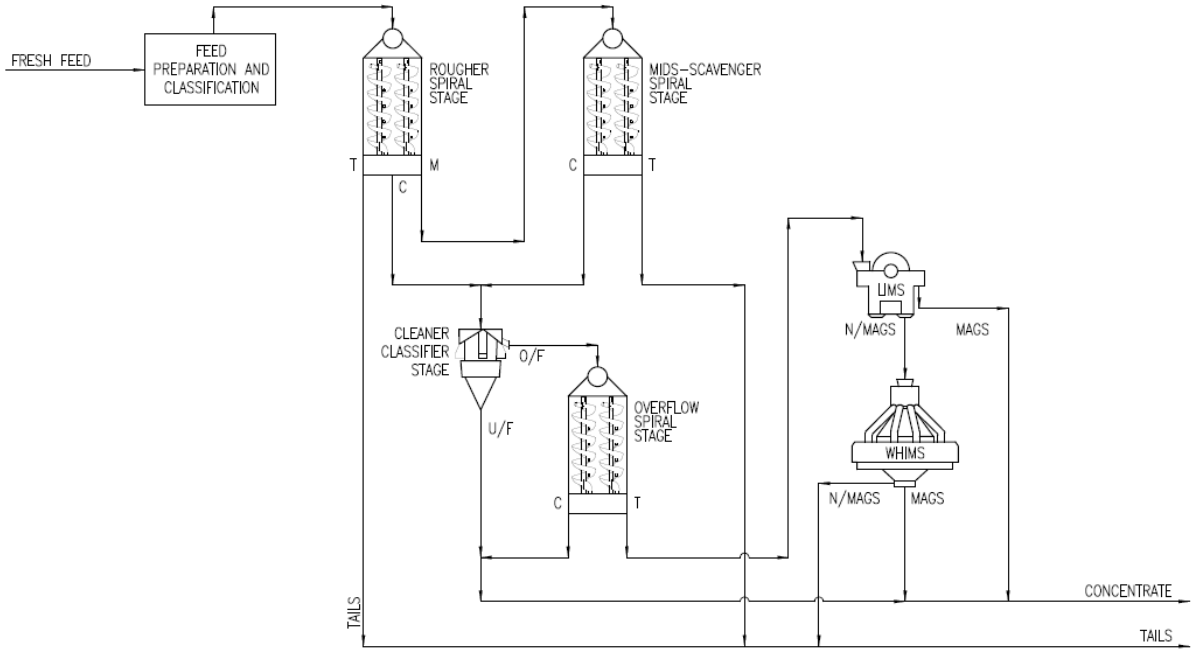


Figure 1-6 – Upgraded Phase 1 Recovery Circuit Flowsheet

The upgraded Phase 1 recovery circuit flowsheet depicts the replacement of the existing three-stage spiral circuit with a new gravity circuit comprising:

- WW6+ spirals used in the Rougher duty for primary concentration of the feed, with the rougher stage concentrate proceeding directly to the cleaner UCC
- WW6+ spirals used in the Mids-Scavenger duty to scavenge iron minerals remaining in the Rougher spiral middlings
- MT's SLIM UCC's in a cleaner duty, closely coupled with WW6+ spirals treating the UCC overflow stream to scavenge fine iron and produce a combined concentrate stream. This unique configuration allows the two processing stages to be located on the one floor level, enabling its use in the existing Phase 1 concentrator building
- MT's Low Intensity Magnetic Separators and WHIMS to scavenge fine iron from overflow spiral rejects and produce a supplementary concentrate for blending with the gravity concentrate stream

All new equipment for the upgraded Phase 1 recovery circuit will be housed in the existing Phase 1 concentrator building and, as such, will utilise existing services, infrastructure and ancillary processing equipment.

The performance of the proposed flowsheet has been confirmed by a comprehensive metallurgical testing program (described in section 13 of this document). Testing data was used to confirm separation models used for each stage of upgrading, and this in turn allowed the population of a detailed mass balance for the entire circuit.

Table 1-6 below shows the predicted iron recovery of the overall recovery circuit (gravity and magnetic circuits) at varying feed grades.

Table 1-6 – Modelled Performance of the Upgraded Phase 1 Circuit

	29% Feed Fe		30% Feed Fe		31% Feed Fe	
	Fe Recovery (%)	**Mass Recovery (%)**	**Fe Recovery (%)**	**Mass Recovery (%)**	**Fe Recovery (%)**	**Mass Recovery (%)**
Optimum Case	84.3%	37.3%	85.3%	39.0%	86.3%	40.8%
Expected Plant Performance	82.3%	36.6%	83.3%	38.2%	84.3%	39.9%

Infrastructure, Permitting and Compliance Activities

The entire mine infrastructure which was being used by Cliffs is available for the mining operations. It includes the following facilities:

- Mine maintenance shop (with 4 bays)
- Mine equipment secondary garage capable of servicing 320 t trucks (35 m x 50 m, with two bays)
- Mine equipment wash bay (38 m x 60 m)
- Fuel storage and distribution system
- Electrical infrastructure for the mine, including a 34.5 kV sub-station
- A cafeteria at Bloom West Mine (to minimize the lost time for truck driver breaks)
- Mobile shovel bucket repair shop
- Dispatch system, complete with trailers, offices and a cafeteria

Infrastructure Located at the Processing Plants

The entire infrastructure which was being used by Cliffs is available for the QIO operations. Figure 1-7 shows the location of the major infrastructure located at the phase 1 and phase II plants.

Port Infrastructure

The concentrate is unloaded from railcars at Pointe Noire, which is owned by SFPPN which is controlled by the Government of Quebec and can be either loaded directly onto a vessel or stockpiled to be reclaimed and loaded at a later date. The former Cliffs / Bloom Lake concentrate stockpiling and shipping system is comprised of a rotary car dumper, dump hopper, stockpiling and reclaiming conveyors, a stacker-reclaimer, and ship loaders. Storage capacity is currently 670,000 t of concentrate in the stockpile yard.

A new multi-user dock, owned by the Port of Sept-Iles, was built at Pointe-Noire. The dock has a capacity of 50 Mtpa via two 10,000 t/h travelling ship loaders. The dock was designed to receive 400,000 DWT Chinamax vessels.

Tailings and Surface Water Management

Work on surface water management and the tailings storage facility ("**TSF**") is required in order to operate the Bloom Lake site in accordance with regulations and operational standards.

The surface water management system is composed of a network of ditches, collection basins, pumping stations and retention ponds. The surface contact water is pumped to the tailings storage facility to be managed. The process water reserve and the legislative water storage capacity is located in the TSF. A water treatment plant is located next to the TSF where excess water can be treated and released. For the restart of mining operations, the existing water management system is mostly unchanged as it is functional. However, upgrades to some components are required to meet operational standards and governmental regulations. Among others, increase in pumping capacity and automation is considered.

In section 18, figure 18.2 presents the tailings management facility. The tailings management strategy is developed around tailings slurry pumping and hydraulic placement of an annual 12.36 Mt of tailings that are separated in two feeds: coarse (83%) and fine (17%). This separation optimizes the footprint and utilizes the existing infrastructure. Slurry pumping and hydraulic deposition is an economic way to transport and store large quantities of tailings. Fine tailings are stored in a basin developed with impervious dykes and filtering dykes, while coarse tailings are contained in a storage facility developed with filtering dykes to hold the tailings and with water-retaining dykes to hold the process water. Most construction work in the fine tailings basin is expected to be executed by contractors, while the coarse tailings management facility will be mostly built by the QIO personnel and equipment using an upstream construction method. In order to achieve the tailings management strategy, upgrades to the existing tailings slurry pumping system and the construction of a second booster pumping station are also required.

Environment and Permitting

The mine has been authorized for operation under the federal environmental authorities and provincial governments. There is only one pending process with the federal government associated with the 2016 authorization for destruction of fish habitats. The compensatory plan is under preparation and the authorization from DFO to proceed with the compensation project should be issued in 2017. This process does not prevent QIO from operating the mine.

The new mine plan and the proposed tailings management strategy will require modifications to the existing authorizations from the MDDELCC.

Considering that the mine does exist, and that there is no expansion projected, no additional impacts are anticipated on plants and wildlife. Impacts to local lakes and water courses were identified in the initial environmental impact study. No additional serious harm to fish or fish habitat loss is anticipated in order to operate the mine, as no expansion is projected. The mine conducts routine monitoring of water, wastewater and air as part of its decrees and authorizations.

In regards to water quality, QIO must comply with the requirements from Directive 019, the MMER, as well as the depollution attestation. The depollution attestation should be effective in 2017. The attestation will comprise several conditions that were already included in previous certificates of authorization delivered to the mine. There are no new conditions expected within the attestation.

Potential nonpoint sources of dust include the tailings pond, the waste rock piles and the ore and concentrate stockpile areas. The mine has dust mitigation measures for fine particle emissions, such as dust collectors. The mine proceeds to watering of the roads to reduce dust emission. In the tailings impoundment as well as the waste rock stockpiles, areas that become inactive are gradually revegetated to avoid wind erosion and dust dispersion.

There are no known significant issues that are believed to materially impact the mine's ability to operate.

MERN approved a revised closure plan at a cost of $41.7 million which was covering five years of mining operations for both Phase I and Phase II. The plan was approved for the previous owner starting in 2012. QIO must

provide a financial guarantee covering this five years closure plan cost to the provincial government in accordance with Section 111 of the Regulation Respecting Mineral Substances other than Petroleum, Natural Gas and Brine (Chapter M-13.1, r. 2). In order to estimate a mine closure and restoration costs for the entire life of the new Bloom Lake mining project, WSP used a conservative approach in line with the concepts of the MERN's guide on mine closure and restoration (MRNF, 1997). The mine closure and restoration costs for the entire life of the new Bloom Lake mining project is estimated at $76,435,740, assuming no salvage value for the equipment and that a third party will complete the closure and restoration work. This cost includes the direct and indirect costs of site restoration as well as post-operation and post-closure monitoring.

Infrastructure such as the mining pit, waste rock stockpiles, tailings management facilities, water management structures as well as the water treatment plant have all been authorized. However, a few of the current authorizations will require modifications before site operation resumes in order to adjust them to the new mining plan. These include certificates of authorization associated with the new waste rock stockpiles and for the site operational plan which include the new mining pit, the new tailings and water management plan as well as the upgraded concentrator process.

Capital and Operating Costs

The following is the summary tables for the capital cost estimate (CAPEX).

Capital Cost Estimate Summary by Area (CAD)

WBS	Area	Cost
0000	General	$13,318,225
1000	Mine	$46,725,919
2000	Process	$64,851,532
3000	On-site Infrastructure	$0
4000	Off-site Infrastructure	$0
9000	Indirect Costs	$32,291,825
Total		$157,187,501

Capital Cost Estimate Summary by Discipline (CAD)

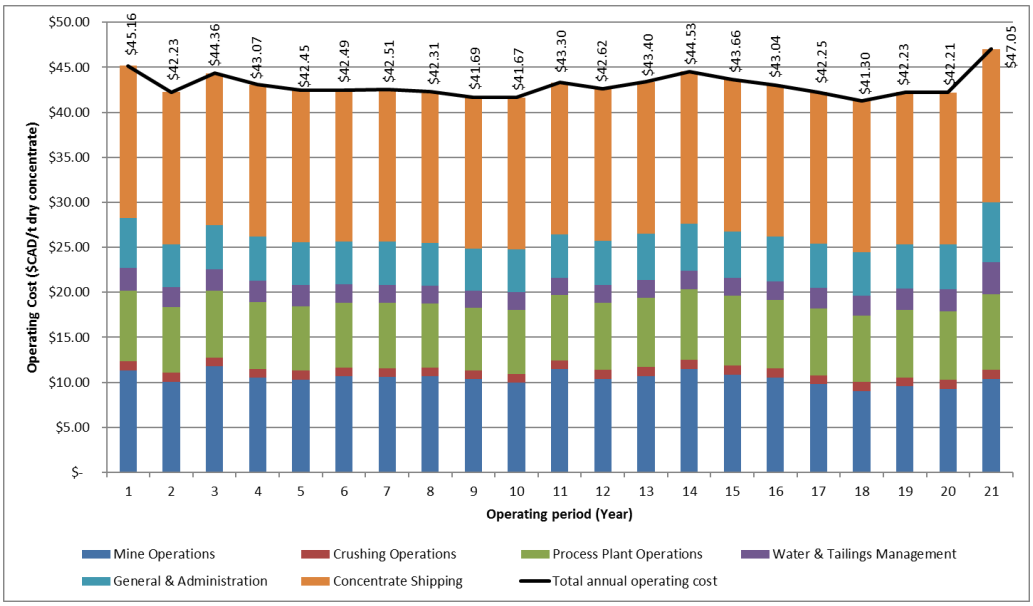
Type	Discipline	Cost
A	Site Work	$0
B	Earthworks	$14,345,950
C	Concrete	$0
E	Structural Steel	$0
F	Architectural and Unit Building	$0
G	Port/Marine	$0
H	Rail	$0
J	Mining	$41,898,100
K	Pipeline	$0
L	Mechanical Plate-work and Tanks	$0
M	Mechanical Equipment	$64,342,069
P	Piping	$0

Type	Discipline	Cost
Q	Electrical Equipment	$549,500
R	Conduit and Cable Tray	$164,437
S	Wire and Cable	$2,309,515
T	Instrumentation	$1,286,106
U	Construction Indirects	$6,182,126
V	Other Indirects	$0
W	EPCM	$7,834,291
X	Contingency	$8,106,485
Y	Owner Cost, including Risk	$10,168,924
Z	Open	$0
Total		$157,187,501

A summary of the average operating cost over the life of mine is show in the table below.

Summary of Average Production Period Operating Costs (CAD)

Description	Production Period Average		
	$/t Ore	$/t Dry Concentrate	% of Costs
Mining	3.95	10.45	24.35%
Crushing plant	0.37	0.98	2.29%
Process plant	2.81	7.44	17.32%
Concentrate shipping	6.37	16.88	39.32%
Water & tailings operations	0.83	2.20	5.13%
General and administration	1.88	4.98	11.59%
Total Cost	16.21	42.93	100.00%



Operating Costs over the Project Life

Economic Analysis

The economic/financial assessment of the Bloom Lake project of QIO is based on Q1-2017 price projections in U.S. currency and cost estimates in Canadian currency. A spot exchange rate of 0.7600 USD per CAD was assumed to convert particular components of the cost estimates into CAD and forward exchange rate estimates were used to convert USD market price projections into CAD. No provision was made for the effects of inflation. The evaluation was carried out on a 100%-equity basis. Current Canadian tax regulations were applied to assess the corporate taxes, while the recently adopted regulations in Quebec (originally proposed as Bill 55, December 2013) were applied to assess the mining taxes. The financial indicators under base case conditions are presented in Table 1-10.

Table 1-10 – Financial Model Indicators

Financial Results	Unit	Value
Pre-tax NPV @ 4%	M CAD	2,468.6
Pre-tax NPV @ 6%	M CAD	2,024.2
Pre-tax NPV @ 8%	M CAD	1,674.8
Pre-tax IRR	%	43.9
Pre-tax Payback Period	Years	2.5
After-tax NPV @ 4%	M CAD	1,491.1
After-tax NPV @ 6%	M CAD	1,207.2
After-tax NPV @ 8%	M CAD	983.5
After-tax IRR	%	33.3
After-tax Payback Period	Years	3.1

A sensitivity analysis reveals that the Project's viability will not be significantly vulnerable to variations in capital and operating costs, within the margins of error associated with Feasibility-Study-level estimates. However, the Project's viability remains more vulnerable to the USD/CAD exchange rate and the larger uncertainty in future market prices. For further detail, please refer to section 19 – Marketing Study.

Financial Model and Results

Figure 1.10 illustrates the after-tax cash flow and cumulative cash flow profiles of the Project for base case conditions. Note that the total height of a particular bar (i.e., after-tax cash flow plus corporate and mining taxes) represents the before-tax cash flow. The intersection of the after-tax cumulative cash flow curve with the horizontal dashed line represents the payback period.

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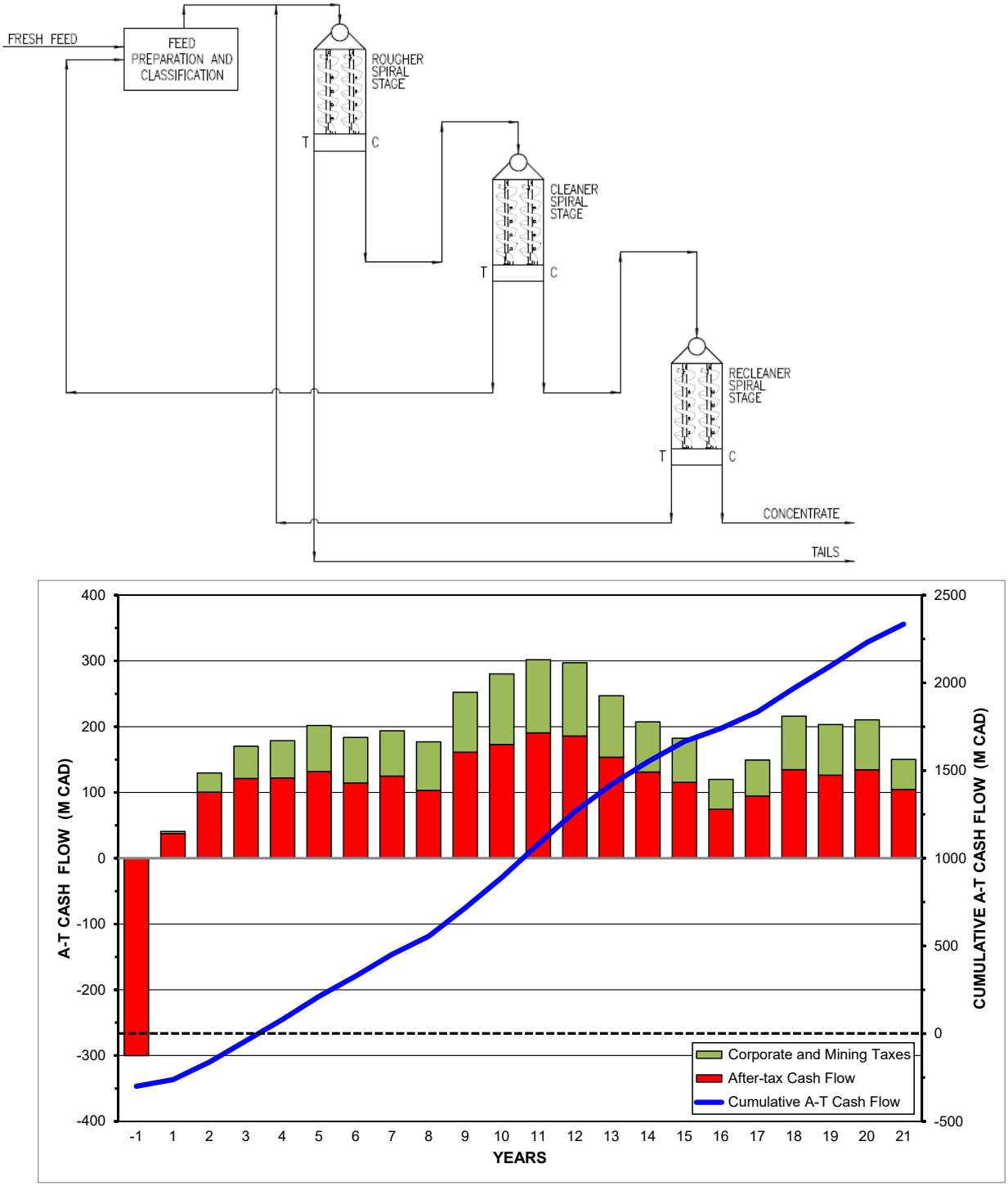

Figure 1-10 – After-tax Cash Flow and Cumulative Cash Flow Profiles

The Bloom Lake Mine re-start project is financially and technically feasible with a total estimated capital cost of $326.8 M, including mine upgrade capital cost of $157 M. The economic analysis of the re-start Project shows an IRR of 33.3% and a simple payback period of 3.1 years after taxes.

The level of accuracy of the capital and operating cost estimates is +/- 15%. The capital cost estimate includes a 8.3% contingency and a 6.2% risk allowance on construction costs. Costs for the contracts with the QNS&L railway and the SFPPN port authority are included in the operating costs.

This study clearly demonstrates the feasibility of re-starting the Bloom Lake mine with the restoration and improvement work planned for 2017.

Exploration, Development, and Production at the Bloom Lake Property

As discussed above in this AIF, the Bloom Lake Assets were acquired and significant analysis and other work was undertaken by the Corporation to determine the optimal approach for future operations. A Feasibility Study was completed on Bloom Lake, excerpts of which are detailed above in the AIF. Subsequent to the release of the Feasibility Study the Corporation had undertaken financings, signed off-take agreements and taken other steps towards re-starting operations at Bloom Lake, which re-commenced on February 16, 2018 and made its first shipment of high grade 66% iron ore concentrate on April 1, 2018. The Corporation declared commercial production at Bloom Lake on June 30, 2018. QIO has produced 6,994,500 wmt of high grade 66.2% iron ore concentrate during the fiscal year ended March 31, 2019 and 7,617.800 wmt since Bloom Lake re-commenced operations. (see *Three Year History* and *Risk Factors* sections above for further details).

The Corporation and QIO recently undertook a feasibility study with respect to a potential expansion of the operations at the Bloom Lake Mine, which would mainly involve the completion of construction work on a processing plant and other supporting infrastructure which was interrupted in November 2012 by the Bloom Lake Mine's previous owner. The expansion aims at more than doubling the current operational capacity of 7.4 million tonnes per annum of high-grade 66.2% iron ore concentrate at Bloom Lake to 15 million tonnes per annum. The Corporation and QIO reported the findings of the feasibility study on June 20, 2019 (see *Three Year History – Current Financial Period* section) and the Corporation will file the related NI 43-101 Technical Report within 45 days from the date of the news release under its profile on SEDAR (www.sedar.com).

DIVIDEND POLICY

To date, the Corporation has not declared or paid any dividends and there is no expectation that it will do so in the foreseeable future. Any future determination to pay dividends will be in the discretion of the Board and will depend upon results of operations, capital requirements and such other factors as the Board considers relevant.

SHARE CAPITAL DESCRIPTION

The Corporation is incorporated under the Corporations Act in Australia ("**Corporations Act**") and is limited by shares. The Corporation is authorized to issue Ordinary Shares and preference and redeemable preference shares. At the date of this AIF, there are 432,991,622 Ordinary Shares on issue and no preference and redeemable preference shares. There are no partly paid shares on issue.

The Corporation does not have an authorised share capital as the requirement for a company to state an authorised 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 Corporation to raise capital and the number of Ordinary Shares that it may issue is unlimited. The rights attaching to Ordinary Shares in the Corporation are set out in the Constitution and are regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and laws of general application.

The rights attaching to Ordinary Shares are summarized below. This summary is not exhaustive and does not constitute a definitive statement of the rights attaching to the holders of Ordinary Shares (the "**Ordinary Shareholders**").

Issue of Ordinary Shares

Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Board may issue and allot Ordinary Shares for such issue prices and on such terms as it determines (including shares with preferential, deferred or special rights, privileges or conditions, or which are liable to be redeemed or are bonus shares). This includes the power to grant options over unissued Ordinary Shares. The Ordinary Shares may be issued to existing Ordinary Shareholders, whether in proportion to their existing shareholdings or otherwise, or to such persons as the Corporation's Directors may determine.

Transfer of Ordinary Shares

Shareholders may transfer Ordinary Shares by way of a written transfer instrument in any usual or common form (or any other form approved by the Corporation's Directors), or by way of a transfer effected under a computerised or electronic system in accordance with the ASX Settlement Operating Rules and requirements of the ASX Listing Rules. The Corporation's Directors may in their discretion refuse to register a transfer of Ordinary Shares in circumstances permitted by the ASX Listing Rules. The Corporaion's Directors must refuse to register a transfer of Ordinary Shares where required to do so by the ASX Listing Rules.

Conversion of Ordinary Shares

Under the Corporations Act, Ordinary Shares may be converted to preference shares provided certain conditions are met. As the Constitution does not prescribe the rights that would attach to preference shares, a conversion of Ordinary Shares to preference shares would, under the Corporations Act, be permitted only if the Shareholder's rights with respect to the following matters are first approved by special resolution: repayment of capital, participation in surplus assets and profits, cumulative and non-cumulative dividends, voting, and priority of payment of capital and dividends in relation to other shares or classes of preference shares.

The requirements as to variation of rights, set out immediately below, would apply to the conversion.

Variation of Rights

The rights attached to Ordinary Shares may be varied in accordance with the Corporations Act. Under the Corporations Act, rights attached to shares in a class of shares may be varied or cancelled only by both a special resolution of the Corporation and either a special resolution of the relevant class or with written consent of shareholders with at least 75% of the votes in the class.

If the shareholders in the class do not all agree to the variation or the cancellation (whether by resolution or written consent), the holders of not less than 10% of the votes in the class may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

Dividends

The holders of Ordinary Shares on which any dividend is declared or paid by the Corporation are entitled to participate in that dividend equally, in proportion to the number of Ordinary Shares held. The holder of a partly paid Ordinary Share (of which none are currently on issue) would be permitted to receive a fraction of the dividend declared or paid on a fully paid Ordinary Share (equivalent to the proportion which the amount paid on the share bears to the issue price). These dividend entitlements are subject to the rights of persons holding shares with special rights as to dividends (of which none are currently on issue).

The Board may from time to time by resolution either declare a dividend, or determine that a dividend is payable, out of the profits of the Corporation. The Board may fix the amount, time and method of payment of the dividend. In the case of a determination that a dividend is payable, the resolution may be amended or revoked until the time fixed for paying the dividend arrives. The payment of a dividend does not require any confirmation by a general meeting, subject to compliance with the Corporations Act.

Before declaring or determining to pay a dividend, the Board may resolve to set aside out of the profits of the Corporation such amounts by way of reserves as they think appropriate. They may also resolve to carry forward any undistributed profits without transferring them to a reserve. The Board may resolve that a dividend will be paid wholly or partly by the transfer or distribution of specific assets, in which case the Board may deal as they consider expedient with any difficulty which arises in making the transfer or distribution (for example to deal with fractional entitlements), subject to compliance with the Corporations Act.

Winding Up

Subject to the rights of holders of Ordinary Shares issued on special terms and conditions, upon a winding up of the Corporation, the Ordinary Shareholders would be entitled to participate equally in the distribution of any surplus assets in proportion to the number of and amounts paid on the shares held.

A liquidator may, with the sanction of a special resolution, divide among the Ordinary Shareholders in kind all or any of the Corporation's assets, and, if there are any different classes of shares on issue, may for that purpose determine how the division is to be carried out between the different classes.

Voting

Subject to any rights or restrictions attaching to any class of shares, every Ordinary Shareholder may vote at a general meeting in person or by proxy, attorney, or, in the case of an Ordinary Shareholder that is a body corporate, by the individual appointed as its representative. On a show of hands, an Ordinary Shareholder is entitled to one vote. Upon a poll, an Ordinary Shareholder has for each fully paid Ordinary Share held, one vote, and for each partly paid Ordinary Share held, a fraction of a vote equivalent to the proportion which the amount paid on the Ordinary Share bears to the total issue price.

In the case of jointly held Ordinary Shares, if two or more joint holders purport to vote, then the vote of the joint holder whose name appears first in the register of Ordinary Shareholders will be accepted to the exclusion of the other joint holder or holders.

A resolution put to the vote at a general meeting is decided on a show of hands, unless a poll is demanded by at least five Ordinary Shareholders entitled to vote on the resolution, or Ordinary Shareholders with at least 5% of the votes that may be cast on the resolution on a poll, or the chairperson of the meeting. A poll may be demanded before a vote is taken, or immediately before or after the result of a vote by show of hands is declared.

In the case of equality of votes on a resolution (by show of hands or poll), the chairperson has a casting vote.

Buy-back of Ordinary Shares and Reduction of Capital

Pursuant to procedures regulated by the Corporations Act, the Corporation may, with the agreement of Ordinary Shareholders, buy-back Ordinary Shares from that Ordinary Shareholder. In certain circumstances (for example, where specified buy-back limits are to be exceeded, or the buy-back is selective), the buy-back would be subject to the approval of the Ordinary Shareholders at a general meeting. Upon registration of the transfer of the Ordinary Shares acquired by the Corporation in a buy-back, the Ordinary Shares would be deemed to be cancelled.

Pursuant to procedures regulated by the Corporations Act, the Corporation may also be permitted to carry out a reduction of capital (such as a return of capital to shareholders, or a cancellation of uncalled capital), provided the reduction is fair and reasonable to the Ordinary Shareholders as a whole, does not materially prejudice the ability to pay creditors, and the approval of shareholders is obtained (by way of ordinary resolution in the case of an equal reduction, or special resolution in the case of a selective reduction).

Sale of Non-Marketable Parcels

The Corporation may sell the Ordinary Shares of any Ordinary Shareholder who has less than a marketable parcel of those Ordinary Shares, provided procedures and conditions prescribed by the Constitution, ASX Listing Rules and

ASX Settlement Operating Rules are followed. A "marketable parcel" in relation to Ordinary Shares is a parcel of Ordinary Shares of not less than $500 based on the closing price on a trading platform. Notice is required to be given by the Corporation to the Ordinary Shareholder of the Corporation's intention to sell the Ordinary Shares. During this notice period, the Ordinary Shareholder has the opportunity to advise the Corporation that the Ordinary Shareholder wishes to retain its Ordinary Shares (and, if such notification is given by the shareholder, the Corporation is not permitted to sell the shareholding).

Preference and Redeemable Preference Shares

The Corporation may issue preference shares (including preference shares that are liable to be redeemed). Pursuant to the Constitution, if the Board resolves to issue a preference share, it must pass a resolution which specifies: a) the dividend date; (b) the dividend rate; (c) whether dividends are cumulative or non-cumulative; (d) the priority with respect to payment of dividends and repayment of capital over other classes of shares; and (e) whether the share is a redeemable preference share or not. The holder of a preference share has no right to vote at any meeting of members other than the exceptions described in the Constitution. Subject to the terms of issue of any particular class of preference share, the issue of further preference shares that rank equally with any issued preference shares is not taken to affect the rights of the holders of the existing preference share whether or not the dividend rate for the new preference share is the same as or different from that applicable to that preference share. As of the date of this AIF, there are no preference shares issued and outstanding.

MARKET FOR SECURITIES

Price Range and Trading Volume of Ordinary Shares

To the knowledge of the Corporation, the Ordinary Shares have not been rated by any approved rating organization.

The Ordinary Shares commenced trading on the TSX on March 31, 2014 and on the ASX on April 3, 2014 under the symbol "CIA" and prior to that date, traded on the ASX under the symbol "MAB". The following table sets forth the volume of trading and price ranges of the Ordinary Shares on the TSX for each month during the fiscal year ended March 31, 2019.

Fiscal Year Ended March 31, 2019			
Date	**High**	**Low**	**Volume**
	$	**$**	**No. of Shares**
April 2018	1.26	1.05	34,869,535
May 2018	1.52	1.21	7,097,639
June 2018	1.44	1.24	11,116,163
July 2018	1.42	1.23	5,599,499
August 2018	1.42	1.20	3,763,227
September 2018	1.26	1.13	3,027,665
October 2018	1.24	1.07	2,977,858
November 2018	1.31	1.14	9,016,670
December 2018	1.24	0.89	5,450,407
January 2019	1.47	1.07	16,210,737
February 2019	1.76	1.31	17,925,919
March 2019	1.97	1.64	14,949,830

Prior Sales

No class of securities of the Corporation, other than the Ordinary Shares, are listed for trading on a marketplace. The following are the details of the other securities of the Corporation which are outstanding as at the date hereof.

Warrants

As at the date of this Annual Information Form, the following warrants to purchase Ordinary Shares remain outstanding.

Exercise Price ($)	Number of Warrants	Expiry Date
C$1.125	478,125	October 16, 2022
C$1.125 (exerciseable after Oct. 16, 2018)	21,000,000	October 16, 2024

Stock Options

As at the date of this Annual Information Form, the following options were outstanding under the Corporation's previous incentive plan and its 2018 Omnibus Incentive Plan, each exercisable to purchase one Ordinary Share:

Share Incentive Plan

Date of Grant	Exercise Price ($)	Number of Shares	Expiry Date
November 4, 2016	A$0.30	500,000	November 4, 2019
April 11, 2016	A$0.20	5,000,000	April 11, 2020
May 25, 2017	A$1.00	950,000	May 25, 2020
July 11, 2017	A$1.08	600,000	July 11, 2020
August 21, 2017	C$1.00	500,000	August 21, 2020
April 26, 2018	A$1.24	200,000	April 26, 2021
June 24, 2018	A$1.33	500,000	June 24, 2021

2018 Omnibus Incentive Plan

Date of Grant	Exercise Price ($)	Number of Shares	Expiry Date
September 14, 2018	C$1.24	200,932	September 14, 2021
February 15, 2019	C$1.46	328,900	February 15, 2022
April 15, 2019	C$2.21	174,502	September 14, 2021
May 20, 2019	C$2.53	360,000	May 20, 2022

2018 Omnibus Incentive Plan - RSUs, PSUs and DSUs

As at the date of this Annual Information Form, DSUs, RSUs and PSUs granted pursuant to the 2018 Omnibus Incentive Plan amounted to 1,320,787 units which are each issuable into an Ordinary Share or otherwise settled pursuant to the provisions of the 2018 Omnibus Incentive Plan.

Compensation Options

On April 11, 2016, 15,000,000 compensation options were issued in connection with a private placement financing, each exercisable to purchase one ordinary share at an exercise price of $0.25 expiring on February 1, 2020. As at the date of this Annual Information Form, all of the compensation options remain outstanding.

On April 11, 2016, 6,000,000 compensation options were issued to RQ in connection with the private placement completed by the Corporation's subsidiary QIO, each exercisable to purchase one ordinary share at an exercise price of $0.25 expiring on February 1, 2020. As at the date of this Annual Information Form, all of the compensation options remain outstanding.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Ordinary Shares	NIL	N/A

DIRECTORS AND OFFICERS

The Board has seven directors. The current term of office of each director will expire on the date of the next annual meeting of shareholders of the Corporation or the date his successor is duly elected or appointed pursuant to the Constitution, unless his office is earlier vacated in accordance with the provisions of the Constitution.

The following table sets forth certain information concerning the Corporation's directors based upon information furnished by them to management.

Name, Province and Country of Residence	Position with Corporation	Principal Occupation During Five Preceding Years	Director Since
Michael O'Keeffe NSW, Australia	Executive Chairman	Executive Director in the mining business: Executive Chairman of the Corporation since 2013. Chief Executive Officer of the Corporation from 2014 to 2019. Chairman of Riversdale Resources Limited from 2012 to 2019.	2013
David Cataford Quebec, Canada	Chief Executive Officer and Director	Chief Executive Officer of the Corporation since April 2019, Chief Operting Officer of the Corporation from 2017 to 2019 and Vice President, Engineering of the Corporation from 2014 to 2017.	2019
Gary Lawler [(1)(2)] NSW, Australia	Non Executive Director	Lawyer. Former Senior Partner of legal firm Ashurst Australia from 2012 until 2014. Now a consultant at Ashurst Australia.	2014
Andrew J. Love [(1)(2)] NSW, Australia	Non Executive Director	Chartered Accountant. Senior Partner of Australian accounting firm Ferrier Hodgson from 1976 to 2008 and is now a consultant.	2014
Michelle Cormier [(1)(2)] Quebec, Canada	Non Executive Director	Operating Partner of Wynnchurch Capital Canada, Ltd. since 2014. Chief Financial Officer of TNG Capital Inc. from 2001 to 2014.	2016
Wayne Wouters Ontario, Canada	Non-Executive Director	Strategic and Policy Advisor with McCarthy Tétrault LLP since 2015. Clerk of the Privy Council, Secretary to the Cabinet, and Head of the Public Service from July 1, 2009 until October 3, 2014, at which time he retired from the Public Service of Canada.	2016
Jyothish George Switzerland	Non-Executive Director	Mr. George is currently Head of Glencore's Iron Ore Division. He serves as Vice Chairman of the Board of Directors of the El Aouj Mining Company SA in Mauritania and a member of the Board of Directors of Jumelles Limited, the holding company of the Zanaga iron ore mine in the Republic of Congo. Immediately prior to his current role, Mr. George served as the Chief Risk Officer of Glencore. He earlier held a number of roles at Glencore's head office in Baar, Switzerland from 2009 onwards focused on iron ore, nickel and ferroalloys physical and derivatives trading, and has been involved with iron ore marketing since its inception at Glencore.	2017

Notes:
[(1)] Member of the Audit Committee of the Corporation.
[(2)] Member of the Remuneration and Nomination Committee of the Corporation.

The following table sets forth certain information concerning the executive officers of the Corporation, based in part upon information furnished by them to management.

Name, Province and Country of Residence	Position with Corporation	Principal Occupation During Five Preceding Years
Michael O'Keeffe NSW, Australia	Executive Chairman	Executive Director in the mining business: Executive Chairman of the Corporation since 2013. Chief Executive Officer of the Corporation from 2014 to 2019. Chairman of Riversdale Resources Limited from 2012 to 2019.
David Cataford Quebec, Canada	Chief Executive Officer	Chief Executive Officer of the Corporation since April 2019, Chief Operting Officer of the Corporation from 2017 to 2019 and Vice President, Engineering of the Corporation from 2014 to 2017.
Natacha Garoute Quebec, Canada	Chief Financial Officer	Chief Financial Officer of the Corporation since 2018. Chief Financial Officer and Corporate Secretary of Roxgold Inc. from 2013 to 2018.
Steve Boucratie Quebec, Canada	Vice President, General Counsel and Corporate Secretary	Vice President, General Counsel and Corporate Secretary of the Corporation since May 2019. Director, Legal Affairs and Assistant Corporate Secretary of Osisko Gold Royalties Ltd from 2017 to 2019. Partner of Fasken Martineau DuMoulin from 2012 to 2017.
Michael Marcotte Quebec, Canada	Vice President, Investor Relations	Vice President, Investor Relations of the Corporation since December 2018. Institutional Equity Sales, Macquarie Group from 2004 to 2018.
Pradipkumar Devalia NSW, Australia	Company Secretary - Australia	Company Secretary of the Corporation since June 2014. Consultant in the resources industry from 2010 to 2014.

As at the date hereof, the directors and officers of the Corporation as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 41,668,646 Ordinary Shares representing approximately 9.6% of the issued and outstanding Ordinary Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALITIES OR SANCTIONS

To the knowledge of the Corporation, no director or executive officer of the Corporation is, at the date hereof, or has been, within 10 years before the date hereof, 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 director, executive officer or shareholder of the Corporation holding a sufficient number of shares to affect materially the control of the Corporation, is, as at the date hereof, or has been with 10 years before the date hereof, 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, except for the following:

In January 2017, Michelle Cormier was asked by the remaining senior secured creditor and by the sole shareholder of Calyx Transportation Inc. ("**Calyx**") to become the sole Director and Officer of Calyx. In this capacity, her mandate was to wind down Calyx in the most efficient manner, following the sale, in December 2016, by Calyx of all assets and businesses in which it operated. The large majority of net proceeds from such sales were used to repay bank indebtedness, employee severances and suppliers. Following all such payments, the cash on hand was insufficient to repay the remaining secured creditor. Given the insolvency of Calyx, Michelle Cormier in her

capacity of Director of Calyx approved a voluntary assignment in bankruptcy pursuant to the Bankruptcy and Insolvency Act in order to complete the wind down of Calyx's affairs and discharge her mandate.

To the knowledge of the Corporation, no director, executive officer or shareholder of the Corporation holding a sufficient number of shares to affect materially the control of the Corporation, and no personal holding company of any of them, has, within the 10 years before the date hereof, 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 director, executive officer or shareholder of the Corporation holding a sufficient number of shares to affect materially the control of the Corporation and no personal holding company of any of them,: (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 investor in making an investment decision; 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 investor in making investment decision.

CONFLICT OF INTERESTS

To the knowledge of the Corporation, there are no existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation. The directors and officers of the Corporation may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Corporation. In the event that such a conflict of interest arises at a meeting of the directors of the Corporation, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the financial year ended March 31, 2019 and during the current financial year, there have been no (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements entered into by the Corporation before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the three most recently completed financial years or during the current financial year of the Corporation, to the knowledge of the Corporation, other than the participation of Michael O'Keeffe, the Corporation's Chairman and CEO, in the Offering, and as further described in this AIF, no director or executive officer of the Corporation, no shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the securities of the Corporation, and no associate or affiliate of any of them, has or had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Corporation.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The Corporation's registrar and transfer agents are:

Security Transfer Registrars Pty Ltd
Suite 1, Alexandria House, 770 Canning Highway
Applecross Western Australia 6153

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, Ontario Canada M5H 4H1

The Corporation's auditor is:

Ernst & Young
680 George Street
Sydney 2000 New South Wales, Australia

MATERIAL CONTRACTS

Other than as described elsewhere in this AIF, the Corporation has not entered into any material contracts, except as follows:

- Subscription agreements with WC Strategic Opportunity, LP;
- Quebec Iron Ore Shareholders' Agreement with Ressources Quebec Inc.;
- Credit agreement dated as of October 10, 2017 between Quebec Iron Ore Inc. and Champion Iron Limited and Sprott Private Resource Lending (Collector), LP;
- Loan agreement (*Convention de prêt*) dated October 10, 2017 among CDP Investments Inc., Quebec Iron Ore Inc., Champion Iron Limited and Lac Bloom Railcars Corporations Inc.; and
- Securities Subscription Agreement dated October 13, 2017 between Champion Iron Limited and Glencore International AG.

INTEREST OF EXPERTS

The following persons and companies have prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made by the Corporation under National Instrument 51-102 during, or relating to, the financial years of the Corporation ended March 31, 2019 or to date:

- Ernst & Young;
- Stéphane Rivard, Eng., Robing Jones, Eng., and Michel Bilodeau, Eng., of Ausenco Canada Inc.;
- Louis-Pierre Gignac Eng., Rejean Sirois, Eng., and Etienne Bernier, Eng. of G Mining Services Inc.;
- Edwart Hart, MAusIMM. of Mineral Technologies Pty Ltd.;
- Phillippe Rio Roberge, P. Eng. of WSP Canada Inc.; and
- Hugues Longuépée, P.Geo., Ph.D., Geology Manager of the Corporation.

Ernst & Young, the external auditors of the Corporation, reported on the financial statements for the year ended March 31, 2018. Ernst & Young advised the Corporation that it has no registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation. Ernst & Young has advised the Corporation that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Ausenco Canada Inc. co-authored the Bloom Lake Feasibility Study ((see "*Material Properties*").

G Mining Services Inc. co-authored the Bloom Lake Feasibility Study ((see "*Material Properties*").

Mineral Technologies Pty Ltd. co-authored the Bloom Lake Feasibility Study ((see "*Material Properties*").

WSP Canada Inc. co-authored the Bloom Lake Feasibility Study ((see "*Material Properties*").

To the knowledge of the Corporation, after reasonable enquiry, none of the foregoing, beneficially owns, directly or indirectly, or exercises control or direction over any securities of the Corporation representing more than 1% of the outstanding Ordinary Shares.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A" hereto.

Composition and Independence of Audit Committee

The Audit Committee is currently composed of three (3) members, Andrew J. Love, Gary Lawler and Michelle Cormier, none of whom is an executive officer or employee of the Corporation. All of the Audit Committee members are independent as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Financial Literacy

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

All of the members of the Audit Committee are financially literate.

Relevant Education and Experience

Each Audit Committee member possesses certain education and experience which is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one or more of the following: an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Andrew J. Love has obtained significant financial experience and exposure to accounting and financial issues in his capacity as a Chartered Accountant with more than 30 years experience in corporate recovery and reconstruction in Australia. He was a senior partner of Australian accounting firm Ferrier Hodgson from 1976 to 2013 and was a consultant until 2019. In that time he advised major local and overseas companies and financial institutions in a broad variety of restructuring and formal insolvency assignments. During this time Mr. Love specialized in the Resources Industry. Mr. Love has been an independent company director of a number of companies over a 25-year period in the Resources, Financial Services and Property Industries. This has involved corporate experience in Asia, Africa, Canada, United Kingdom and United States. Mr. Love's previous board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Limited, Director of Charter Hall Office Trust, Chairman of Museum of Contemporary Art, Chairman of Gateway Lifestyle Operations Ltd. and Director of Scottish Pacific Group Ltd.

Gary Lawler has obtained significant financial experience and exposure to accounting and financial issues in his capacity as a leading Australian corporate lawyer who has specialised as a mergers and acquisitions lawyer for over 35 years. Mr Lawler has been a partner of a number of leading Australian law firms and is currently a Senior Advisor at Ashurst Australia. Mr Lawler is also the Chairman of Mont Royal Resources Limited. Mr Lawler has previously held board positions with Dominion Mining Limited, Riversdale Mining Limited, Riversdale Resources Limited and Cartier Iron Corporation and brings a wealth of experience to the Board.

Michelle Cormier has obtained significant financial experience and exposure to accounting and financial issues in her role as a senior-level executive with experience in management including financial management, corporate finance, turnaround and strategic advisory situations and human resources. She has strong capital markets background with significant experience in public companies listed in the United States and Canada. Mrs. Cormier spent 13 years in senior management and as CFO of large North American forest products company and 8 years in various senior management positions at Alcan Aluminum Limited (RioTinto). Mrs. Cormier articled with Ernst & Young. She serves on the Board of Directors of Cascades Inc., Dorel Industries Inc. and Uni-Select Inc.

Mandate

The mandate of the Audit Committee is to oversee the Corporation's financial reporting processes and to liaise with the external auditors. In addition to reviewing the financial controls of the Corporation which are its ongoing responsibility, the Audit Committee reviews the annual financial statements, quarterly financial statements, and provides oversight of the accounting and financial reporting process and any other significant financial issues. The Audit Committee is scheduled to meet at least four (4) times a year and otherwise as frequently and at such intervals as it determines is necessary to carry out its duties and responsibilities, including meeting separately with the external auditors.

External Audit Fees

The following table sets forth the fees billed to the Corporation by Ernst & Young, the external auditors of the Corporation, for services rendered in the last two fiscal years.

Ernst & Young (Australian firm)	**2019**	**2018**
Audit fees [(1)]	171,000	149,000
Ernst & Young (Canadian firm)		
Audit fees [(1)]	275,000	246,000
Transaction advisory services [(2)]	42,000	63,000
Taxation services [(3)]	33,000	25,000
Total	521,000	483,000

Notes:

(1) Audit Fees related to the financial year-end audits which were higher for the financial year ended March 31, 2019 primarily do to the transition of the Corporation from a development company to an operating company. Additional activities related to commercial production were added during the recently completed fiscal year, resulting in increased auditing processes. Audit-related fees included complex accounting rules analysis performed by the auditors.

(2) Fees related to transactional advisory services rendered during the respective financial year.

(3) Tax fees related to tax provision calculations and tax return preparation for all of the Corporation's entities.

The Corporation appointed Ernst & Young as auditors on November 26, 2013.

ADDITIONAL INFORMATION

Additional information, which is not and shall not be deemed to be incorporated by reference in this AIF, relating to the Corporation may be found under the Corporation's profile on SEDAR at www.sedar.com. Further, information with respect to the Corporation, which is not and shall not be deemed to be incorporated by reference in this AIF, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the management information circular of the Corporation for its most recent annual meeting of shareholders (the "**Information Circular**") that involved the election of directors. Additional financial information is provided in the comparative consolidated financial statements and the management's discussion and analysis of the Corporation for its most recently completed financial year. A copy of this Annual Information Form, the annual report of the Corporation for the financial year ended March 31, 2019 and the Information Circular may be obtained from SEDAR or upon request from the Secretary of the Corporation.

SCHEDULE A

AUDIT COMMITTEE CHARTER – CHAMPION IRON LIMITED (the "Company")

The Audit Committee is a committee of the Board of Directors of the Company to which the Board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

Membership

Membership will be not less than three non-executive Directors as appointed by the Board.

Overall Purpose

The overall purpose of the Audit Committee is to protect the interests of Champion Iron shareholders and other stakeholders by overseeing:

- On behalf of the Board:
    - The integrity of financial reporting;
    - The adequacy of the control environment and the processes for identifying and managing risk;
    - The internal and external audit functions;
    - Treasury and taxation practises; and
- As requested by the Board:
    - Compliance with applicable legal and regulatory requirements and internal codes of conduct.

The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

Chairman

The Chairman of the Audit Committee will be appointed by the Board. The Chairman of the Committee shall be independent (ie have no material relationships with Champion other than Board and Committee roles) and shall not be the Chairman of the Board.

The Chairman of the Committee shall:

- Be knowledgeable of Champion's business and financial and auditing processes;
- Oversee planning and conduct of Committee meetings including approval of agendas and minutes;
- Oversee written and verbal reporting to the Board on key matters arising from the Committee, and
- Be involved in the selection of Committee members.

Member Requirements

All members of the Committee will be non-executive Directors and will be independent. Whilst the Chairman of the Board is precluded from chairing the Committee, the Chairman of the Board is not precluded from being a member of the Committee. All Committee members will be financially literate and at least one member will have accounting or related financial expertise.

Meeting Arrangements

The Committee shall meet at least four times a year. Additional meetings may be held if requested by the Committee Chairman. A quorum for Committee meetings will require at least two members.

The Chief Executive Officer and Chief Financial Officer will be present for the entirety of all meetings except when the Committee Chairman requests or consents otherwise. The Chairman may invite other senior management to attend meetings as appropriate.

The external and internal auditor will attend meetings at the invitation of the Chairman. The Committee will regularly meet with external and internal auditors, without management present.

All board members are to be issued an invitation to attend each meeting, including those where the focus of the discussion is period and financial reporting.

Secretarial

The Company Secretary or his designate shall be the secretary of the Committee and will be responsible for the minutes of meetings.

Responsibilities

The Committee shall oversee the external audit function. This oversight will include:

- Reviewing the performance of the external auditor;
- Making recommendations to the Board of Directors regarding the continuation or termination of the external auditor's engagement and/or any material revision to the terms of engagement;
- Evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- Reviewing the appropriateness of the audit approach, scope and methodology;
- Reviewing the results of the auditor's work with particular emphasis on unresolved or unadjusted issues between auditors and management;
- Providing a direct line of communication between the external auditor and the Board which is independent of management;
- Reviewing all reports to the Board and Committee by the external auditor; and
- Approving external auditor's fees.

The Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- Reviewing compliance with Accounting Standards, Financial Reporting Standards, Stock Exchange requirements and other legal requirements;

- Reviewing the position taken by management on significant transactions and accounting issues and any unusual or highly judgemental matters;

- Monitoring the effectiveness of the accounting and internal control systems;

- Reviewing quarterly, half year and full year Financial Statements and making the necessary recommendations to the Board;

- Considering capital management matters, including proposed dividends, prior to consideration by the Board;

- Ensuring that there are no material unresolved issues between management and the external auditor; and

- Reviewing other financial information distributed externally as required.

The Committee will review other key financial processes, in particular the tax and treasury operations, to ensure prudent management practices are in place.

The Committee shall assist the Board with regard to oversight of the Company's risk management processes by:

- Developing an understanding of key risk areas and the consequences of major risk events;

- Gaining assurance as to the adequacy of the Company's policies and processes for integrating risk management into its operations; and

- Reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the Company.

The Committee shall oversee the internal audit function. The oversight will include:

- Reviewing the performance of the internal auditor and the approval of the annual internal audit plan;

- Reviewing significant internal audit findings and action by management to address these;

- Facilitating a direct line of communication from the internal auditor which is independent of management; and

- Approving the appointment of the Manager Risk and Internal Auditor.

As requested by the Board, the Committee shall review the processes and internal controls that management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

Reporting Mechanism to the Board

The Committee Chairman will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.

Access to Information and Independent Advice

The Committee has the authority, subject to the law, to require access to any information, document, report or material in the possession of any employee of the Company or any related body corporate, and all employees must comply with such requests from the Committee.

The Committee may, with prior written approval of the Chairman of the Board, obtain such independent legal, financial, and other advice as it considers necessary, with the cost borne by the Company.

Reliance

Audit Committee members are entitled to rely on employees of the Company or professional advisers or consultants engaged by the Committee or the Company where:

- There are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and

- The reliance was made in good faith and after making an independent assessment of the information.

Review Processes

The Charter, composition and annual agenda for the Committee will be reviewed at least annually. Any changes to this Charter will require the approval of the Board. The Committee will undertake a formal process of self-assessment on an annual basis. The results of this assessment will be communicated to the Board in order to assist the Board in its periodic review of the Committee's effectiveness.