

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Champion Iron Limited ("Champion" or the "Company") have adhered to the principles of corporate governance. A description of the main corporate governance practices is set out below. Unless otherwise stated, the practices were in place for the entire year.

The Company's corporate governance policies are available in the corporate governance section of its website at <http://www.championiron.com/>. These policies and the Company's corporate governance practices meet the requirements of both the *Corporations Act 2001 (Cth)* and the 3rd edition of the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Recommendations").

The Corporate Governance Statement and Table (Appendix I) was approved by the Board of the Company and is current as at 20 June 2019 in accordance with ASX Listing Rule 4.10.3.

Board of Directors

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for setting the risk management framework, identifying areas of significant business risk and ensuring arrangements are in place to adequately manage and monitor those risks.

The primary responsibilities of the Board include:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risk and ensuring that such risks are adequately managed and monitored on an annual basis;
- the review of performance and remuneration of the Directors, the Company Secretary and Senior Executives; and
- the establishment and maintenance of appropriate ethical standards.

The Company's operational performance is assessed on an ongoing basis by the Board to ensure that the operation and administration of the Company are being performed in alignment with expectations and risks identified by the Board.

Independent Directors

The Board periodically assesses the independence of each director having regard to the definition of independence set out in the ASX Recommendations and the criteria set out in the Board Charter. It is considered that all of the non-executive Directors of the Company during the year ended 31 March 2019 meet the criteria of an Independent Director.

Communication to Market & Shareholders

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors and the Company. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to all shareholders;
- the periodic reports which are lodged with the ASX and SEDAR are available for shareholder scrutiny;
- other announcements made in accordance with ASX and TSX Listing Rules and continuous disclosure requirements;
- special purpose information memoranda issued to shareholders as appropriate; and
- the Annual General Meeting ("AGM") and other meetings called to obtain approval for Board action as appropriate.

Board Composition

When the need for a new Director is identified, selection is based on the skills and experience of prospective Directors, having regard to the present and future needs of the Company. Any Director so appointed must then stand for election at the next AGM of the Company.

Terms of Appointment as a Director

The Constitution of the Company provides that a Director must retire each year and is eligible for re-election. All the Directors retire at each AGM.

Workplace Diversity Policy

Workplace diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to workplace diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a Workplace Diversity Policy which is available on the Company's website.

The Board has a commitment to promoting a corporate culture that is supportive of workplace diversity and encourages the transparency of its Board processes, review and the appointment of Directors. The Board is responsible for developing policies in relation to the achievement of measurable workplace diversity objectives and the extent to which they are linked to the Key Performance Indicators for the Board and Senior Executives.

The Company's workplace diversity strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on workplace diversity;
- encouraging female participation across a range of roles across the Company;
- reviewing and reporting on the relative proportion of women and men in the workforce at all levels of the Company;
- articulating a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- developing programs to encourage a broader pool of skilled and experienced Senior Management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Remuneration and Nomination Committee develops from time to time.

Board Committee

The Company has formed an Audit Committee which comprises of Mr Andrew J. Love (Chairman), Mr Gary Lawler and Ms Michelle Cormier, all of whom are independent non-executive Directors. The Company has also formed a Remuneration and Nomination Committee which comprises of Mr Gary Lawler (Chairman), Ms Michelle Cormier and Mr Andrew Love, all of whom are independent non-executive Directors.

With the appointment of the Committees, all audit matters, the nomination of new Directors and the setting, or review of remuneration levels of Directors and Senior Executives are reviewed by the relevant Committee and approved by resolution of the Board (with abstentions for relevant Directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, which is not available from within the Board, appropriate external advice may be taken and received prior to a final decision being made by the Board. During the financial year ended 31 March 2019, Mercer was engaged as remuneration consultant to provide market remuneration information for Senior Executives and the Board.

Remuneration

The Constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time, as determined by the Company in a general meeting. The current aggregate maximum is \$750,000 per annum. A Director may be paid fees or other amounts as the Board may determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of the performance of their role as a Director or any special duties requested of them by the Board.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

Share Trading

The Board has adopted a Share Trading Policy, which complies with the requirements of ASX Listing Rule 12.12. This policy regulates dealings by Directors, officers and employees in securities issued by the Company.

The Share Trading Policy, which is available on the Company's website, includes the Company's closed periods, restrictions on trading that apply to the Company's key management personal, trading that is not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Board.

Code of Conduct

The Board has adopted a Code of Conduct policy to guide executives, management and employees in carrying out their duties and responsibilities. This policy is available on the Company's website.

APPENDIX I – CORPORATE GOVERNANCE STATEMENT TABLE

Principal Number	Recommendation	Compliance	Reason for Non-compliance
1. <u>Lay solid foundation for management and oversight</u>			
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Board has adopted a formal board charter setting out the responsibilities of the Board. This charter can be accessed at the Company's website.	Not applicable.
1.2	Undertake appropriate checks before appointing a person or putting forward a person for election as a director and provide all material information to security holders.	The Company has a Remuneration and Nomination Committee which assists the Board in identifying and selecting directors. The Committee undertakes appropriate checks before putting forward a person for election. All material information is provided to security holders when appointing Directors.	Not applicable.
1.3	Each director and senior executive should have a written agreement setting out the terms of their appointment.	All Directors and executives have a written agreement with the Company which sets out the terms of their appointment.	Not applicable.
1.4	The company secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	The Company has two company secretaries, one for each of Australia and Canada. The company secretaries are accountable to the Board and their roles and responsibilities are outlined in the Board Charter which can be accessed at the Company's website.	Not applicable
1.5	Establish a policy concerning diversity and disclose the policy or a summary of that policy. Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the Board.	The Company has adopted a Workplace Diversity Policy, which can be accessed at the Company's website.	Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows, the Board will set and aim to achieve gender diversity objectives as Director and Senior Management positions become vacant and appropriately qualified candidates become available. At the date of this report the Company, 25% of the Company's Senior Executive team and 14.3% of the Board are represented by women.

Principal Number	Recommendation	Compliance	Reason for Non-compliance
1.6	Disclose the process for evaluating the performance of the Board, its committees and individual directors and disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.	<p>The Board has adopted a Board Performance Evaluation Policy which can be accessed at the Company's website.</p> <p>A review of the Board's performance was undertaken in respect of the 31 March 2019 financial year by the Remuneration and Nomination Committee in accordance with the Company's Performance Evaluation Policy and approved by the Board.</p>	Not applicable.
1.7	Disclose the process for evaluating the performance of the senior executives and disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.	<p>The Board meets annually to review the performance of the Senior Executive team with the assistance of the Remuneration and Nomination Committee.</p> <p>Senior Executive's performance is assessed against the performance of the Company as a whole.</p> <p>Mercer was engaged as remuneration consultant to provide market remuneration information to assist this review process.</p>	Not applicable.
<u>2. Structure the Board to add value</u>			
2.1	The Board should establish a nomination committee and disclose the charter of the committee, members of the committee and as at the end of each reporting period, the number of times the committee met throughout the year and individual attendances of the members of the committee.	<p>The Company has a Remuneration and Nomination Committee. The Remuneration and Nomination Committee Charter can be accessed at the Company's website.</p> <p>Details of attendance at Committee meetings is disclosed in the annual report.</p>	Not applicable.
2.2	The Company should have and disclose a Board skills matrix and diversity that the Board currently has or is looking to achieve.	The Company does not have a skills matrix for the Board.	Due to the size and current level of activity, the Company has not developed a skills matrix for the Board. This will be prepared as the business develops.
2.3	The names of directors considered to be independent and the length of service of each director should be disclosed. If a director has an interest, position, association or relationship as described in Box 2.3 of guidance to Principle 2, an explanation of why the Board is of the opinion that it does not compromise the independence of the director.	The names of independent directors and their length of service is disclosed in the annual report. Mr Michael O'Keeffe is a substantial shareholder and may not be considered to be independent.	The Board is of the opinion that the interests of Mr Michael O'Keeffe and those of other security holders are aligned and his shareholding does not compromise those interests.

Principal Number	Recommendation	Compliance	Reason for Non-compliance
2.4	A majority of the Board should be independent Directors.	<p>The Board has considered the guidance to Principle 2: <i>Structure the Board to Add Value</i> within the ASX Recommendations and in particular, Box 2.3, which contains a list of “relationships affecting independent status”.</p> <p>The Board comprises of 7 Directors, 5 of whom are considered to be Independent in accordance to the relevant ASX Guidelines.</p>	Not applicable.
2.5	The chair should be an independent Director and should not be the same person as the CEO.	<p>Mr Michael O’Keeffe, who is not considered to be independent, fulfilled the dual role of Chairman for the full year and as CEO until 31 March 2019.</p> <p>On 1 April 2019, Mr David Cataford was appointed CEO. Mr Cataford joined the Company in 2014 as VP engineering and was appointed COO in 2017. Mr Cataford became a Director of the Board on 21 May 2019.</p>	Mr. O’Keeffe has significant experience and knowledge of the mining industry, corporate and operating matters of the Company. As per item 2.3, the Board is of the opinion that the interests of Mr Michael O’Keeffe and those of other security holders are aligned and his shareholding does not compromise those interests.
2.6	Have a program for inducting directors and provide appropriate professional development opportunities for directors to perform their role as directors effectively.	The Remuneration and Nomination Committee has oversight for the induction of directors. All directors are encouraged to undergo continual professional development.	Not applicable.
<u>3. Act ethically and responsibly</u>			
3.1	Establish a code of conduct for directors, senior executives and employees and disclose the code or a summary of the code.	The Company has adopted a Code of Conduct, which can be accessed at the Company’s website.	Not applicable.

Principal Number	Recommendation	Compliance	Reason for Non-compliance
4. <u>Safeguard integrity in corporate reporting</u>			
4.1	<p>The Board should establish an audit committee. The audit committee should be structured so that it has at least 3 members</p> <ul style="list-style-type: none"> • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board; <p>The charter of the committee, the qualifications and experience of the members and in relation to the reporting period, the number of times the committee met throughout the period and the individual attendances of members during the period should be disclosed.</p>	<p>The Board has established an Audit Committee consisting of 3 non-executive directors, a majority of whom are independent. The Chair of the Audit Committee is Mr Andrew Love who is independent and not the Chairman of the Board.</p> <p>The formal charter of the Audit Committee can be accessed at the Company's website. The qualifications and experience of each Audit Committee member is on the Company's website and in the annual review.</p> <p>The number of meetings during the year and attendances by members is disclosed in the management information circular of the Company.</p>	Not applicable.
4.2	<p>Before approving the financial statements for a financial period, the Board should receive from the Chief Executive Officer and the Chief Financial Officer a declaration that, in their opinion, the financial records have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis a sound system of risk management and internal control which is operating effectively.</p>	<p>The Board has received appropriate declarations from the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act.</p>	Not applicable.
4.3	<p>The Company should ensure that the external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company auditor attends the Annual General Meeting ("AGM") and is available to answer questions from security holders.</p>	Not applicable.
5. <u>Make timely and balanced disclosure</u>			
5.1	<p>Establish written policy to comply with continuous disclosure obligations under the ASX Listing Rules and disclose those policies or a summary of those policies.</p>	<p>The Company has adopted a Continuous Disclosure Policy which can be accessed at the Company's website.</p>	Not applicable.

Principal Number	Recommendation	Compliance	Reason for Non-compliance
6. <u>Respect the rights of security holders</u>			
6.1	Provide information about itself and its governance to investors via its website.	This information can be accessed at the Company's website.	Not applicable.
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	The company has adopted a Shareholder Communications Policy which can be accessed at the Company's website.	Not applicable.
6.3	Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The company has adopted a Shareholder Communications Policy which can be accessed at the Company's website.	Not applicable.
6.4	Security holders should have the option to receive communications from, and send communications to, the company and its security registry electronically.	Security holders have the option to receive and send communications electronically.	Not applicable.
7. <u>Recognize and manage risk</u>			
7.1	The Board should have a committee (s) to oversee risk and each committee should have at least three members, a majority of whom are independent directors and is chaired by an independent director.	Due to the size and level of operations, the Company does not have a separate risk committee to oversee risk. The Audit Committee responsibilities, as set out in the Audit Committee charter, include overseeing and monitoring risk.	The Board is responsible for the setting of the Company's risk management and controlling framework. The Audit Committee is responsible for overseeing the establishment and implementation by Senior Management of a system for identifying, assessing, monitoring and managing material risk throughout the Company, including the internal compliance and control systems of the Company. Responsibility for control and risk management is delegated to the appropriate members of the senior leadership team within the Company.
7.2	The Board or a committee should review the risk management framework at least annually to satisfy itself that it continues to be sound and disclose in each reporting period whether such a review has taken place.	The Company's risk management policies set the guidelines for Senior Management who have responsibility for implementation and monitoring compliance with risk management policies. The Board undertakes continuous review of risk management.	Not applicable.

Principal Number	Recommendation	Compliance	Reason for Non-compliance
7.3	Disclose whether or not the Company has an internal audit function and if not, the processes employed for evaluating and continually improving effectiveness of its risk management and internal control.	Due to the size of the operations, the Company does not have an internal audit function.	The Board, the Audit Committee and Senior Management have responsibility for continuous evaluation of risk management and internal control within the framework of the Company's Risk Management Policy. Responsibility for control and risk management is delegated to the appropriate members of the senior leadership team within the Company
7.4	The company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	Disclosure is made in the annual report of any material exposure to risk.	Not applicable.
8. Remunerate fairly and responsibly			
8.1	<p>The Board should establish a remuneration committee which should be structured so that it has at least three members,</p> <ul style="list-style-type: none"> • consists of a majority of independent directors; and • is chaired by an independent director; <p>and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee and at the end of the reporting period, the number of times the committee met throughout the period and individual attendance by members at those meetings. 	<p>The Company has established a Remuneration and Nomination Committee which meets these criteria. The Remuneration and Nomination Committee is comprised of 3 non-executive directors, a majority of whom are independent. The Chair of the Remuneration and Nomination Committee is Mr Gary Lawler who is independent and not the Chairman of the Board</p> <p>The Charter for the committee can be accessed via the Company's website and attendances at meeting of the committee is disclosed in the annual report in accordance with the disclosure requirements set out in the Charter.</p>	Not applicable.
8.2	Companies should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors' and that of Executive Directors and senior executives.	The structure of non-executive Directors' remuneration is clearly distinguished from that of Executive Directors and Senior Executives, as described in the Directors' Report which forms part of the Company's annual report.	Not applicable.
8.3	A company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of the policy.	The Company has a Share Trading Policy which includes a prohibition on entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company. The Share Trading Policy can be accessed on the Company's website.	Not applicable.