

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

**MANAGEMENT INFORMATION CIRCULAR**  
**FOR THE**  
**ANNUAL AND SPECIAL MEETING**  
**OF THE**  
**SHAREHOLDERS**  
**OF**  
**CHAMPION IRON LIMITED**

**To be held at 10:00 a.m. (Montreal time)**  
**on Thursday, August 18, 2017**  
**at**  
**the offices of McCarthy Tétrault**  
**1000 De La Gauchetière Street West, Suite 2500, Montréal, Québec H3B 0A2**

**Dated as of July 17, 2017**

**YOUR VOTE AS A SHAREHOLDER IS IMPORTANT**

## PROXY SOLICITATION

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of CHAMPION IRON LIMITED (“Champion” or the “Company”) of proxies to be used at the Annual and Special Meeting (the “Meeting”) of the shareholders of the Company, to be held at the offices of McCarthy Tétrault, 1000 De La Gauchetière Street West, Suite 2500, Montréal, Québec H3B 0A2 on Friday, August 18, 2017, at 10:00 a.m. (Montreal time) and at any adjournments thereof, for the purposes set forth in the notice of the Meeting (the “Notice”) and explanatory statement (“Explanatory Statement”) accompanying this Circular.

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

The information contained herein is given as of July 17, 2017, unless otherwise noted.

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

### PART ONE

#### VOTING INFORMATION

##### MEETING MATERIALS

The Company has distributed printed copies of this Circular, and the accompanying form of proxy and the Notice, (collectively, the “Meeting Materials”), directly to registered shareholders and to intermediaries for forward distribution to all NOBOs and to all OBOs (as such terms are defined herein). Meeting Materials forwarded to beneficial shareholders (as defined below) will likely not include the Corporation’s form of proxy but instead an intermediary’s Voting Instruction Form (“VIF”) (see below). Intermediaries are required to deliver these Meeting Materials to beneficial shareholders of the Company and to seek instructions as to how to vote their ordinary shares of the Company (“Ordinary Shares”). Brokers or agents can only vote the Ordinary Shares of the Company if instructed to do so by the beneficial shareholder.

The Company will assume the costs of mailing the Meeting Materials to the NOBOs and to the OBOs.

##### Notice-and-Access

Applicable securities legislation in Canada allows electronic delivery of meeting materials and/or delivery of meeting materials only to those who request them (“Notice-and-Access”). The Company is utilizing the Notice-and-Access mechanism that came into effect on February 11, 2013 under National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”). Notice-and-Access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) online, via SEDAR at [www.sedar.com](http://www.sedar.com) and one other website, rather than mailing paper copies of such materials to shareholders. The Notice-and-Access provisions can be used to deliver materials for both special and general meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the information circular at the reporting issuer's expense. The Company will not rely upon the use of 'stratification'.

The Company anticipates that Notice-and-Access will directly benefit the Company through a reduction in both postage and material costs and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

The Company will deliver the Meeting Materials to Beneficial Shareholders on the Canadian Register by posting the Meeting Materials at <http://noticeinsite.tsxtrust.com/ChampionIronASM2017>. The Meeting Materials will be available as of July 18, 2017 (Montreal time), and will remain on the website for one full year. The Meeting Materials will also be available on the SEDAR website at [www.sedar.com](http://www.sedar.com) as of July 18, 2017. The Company intends to pay for the Intermediary to deliver to objecting Non-Registered Shareholders the proxy-related materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* of NI 54-101.

Shareholders on the Canadian Register will receive paper copies of a notice package (the “**Notice Package**”) via prepaid mail containing a notice with information prescribed by NI 54-101, a letter to Shareholders and a form of proxy (if you are a **Registered Shareholder**) or a voting instruction form (if you are a **Non-Registered Shareholder**), in each case with a supplemental mail list return box for Shareholders to request that they be included in the Corporation’s supplementary mailing list for receipt of the Corporation’s annual and interim financial statements.

Shareholders on the Canadian Register may obtain paper copies of the Notice, this Circular and the Corporation’s Annual Report to Shareholders free of charge, or more information about the Notice-and-Access mechanism, by contacting the Corporation’s transfer agent, TSX Trust Company (“**TSX Trust**”), by email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com), by telephone at 1-866-600-5869 up to and including the date of the Meeting, including any adjournment of the Meeting. In order to receive paper copies of these materials in time to vote before the Meeting, your request should be received by August 9, 2017.

## **APPOINTMENT AND REVOCABILITY OF PROXIES**

### **CANADIAN REGISTERED SHAREHOLDERS**

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

#### **Appointment of Proxy**

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

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

#### **Depositing, Mailing or Faxing Proxy**

Form of proxies to be exercised at the Meeting must be mailed to or deposited with the Corporation’s registrar and transfer agent, TSX Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, Attention: Proxy Department, or sent by facsimile to (416) 595-9593, such that they are received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof, in default of which they may be treated as invalid. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

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

#### **Voting by Internet**

If you are a Canadian registered shareholder, go to [www.voteproxyonline.com](http://www.voteproxyonline.com) and follow the instructions. You will need your control number (located on the form of proxy) to identify yourself to the system. You must submit your

vote by no later than 10:00 a.m. (Montreal time) on Wednesday, August 16, 2017 or 48 hours (excluding Saturdays, Sundays and holidays) before the time and day of any adjourned meeting. If you vote by Internet, DO NOT mail back the proxy. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

### **Voting by Telephone**

TSX Trust currently does not offer telephone voting.

### **CANADIAN NON-REGISTERED OR BENEFICIAL SHAREHOLDERS**

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

If your Ordinary Shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a "**beneficial shareholder**"). Beneficial shareholders should be aware that only shareholders whose names appear on the share register of the Company are entitled to vote in person or by proxy at the Meeting. The purpose of the procedures described below is to permit beneficial shareholders to direct the voting of the Ordinary Shares they beneficially own. There are two categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners ("**NOBOs**"). Beneficial shareholders who have objected to an intermediary providing ownership information are Objecting Beneficial Owners ("**OBOs**").

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

If you have received the Issuers' Voting Instruction Form, you may return it to TSX Trust Company:

1. By regular mail in the return envelope provided,
2. By fax at 416.595.9593
3. By voting online at [www.voteproxyonline.com](http://www.voteproxyonline.com) and entering your control number as instructed on the log on page.

OBOs and other beneficial holders receive a VIF from an Intermediary by way of instruction of their Financial Institution. Detailed instructions of how to submit your vote will be on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Ordinary Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder's name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

## VOTING PROCEDURE FOR CANADIAN BENEFICIAL SHAREHOLDERS

Brokers or agents can only vote the Ordinary Shares of the Company if instructed to do so by the beneficial shareholders. Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a VIF which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this VIF is to seek permission from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this VIF to vote or otherwise represent Ordinary Shares in person at the Meeting (but see below for a description of a new simplified procedure for a beneficial shareholder to attend the Meeting). If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your Ordinary Shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions (“**Broadridge**”). Broadridge mails the VIF to the beneficial shareholders and asks beneficial shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all VIFs respecting the Ordinary Shares to be represented at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Ordinary Shares voted or otherwise represented at the Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

As a result of recent amendments to applicable securities legislation, the process for beneficial shareholders to attend and vote their own securities at the Meeting in person has been simplified. The requirement for beneficial shareholders to be sent a legal proxy upon request has been removed and instead, the Company or the intermediary (as applicable) is required to arrange, without expense to the beneficial shareholder, to appoint the beneficial shareholder or a nominee of the beneficial shareholder as a proxyholder if the beneficial shareholder has instructed the Company or intermediary to do so either by having filled in and submitted a request for voting instructions sent to the beneficial shareholder or by having submitted any other document in writing that requests that the beneficial shareholder or a nominee of the beneficial shareholder be appointed as proxyholder. The Company or intermediary who so appoints a beneficial shareholder as a proxyholder must deposit the proxy not less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof so long as the Company or intermediary obtains the instructions from the beneficial shareholder at least one business day before the termination of that time. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

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

### **Voting by Internet, Telephone or Facsimile**

If you are a beneficial shareholder and have been provided with a VIF from your broker or agent, you may be given the option of voting by telephone or facsimile – follow the instructions on the VIF. You will likely be able to vote by internet by accessing [www.proxyvote.com](http://www.proxyvote.com), the URL or web address as provided in the VIF, entering the control number that appears on the VIF, indicating your vote on each proposal and selecting “final submission”.

Your vote **must be received by** 10:00 a.m. (Montreal time) on Wednesday, August 16, 2017 or 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time and day of any adjourned meeting. If you vote by Internet, DO NOT mail back the proxy. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

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

## REVOCATION OF PROXIES AND VOTING INSTRUCTION FORMS FOR CANADIANS

Any shareholder who executes and returns a proxy may revoke it to the extent it has not been exercised by depositing a written instrument executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting by telephonic or electronic means, a revocation that is signed by electronic

signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (a) with the Corporation's registrar and transfer agent, TSX Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, facsimile (416) 595-9593, Attention: Proxy Department, at any time up to the close of business on the last business day prior to the Meeting, or any adjournment thereof;
- (b) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, at any time prior to a vote being taken in reliance on such proxy; or
- (c) in any other manner permitted by law.

A beneficial shareholder may revoke a voting instruction or may revoke a waiver of the right to receive meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

### **VOTING AND DISCRETIONARY AUTHORITY**

The proxyholders named in the accompanying form of proxy shall and will vote the Ordinary Shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the proxy. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED THEREBY WILL BE VOTED IN FAVOUR OF EACH OF THE RESOLUTIONS FURTHER DESCRIBED IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters as may properly come before the Meeting or any adjournments thereof.** At the date of this Circular, management of the Company knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. If amendments, variations to matters identified in the Notice or if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.

### **TRANSFER AGENTS CONTACT INFORMATION**

#### **Investor Inquiries (Canada)**

TSX Trust Company  
200 University Avenue, Suite 300  
Toronto ON M5H 4H1  
By telephone: 1.866.600.5869  
By email to: [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com)  
By facsimile to: 416.595.9593

#### **Security Transfer Registrars (Australia)**

PO Box 535  
Applecross WA 6953  
Australia  
By telephone: (+618) 9315 2333  
By email to: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)  
By facsimile to: (+618) 9315 2233

## AUDITORS OF THE CORPORATION

Ernst & Young, auditors to the Corporation, were first appointed as auditors of the Company on November 26, 2013.

### RECORD DATE

The board of directors of the Company (the “**Board**” or “**Board of Directors**”) has determined that the holders of Ordinary Shares at 7:00 p.m. (Sydney time) on August 16, 2017 shall be entitled to receive notice of the Meeting and to vote at the Meeting, and any adjournment thereof. Accordingly, only shareholders of record on such record date are entitled to vote at the Meeting.

A simple majority of votes cast are required to approve all ordinary resolutions to be submitted to a vote of shareholders at the Meeting.

If you cannot attend the Meeting in person, you are encouraged to date, sign and deliver the accompanying proxy and return it in accordance with the instructions set out above under the heading ‘Part One’. Information in relation to proxy voting is set out in the following documentation.

### OUTSTANDING VOTING SHARES, VOTING AT MEETINGS AND QUORUM

The capital of the Company consists of an unlimited number of Ordinary Shares. At the date hereof, the Company has 387,084,339 Ordinary Shares outstanding, each of which carries one vote per Ordinary Share. Holders of Ordinary Shares and exchangeable shares of the Company as of the Record Date shall be entitled to vote their Ordinary Shares personally or by proxy at the Meeting. Unless otherwise required by law, every question coming before the Meeting shall be determined by a majority of votes duly cast on the matter.

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

Pursuant to the constitution of the Company (the “**Constitution**”), a quorum for the Meeting is two voting members. Each individual present may only be counted once toward the quorum. If a member has appointed more than one proxy or representative, only one of them may be counted toward a quorum.

### PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owns, directly or indirectly, controls or directs Ordinary Shares carrying 10% or more of the voting rights attached to the outstanding Ordinary Shares of the Corporation, except for the following:

| Name of Shareholder         | Number of Ordinary Shares | % of Issued Capital |
|-----------------------------|---------------------------|---------------------|
| WC Strategic Opportunity LP | 62,500,000                | 16.15               |
| Resource Capital Fund VI LP | 40,331,250                | 10.42               |

As at the date hereof, the directors and officers of the Company as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 41,416,459 Ordinary Shares representing approximately 10.70% of the issued and outstanding Ordinary Shares.

## PART TWO

### STATEMENT OF EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the section below sets out the “Summary Compensation Table” and related tables and narrative disclosures to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and to help investors understand how decisions about executive compensation are made. All references in this Circular are in Canadian dollars, unless otherwise specified. References to “A” or “A\$” are to Australian dollar.

#### SUMMARY COMPENSATION TABLE

This section and the “Summary Compensation Table” below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly for the financial year ended March 31, 2017, to the Named Executive Officers (“NEOs” or “NEO”) as required by Form 51-102F6 under National Instrument 51-102 *Continuous Disclosure Obligations*. In this section, the NEOs means the Chief Executive Officer who is also the Executive Chairman of the Company, the Chief Financial Officer and each of the three most highly compensated executive officers at the end of most recently completed financial year whose total compensation was more than \$150,000 per annum.

The following table sets forth particulars concerning the compensation paid for services rendered to the Company by its NEOs in all capacities during the most recently completed financial year ended March 31, 2017.

| Name and principal position                 | Year | Salary <sup>(2)</sup><br>(\$) | Share-based awards<br>(\$) | Option-based awards <sup>(1)</sup><br>(\$) | Non-equity incentive plan compensation<br>(\$) |                           | Pension value<br>(\$) | All other Compensation<br>(\$) | Total Compensation<br>(\$) |
|---|------|-------------------------------|----------------------------|--|--|---------------------------|-----------------------|--------------------------------|----------------------------|
|   |      |                               |                            |  | Annual incentive plans<br>(\$)                 | Long-term incentive plans |                       |                                |                            |
| Michael O’Keefe, CEO and Executive Chairman | 2017 | 252,804                       | Nil                        | 514,584                                    | Nil  | Nil                       | Nil                   | 69,661 <sup>(3)(i)(8)</sup>    | 837,049                    |
|   | 2016 | 156,876                       | Nil                        | 106,316                                    | Nil  | Nil                       | Nil                   | 112,524 <sup>(3)(ii)</sup>     | 375,716                    |
|   | 2015 | 142,657                       | Nil                        | 96,250                                     | Nil  | Nil                       | Nil                   | 14,293 <sup>(3)(iii)</sup>     | 253,200                    |
| Miles Nagamatsu CFO                         | 2017 | 124,500                       | Nil                        | Nil  | Nil  | Nil                       | Nil                   | 97,410 <sup>(4)(i)</sup>       | 221,910                    |
|   | 2016 | 90,000                        | Nil                        | Nil  | Nil  | Nil                       | Nil                   | 6,972 <sup>(4)(ii)</sup>       | 96,972                     |
|   | 2015 | 157,500                       | Nil                        | Nil  | Nil  | Nil                       | Nil                   | 90,000 <sup>(4)(iii)</sup>     | 247,500                    |
| David Cataford, COO <sup>(5)</sup>          | 2017 | 253,333                       | Nil                        | 280,000                                    | Nil  | Nil                       | Nil                   | 88,033 <sup>(5)(i)</sup>       | 622,458                    |
|   | 2016 | 240,000                       | Nil                        | Nil  | Nil  | Nil                       | Nil                   | 12,987 <sup>(5)(ii)</sup>      | 252,987                    |
|   | 2015 | 110,000                       | Nil                        | Nil  | Nil  | Nil                       | Nil                   | Nil                            | 110,000                    |
| Beat Frei, Head of Finance <sup>(6)</sup>   | 2017 | 240,000                       | Nil                        | 366,668                                    | Nil  | Nil                       | Nil                   | 165,856 <sup>(6)(i)</sup>      | 772,524                    |
|   | 2016 | 240,000                       | Nil                        | 16,668                                     | Nil  | Nil                       | Nil                   | 65,856 <sup>(6)(ii)</sup>      | 322,524                    |
|   | 2015 | 240,000                       | Nil                        | 5,972                                      | Nil  | Nil                       | Nil                   | Nil                            | 245,972                    |
| Alexander Horvath, COO <sup>(7)</sup>       | 2017 | 180,000                       | Nil                        | 16,668                                     | Nil  | Nil                       | Nil                   | Nil                            | 196,668                    |
|   | 2016 | 240,000                       | Nil                        | 16,668                                     | Nil  | Nil                       | Nil                   | Nil                            | 256,668                    |
|   | 2015 | 240,000                       | Nil                        | 5,972                                      | Nil  | Nil                       | Nil                   | Nil                            | 245,972                    |

Notes:

- (1) The amount shown in the column represents the grant date fair value of options and may not represent the amount the NEO will actually receive from the awards. The grant date fair value of these options has been calculated using the Black-Scholes option pricing model.
- (2) Amounts in the Salary column were paid either as salary or as consulting fees (to a company controlled by the respective NEO).
- (3) (i) Includes non-monetary compensation in the amount of \$52,020 and \$17,641 paid to a superannuation on behalf of the NEO. (ii) Includes non-monetary compensation in the amount of \$97,620 and \$14,904 paid to a superannuation on behalf of the NEO. (iii) Paid to a superannuation on behalf of the NEO.
- (4) (i) Includes \$90,000 in termination payments to a company controlled by the NEO, and \$7,410 in non-monetary compensation. (ii) Non-monetary compensation. (iii) A one-time payment to a company controlled by the NEO to reduce the annual consulting fees payable to the NEO to \$90,000 per year, effective January 1, 2015.
- (5) Promoted from Vice President, Engineering to Chief Operating Officer on March 20, 2017. (i) Includes the payment of a \$75,000 bonus, \$10,296 in non-monetary compensation and \$2,737 in employer portion of contributions to the Canada Pension Plan paid on

- behalf of the NEO. (ii) Includes \$10,296 in non-monetary compensation and \$2,691 in employer portion of contributions to the Canada Pension Plan paid on behalf of the NEO.
- (6) All amounts paid to a company controlled by the respective NEO. (i) Includes the payment of a \$100,000 bonus and \$65,856 in non-monetary compensation. (ii) Non-monetary compensation.
  - (7) Retired on December 31, 2016. All amounts paid to a company controlled by the NEO.
  - (8) 7,500,000 options were granted to Prospect AG Trading Pty. Ltd., a company controlled by Michael O’Keeffe, as compensation for providing a backstop of \$7,500,000 for a \$30,000,000 private placement completed by the Company on April 11, 2016. These options were fully vested on the date of grant, are exercisable at a price of \$0.25 and have an expiry date of April 11, 2020.

## **COMPENSATION DISCUSSION AND ANALYSIS**

All matters relating specifically to senior executive compensation are reviewed and approved by the full Board. The Board appointed a Remuneration and Nomination Committee effective June 18, 2014. The Remuneration and Nomination Committee makes recommendations to the Board with respect to compensation of the Company’s executive officers, including base salaries or consulting fees, annual bonuses and long-term equity participation levels. The Remuneration and Nomination Committee assists the Board in setting performance objectives. The Executive Chairman plays a major role in setting performance objectives and outlining progress in meeting corporate objectives and he will continue to make recommendations in the future. The Board gives final approval on compensation matters.

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

Each year the Board reviews and approves the Company’s compensation policies and practices, taking into consideration the risks associated therewith. In addition, the Company reviews significant risks associated with its operations, the most significant of which are disclosed in the Company’s annual Management’s Discussion and Analysis for each fiscal year. The Company has not identified any risks associated with the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has adopted a Share Trading Policy, approved by the Board on June 18, 2014, forbidding NEOs and directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Ordinary Shares of the Company granted as compensation or held, directly or indirectly, by the NEO or director, without prior approval from the Executive Chairman.

### **Compensation Policy and Key Compensation Components**

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

The Company relies upon the knowledge and experience of its Remuneration and Nomination Committee and its Board to set appropriate levels of consulting fees and other compensation. These levels are based on the Corporation’s performance and development and each NEO’s performance. As the Company’s operations have grown in size and complexity, the NEOs have been rewarded with increases in their compensation packages to reflect additional responsibilities and contributions. As well, from time to time during the year, the Remuneration and Nomination Committee may recommend grants of stock options. Previous grants are taken into account when making new grants.

#### ***Base Salary/Fees***

The objectives of providing NEOs with a base salary or consulting fee are to recognize market rates of pay for comparable positions in the industry and to acknowledge the competencies and skills of individuals. The base salary or consulting fee paid to each NEO is reviewed annually by the Board as part of the annual review of executive

officers. The final decision on whether to grant an increase to the NEO's base salary or consulting fee and the amount of any such increase is in the sole discretion of the Board, taking into consideration the recommendations of the Remuneration and Nomination Committee. In making such decisions, the Board refers to the contributions of the NEO as well as to compensation rates for comparable positions in the industry. Stock options provide long-term compensation as well as aligning the interests of the NEOs with the Company and its shareholders.

### ***Incentive Bonuses***

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

In considering the recommendations of the Remuneration and Nomination Committee in respect of annual bonuses, the Board considers the implications of the risks associated with the Company's compensation policies and practices. After receiving the recommendation of the Remuneration and Nomination Committee to award no bonuses for the fiscal year 2016, the Board considered the risks associated with the state of the financial markets, the ability of the Company to raise money in such markets, and the need for the Company to preserve its capital from time to time in such markets, compared to the needs of the Company to retain and reward experienced qualified individuals to advance the Company's projects. The Board concluded it was advisable to award bonuses to two of its NEOs during fiscal 2017 as detailed in the Compensation Table above.

### ***Replacement Plan***

On March 31, 2014, a business combination was completed pursuant to which the Company and a wholly-owned subsidiary, Champion Exchange Limited, acquired all 137,895,609 outstanding common shares of Champion Iron Mines Limited under a court-approved plan of arrangement (the "**Arrangement**"). The Arrangement also provided for the issuance of replacement stock options (the "**Replacement Options**") under the replacement stock option plan (the "**Replacement Plan**") to holders of approximately 9.47 million outstanding Champion Iron Mines Limited options ("**Champion Options**"), pursuant to the exchange ratio utilized in the Arrangement. No further options under this plan were, or will be, granted after March 31, 2014. On March 31, 2014, 6,944,667 Replacement Options were issued. Since then all of the Replacement Options expired unexercised with none remaining.

### **Outstanding share-based awards and option-based awards for certain NEOs**

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Company which were outstanding on March 31, 2017:

| Name  | Option-based Awards  |   |   |  | Share-based Awards   |  |   |
|---|--|---|---|--|--|--|---|
|   | Number of securities underlying unexercised options (#)                          | Option Exercise price <sup>(2)</sup> (\$) | Option expiration date                          | Value of unexercised in-the-money options <sup>(1)(2)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed |
| Michael O'Keeffe, CEO and Executive Chairman <sup>(8)</sup> | 1,000,000 <sup>(3)</sup><br>1,000,000 <sup>(4)</sup><br>3,000,000 <sup>(5)</sup> | 0.30<br>0.50<br>0.20                      | Aug. 20, 2018<br>Nov. 29, 2018<br>Apr. 11, 2020 | 730,000<br>530,000<br>2,490,000                                  | Nil<br>Nil<br>Nil  | Nil<br>Nil<br>Nil  | Nil<br>Nil<br>Nil   |
| Miles Nagamatsu CFO   | Nil  | Nil                                       | Nil   | Nil  | Nil  | Nil  | Nil   |
| Beat Frei, Head of Finance                                  | 500,000 <sup>(6)</sup><br>2,500,000 <sup>(7)</sup>                               | 0.30<br>0.20                              | Oct. 30, 2017<br>Apr. 11, 2020                  | 365,000<br>2,075,000   | Nil<br>Nil   | Nil<br>Nil   | Nil<br>Nil  |

| Name                   | Option-based Awards                                     |   |                        |  | Share-based Awards   |  |   |
|------------------------|---|---|------------------------|--|--|--|---|
|                        | Number of securities underlying unexercised options (#) | Option Exercise price <sup>(2)</sup> (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)(2)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed |
| David Cataford, COO    | 2,000,000 <sup>(7)</sup>                                | 0.20                                      | Apr. 11, 2020          | 1,660,000  | Nil  | Nil  | Nil   |
| Alexander Horvath, COO | 500,000 <sup>(6)</sup>                                  | 0.30                                      | Oct. 30, 2017          | 365,000  | Nil  | Nil  | Nil   |

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's Ordinary Shares on the TSX of C\$1.03 on March 31, 2017, and the exercise price of the option.
- (2) The Company used the exchange rate of CDN\$1 = A\$1.00 for March 31, 2017.
- (3) 330,000 options have vested as of March 31, 2017.
- (4) 500,000 options have vested as of March 31, 2017.
- (5) 3,000,000 options have vested as of March 31, 2017.
- (6) 330,000 options have vested as of March 31, 2017.
- (7) All of the options have vested as of March 31, 2017.
- (8) 7,500,000 options were granted to Prospect AG Trading Pty. Ltd., a company controlled by Michael O'Keeffe, as compensation for providing a backstop of \$7,500,000 for a \$30,000,000 private placement completed by the Company on April 11, 2016. These options were fully vested on the date of grant, are exercisable at a price of \$0.25 and have an expiry date of April 11, 2020.

***Incentive Plan Awards for Certain NEOs - Value Vested or Earned During the Year***

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended March 31, 2017.

| Name   | Option-based awards - Value vested during the year <sup>(1)</sup> (\$) | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation - Value earned during the year (\$) |
|--|--|--|--|
| Michael O'Keeffe, CEO and Executive Chairman | Nil  | Nil  | Nil  |
| Miles Nagamatsu CFO                          | Nil  | Nil  | Nil  |
| Alexander Horvath, COO                       | Nil  | Nil  | Nil  |
| Beat Frei, Head of Finance                   | Nil  | Nil  | Nil  |
| David Cataford, COO                          | Nil  | Nil  | Nil  |

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's shares on the TSX on the applicable option vesting date and the exercise price of the options.

**Pension Plan Benefits**

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

## NEO Employment Contracts, Termination and Change of Control Benefits

The Company has written consulting services contracts with its NEOs. Some of the contracts provide for the payment and provision of other benefits triggered by a termination without cause or as a result of a change of control as described below:

During the fiscal year ended March 31, 2017, the Company had an employment contract with its Executive Chairman and Chief Executive Officer, Michael O’Keeffe. Mr. O’Keeffe’s contract includes the following terms:

- Annual salary and superannuation was A\$171,780 and the Company made condominium rental payments of \$6,600 per month and car lease payments of \$2,135 per month on his behalf. Effective May 1, 2016, annual salary increased to \$200,000 and the Company made condominium rental payments of \$6,600 per month and car lease payments of \$2,135 per month on his behalf. Effective August 1, 2016, in lieu of making condominium rental payments of \$6,600 per month, annual salary increased to \$279,200 and the Company continued to make car lease payments of \$2,135 per month on his behalf.
- To be reviewed annually, with a 2-year term of agreement.
- Payment of termination benefit equal to salary for 3 months annual package or salary for 1 year on a change of control event.

During the fiscal year ended March 31, 2017, the Company had a professional services agreement, with a personal services corporation for the services of its Chief Financial Officer, Miles Nagamatsu. Effective February 17, 2017, retroactive to April 14, 2016, annual consulting fees increased from \$90,000 to \$126,000 payable to Marlborough Management Limited, pursuant to an amended professional services agreement, which unless terminated, renews automatically on November 30.

During the fiscal year ended March 31, 2017, the Company had a professional services agreement, with a personal services corporation for the services of its former Chief Operating Officer, Alexander Horvath who retired December 31, 2016. The professional services agreement provided for annual consulting fees of \$240,000 per year, payable to A.S. Horvath Engineering, a corporation controlled by Mr. Horvath.

During the fiscal year ended March 31, 2017, the Company had a professional services agreement, with a personal services corporation for the services of its Head of Finance, Beat Frei which unless terminated, renews automatically on September 30. The professional services agreement provides for annual consulting fees of \$240,000 per year, payable to Comfortra GmbH, a corporation controlled by Mr. Frei. Pursuant to the professional services agreement the contract may be terminated by the Company with a termination benefit equivalent of one year’s fees. The Company makes condominium rental payments of \$4,175 per month and car lease payments of \$1,313 per month on his behalf.

During the fiscal year ended March 31, 2017, the Company had an employment agreement with David Cataford, the Corporation’s Chief Operating Officer. The agreement provides a salary of \$240,000 per year and continues for an indefinite period subject to termination for cause or without cause. The agreement may be terminated with a termination benefit equal to six month’s salary or salary for one year in the event of a change of control event.

The following table sets forth the estimated incremental payments that would have been required to have been made to each NEO, assuming a triggering event (change of control or termination without cause) took place on March 31, 2017.

| Name and principal position                  | Estimated Cash Payout on Termination |  | Estimated Value Vested Option Awards on Termination without Cause <sup>(1)(2)</sup> |
|--|--------------------------------------|--|---|
|  | Without Cause (\$)                   | Change of Control and Termination (\$) |   |
| Michael O’Keeffe, CEO and Executive Chairman | 69,800 <sup>(2)</sup>                | 279,200 <sup>(2)</sup>                 | 3,750,000   |
| Miles Nagamatsu, CFO                         | Nil                                  | Nil                                    | Nil   |
| Alexander Horvath, COO <sup>(3)</sup>        | N/A                                  | N/A                                    | Nil   |

| Name and principal position | Estimated Cash Payout on Termination |  | Estimated Value Vested Option Awards on Termination without Cause <sup>(1)(2)</sup> |
|-----------------------------|--------------------------------------|--|---|
|                             | Without Cause (\$)                   | Change of Control and Termination (\$) |   |
| Beat Frei, Head of Finance  | 240,000                              | 240,000                                | 2,440,000   |
| David Cataford, COO         | 120,000                              | 240,000                                | Nil   |

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's shares on the TSX of \$1.03 per share on March 31, 2017, and the exercise price of all "in-the-money" options.
- (2) The Company used the exchange rate of CDN\$1 = A\$1.00 for March 31, 2017.
- (3) Resigned December 31, 2016.

## DIRECTORS' COMPENSATION

Directors *per se* are not entitled to fees; but, as disclosed the table below, some directors were compensated, consisting of either salary, superannuation, stock options grants and incentive bonuses, or combinations thereof. The objective is to compensate the directors on an industry-competitive basis.

As set forth in the table below, during the year ended March 31, 2017, the Company compensated its non-executive directors. The following table sets forth the value of all compensation paid to directors of the Company who were not NEOs during the most recently completed financial year ended March 31, 2017:

| Name                            | Fees Earned (\$) | Share-based awards (\$) | Option-based awards <sup>(1)</sup> (\$) | Non-equity incentive plan compensation (\$) | Pension Value (\$) | All other compensation (\$) | Total (\$) |
|---------------------------------|------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| Gary Lawler                     | 75,000           | Nil                     | Nil                                     | Nil   | Nil                | 7,128 <sup>(2)</sup>        | 82,128     |
| Andrew Love                     | 75,000           | Nil                     | Nil                                     | Nil   | Nil                | 7,128 <sup>(2)</sup>        | 82,128     |
| Michelle Cormier <sup>(3)</sup> | 12,500           | Nil                     | Nil                                     | Nil   | Nil                | Nil                         | 12,500     |
| Wayne Wouters <sup>(4)</sup>    | 31,250           | Nil                     | 55,000                                  | Nil   | Nil                | Nil                         | 86,250     |
| Paul Ankcorn <sup>(5)</sup>     | 10,000           | Nil                     | Nil                                     | Nil   | Nil                | 495 <sup>(6)</sup>          | 10,495     |

Notes:

- (1) The amount shown in the column represents the grant date fair value of options and may not represent the amount the NEO will actually receive from the awards. The grant date fair value of these options has been calculated using the Black-Scholes option pricing model.
- (2) Paid to a superannuation on behalf of the respective director.
- (3) Appointed on April 11, 2016. Consulting fees commenced on February 1, 2017.
- (4) Appointed on November 1, 2016. Consulting fees commenced on November 1, 2016 and are paid to a company controlled by Wayne Wouters.
- (5) Resigned on June 15, 2016.
- (6) Amount relates to employer portion of contributions to the Canada Pension Plan.

## Share-based Awards and Option-Based Awards for Certain Directors

The following table sets forth the options to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year ended March 31, 2017 granted to the directors of the Company who are not NEOs:

| Name                        | Option-based Awards                                     |                            |                        |  | Share-based Awards   |  |  |
|-----------------------------|---|----------------------------|------------------------|--|--|--|--|
|                             | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)(2)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Gary Lawler                 | 500,000   | 0.50 <sup>(2)</sup>        | Apr. 9, 2017           | 265,000  | N/A  | N/A  | N/A  |
| Andrew Love                 | 500,000   | 0.50 <sup>(2)</sup>        | Apr. 9, 2017           | 265,000  | N/A  | N/A  | N/A  |
| Michelle Cormier            | Nil   | N/A                        | N/A                    | Nil  | N/A  | N/A  | N/A  |
| Wayne Wouters               | 500,000   | 0.30 <sup>(2)</sup>        | Nov. 4, 2019           | 365,000  | N/A  | N/A  | N/A  |
| Paul Ankcorn <sup>(3)</sup> | Nil   | N/A                        | N/A                    | Nil  | N/A  | N/A  | N/A  |

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's shares on the TSX of \$1.03 on March 31, 2017, and the exercise price of the option.
- (2) The Company used the exchange rate of CDN\$1 = A\$1.00 for March 31, 2017.
- (3) Resigned June 15, 2016.

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

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors who are not NEOs during the most recently completed financial year ended March 31, 2017:

| Name                        | Option-based awards – Value vested during the year <sup>(1)</sup> (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|-----------------------------|--|--|--|
| Gary Lawler                 | Nil  | Nil  | Nil  |
| Andrew Love                 | Nil  | Nil  | Nil  |
| Michelle Cormier            | Nil  | Nil  | Nil  |
| Wayne Wouters               | Nil  | Nil  | Nil  |
| Paul Ankcorn <sup>(2)</sup> | Nil  | Nil  | Nil  |

Notes:

- (1) This amount is based on the difference between the closing market price of the Corporation's shares on the TSX on the applicable option vesting date and the exercise price of the options.
- (2) Resigned June 15, 2016.

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information concerning the Replacement Plan and the Share Incentive Plan at the end of the most recently completed financial year, March 31, 2017.

| <b>Plan Category</b>                            | <b>(A)<br/>Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)</b> | <b>(B)<br/>Weighted average option price of outstanding options, warrants and rights (\$)</b> | <b>(C)<br/>Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column A) (#)</b> |
|---|--|---|--|
| Share Incentive Plan (approved by Shareholders) | 15,450,000 <sup>(1)</sup>  | 0.30  | 61,966,867   |
| Replacement Plan (approved by Shareholders)     | Nil  | N/A   | Nil  |
|   | 15,450,000   |   | 61,966,867   |

Notes:

(1) As of March 31, 2017, the maximum number of Ordinary Shares which may be reserved for issuance under the Share Incentive Plan was 77,416,867 of which 15,450,000 Ordinary Shares were reserved for issuance under outstanding options.

### **Champion Iron Limited Share Incentive Plan**

On June 25, 2014, the Board approved, subject to shareholder approval, which was obtained on August 29, 2014, amendments to the share incentive plan (the “**Plan**”) (i) to reserve 20% of the issued and outstanding Ordinary Shares of the Company from time to time (77,416,867 Ordinary Shares as of the date of this Circular), for issuance to participants under the Plan and (ii) so that upon exercise of an option the Ordinary Shares which had been reserved to be issued pursuant to the Plan shall become available to be issued upon the exercise of subsequent stock option grants. Prior to the amendment, the Company’s plan had no plan maximum. The Ordinary Shares issuable under the Replacement Plan are not counted towards the number of Ordinary Shares issuable under the Plan.

Any increase in the issued and outstanding Ordinary Shares will result in an increase in the available number of Ordinary Shares issuable under the Plan, and any exercises of options will make new grants available under the Plan effectively resulting in a re-loading of the number of options available to grant under the Plan. No financial assistance is or will be provided by the Company to participants in the Plan to facilitate the purchase of shares under the Plan. The Plan does not limit the participation of insiders.

In accordance with the requirements of the Toronto Stock Exchange (the “**TSX**”) shareholders must re-approve the Plan every three years. As the three-year term prescribed by the TSX will expire on August 29, 2017, a resolution will be placed before the Shareholders to approve the unallocated options and share rights under the Plan. If approval is not obtained at the Meeting, options and share rights which have not been allocated as of August 18, 2017 and options and share rights which are outstanding as of August 18, 2017 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options or share rights. Previously allocated options and share rights will continue to be unaffected by the approval or disapproval of the resolution.

Under the rules of the TSX governing security based compensation arrangement, specific shareholder approval is required for any amendment to amendment provisions of the Plan. The Plan has incorporated amendment provisions requiring shareholder approval for (a) any reduction in the exercise price after an option has been granted, except in the case of an adjustment pursuant to the Plan held by an insider; (b) any extension of the expiry date of an option held by an insider, or any cancellation of such an option, and the substitution of that option with a new option with extended expiration date, except in case of an extension due to a black-out period; (c) any amendment which increases the maximum number of Ordinary Shares that may be issued under the Plan; (d) any amendment to these amendment provisions; and (e) any other matters that may require shareholder approval under the rules and policies of the TSX. The Plan has also incorporated the following amendment provisions which may be made at the Board’s discretion without shareholder approval for items including, but not limited to, the following: (a) any amendment of a “housekeeping” nature, including without limitation those made to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding its administration; (b)

a change to the vesting provisions of the Plan; (c) a change to the provisions governing assignability and the effect of termination of a Participant's employment, contract or office, or cessation of a Participant's directorship; and (d) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted.

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

All stock options granted have an exercise price determined and approved by the Board of Directors at the time of grant, which shall be granted at a price equal to the volume weighted average trading price of the Ordinary Shares on the TSX or other public market if not listed on the TSX for the five (5) consecutive trading days immediately preceding the date of the award, provided that such purchase price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the Ordinary Shares are then listed. The term and vesting period for options granted under the Plan is determined at the discretion of the Board but in no circumstances shall the options granted pursuant to the Plan have a term in excess of five years.

The Plan is considered a "rolling plan", as the reloading of options is permitted under the Plan and options that are exercised, surrendered, terminated or expire without being exercised no longer represent Ordinary Shares reserved for issuance under this Plan and do not decrease the number of Ordinary Shares issuable. The number of Ordinary Shares issuable to any one participant cannot exceed 5% of the Ordinary Shares then outstanding for a particular class of shares (on a non-diluted basis).

The Board of Directors reserves the right, in its sole discretion, to suspend or terminate the Plan. In the event of a suspension or termination, the rules applicable to existing options acquired will continue to operate. Subject to the Corporations Act, the Listing Rules and any other applicable law, the Plan may be amended by the Board of Directors so as to add to, delete or otherwise vary the Plan at any time and in any manner it sees fit in its absolute discretion without shareholder approval. No amendment to the Plan may be made which reduces the rights of Participants in respect of options acquired by them prior to the date of the amendment, other than an amendment introduced primarily:

- a) For the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation, or the Listing Rules
- b) To correct any manifest error or mistake; or
- c) to address possible adverse tax implications In respect of the Rules arising from, among other things:
  - i. rulings from the Commissioner of Taxation;
  - ii. changes to tax legislation (including an official announcement by the Commonwealth of Australia); or
  - iii. changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction

A summary of some of the additional provisions of the Plan are outlined in Schedule C.

Where an option is granted on terms that entitle the Participant on vesting to a cash equivalent of the number of Ordinary Shares in respect of which option has vested or a vested option has been exercised, the Company will pay the cash equivalent to the Participant within such time as the Board determines, but subject to the listing rules of applicable exchanges and no later than one month after the vesting date for the option or the date of exercise of the option. The cash equivalent is the market value of those shares on the vesting date.

#### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former director, executive officer or employee of the Corporation, nor any associate of any of the foregoing persons, was indebted to the Company or was the subject of a support agreement such as a guarantee or other similar arrangement or understanding provided by the Company at any time during the most recently completed financial year ended March 31, 2017, or at any time up to the date hereof.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

At March 31, 2017, the Company maintained \$20 million of group liability insurance for the protection of the directors and officers of the Corporation. The annual premium for this liability insurance in 2016-2017 was A\$42,920. This coverage is in addition to the corporate indemnification outlined in the Corporation's Constitution.

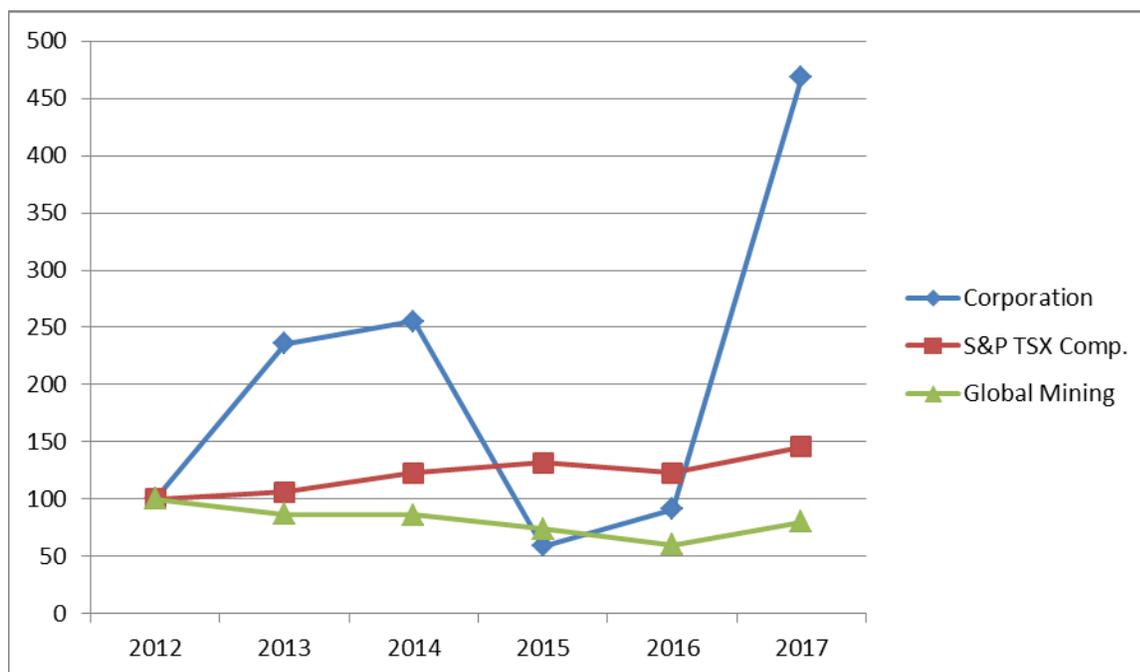
## **PERFORMANCE GRAPH**

The Ordinary Shares of the Company have been listed and posted for trading on the ASX under the trading symbol "CIA" since April 3, 2014 and on the TSX under the trading symbol CIA since March 31, 2014. Prior to that time they were traded on the ASX under the symbol "MAB".

The following graph and table is a reporting requirement under Canadian securities laws, and compares the Corporation's five-year cumulative total shareholder return had \$100 been invested in the Company on the first day of the five-year period at the closing price of the Ordinary Shares on that date being April 1, 2012, with the cumulative total return of both the S&P/TSX Composite Index and the S&P/TSX Global Mining Index over the five most recently completed fiscal years ended on March 31.

An analysis of the trend in the graph below does not demonstrate a direct correlation between the "Shareholder Return" performance of the Company and the trend in the Corporation's compensation of its executive officers reported over the same period, with the exception of the respective fiscal years completed on March 31, 2014 and March 31, 2017. For 2012 the level of compensation of the Corporation's executive officers decreased dramatically, despite moderate gains in the "Shareholder Return" line as demonstrated in the graph. The significant rise from 2012 to 2014 in the Corporation's "Shareholder Return" in the graph below is attributable in part to: (i) the positive market sentiment towards the Company acquiring an iron ore project in Canada's Labrador Trough region, (ii) the Corporation's change in directorships and management in 2013, and (iii) the Company announcing and completing the acquisition of TSX-listed Champion Iron Mines Limited, holder of advanced iron-ore projects in the Labrador Trough.

The increase in the Corporation's "Shareholder Return" during 2013/2014 correlates to an increase in compensation of its executive officers in the fiscal year completed March 31, 2014, attributable to the Champion Iron Mines Limited acquisition and subsequent increase in personnel and exploration/development activity, the substantial increase in the market capitalization of the Company and the required management of a feasibility stage iron-ore project. The positive market sentiment towards the Corporation, especially from 2012 to March 31, 2014, contradicts the general global trend and market downturn in the mining sector, as demonstrated by the decline in shareholder returns of the S&P/TSX Global Mining Index since March 31, 2012. The Corporation's "Shareholder Return" for the fiscal year ended March 31, 2015 trended downwards dramatically, attributable to the negative market sentiment towards the iron ore mining market. In the 2016 fiscal year it rebounded. For the most recent fiscal years there was a direct correlation between the Corporation's "Shareholder Return" and the level of compensation of its executive officers primarily attributable to the successful acquisition of the Bloom Lake iron ore mine and related assets. Significant advances related to the Bloom Lake acquisition which would help develop the asset base of the Corporation were reflected in the dramatic increase in the Corporation's "Shareholder Return" during the recent fiscal year.. Nevertheless, changes in remuneration do not always precisely track the movements of the Corporation's Ordinary Shares as the Company does not consider this as an appropriate measure at this stage of the Corporation's development.



**Performance Graph – S&P/TSX Composite Index and S&P/TSX Global Mining Index**

|                             | April 1, 2012 | March 31, 2013 | March 31, 2014 | March 31, 2015 | March 31, 2016 | March 31, 2017 |
|-----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| S&P/TSX Composite Index     | \$100         | \$106          | \$123          | \$132          | \$123          | \$146          |
| S&P/TSX Global Mining Index | \$100         | \$87           | \$86           | \$74           | \$60           | \$80           |
| Corporation                 | \$100         | \$236          | \$255          | \$59           | \$91           | \$468          |

## PART THREE

### CORPORATE GOVERNANCE AND OTHER MATTERS

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

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

The Company understands that corporate governance standards and requirements are continually evolving. The Board of Directors has been charged with the responsibility of monitoring corporate governance regulatory developments, in particular the best practices recommended by the Canadian Securities Administrators, as set out in NI 58-101, and with reviewing the Corporation's corporate governance policies and procedures in light of these developments.

## **BOARD OF DIRECTORS**

### **Mandate of the Board of Directors**

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

### **Orientation and Continuing Education of Board Members**

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

### **Measures to Encourage Ethical Business Conduct**

The Board of Directors has adopted a written Code of Conduct as further described in Schedule A, clause 5. Pursuant to the Code of Conduct the Board ensures that all directors, officers and employees conduct themselves in an ethical and manner. Each director and executive officer is required to fully disclose his interest in respect of any transaction or agreement to be entered into by the Corporation. Once such interest has been disclosed, the Board of Directors as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement, which may include convening a Special Committee of independent directors. In addition, all directors and executive officers are subject to the requirements of the Corporations Act (Australia) with respect to the disclosure of any conflicts of interests and the voting on transactions giving rise to such conflicts.

### **Nomination of Members to the Board of Directors**

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to effectively carry out the duties of the Board of Directors and to maintain a diversity of view and experience.

The Board of Directors appointed a Remuneration and Nomination Committee on June 18, 2014. For additional information on the duties and responsibilities of this committee, please see "*Corporate Governance and Other Matters – Committees of the Board – Remuneration and Nomination Committee*" below.

## **BOARD COMPOSITION AND COMMITTEES**

The Board of Directors is currently comprised of five (5) members of whom a majority, four (4), are independent within the meaning of section 1.4 of National Instrument 52-110 "Audit Committees" ("NI 52-110"). The Board of Directors has appointed an Audit Committee and a Remuneration and Nomination Committee.

## **COMMITTEES OF THE BOARD**

### **Audit Committee**

The Audit Committee is currently composed of two (2) members with one vacancy: Andrew Love (chair) and Gary Lawler. Reference is made to the Annual Information Form of the Company dated June 28, 2017 for the year ended March 31, 2017 (the "AIF") and filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) which contains the information required to be disclosed by the Company under 52-110. More specifically, reference is made to the "*Audit Committee Information*" section of the AIF for information regarding, among other things, the composition of the Audit Committee of the Corporation, the independence and relevant education and experience of the Audit

Committee members and external auditor service fees, and to Schedule “A” of the AIF which is the Audit Committee Charter.

### **Remuneration and Nomination Committee**

The Company has a Remuneration and Nomination Committee composed of three (3) Board members. The current members are Gary Lawler (Chair), Andrew Love and Ms. Michelle Cormier. Mr. Lawler was appointed Chairman of the Remuneration and Nomination Committee on June 18, 2014. The Remuneration and Nomination Committee makes recommendations to the Board of Directors in connection with the compensation of officers and directors and nomination matters. Please see “*Statement of Executive Compensation – Compensation Policy and Key Compensation Components*” above and Schedule “A” – “*Statement of Corporate Governance Practices*” for further information.

### **Term Limits**

The Company has not adopted term limits for directors because 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 annual general meeting of the shareholders of the Corporation.

### **Policies Regarding the Representation of Women on the Board of Directors**

The Company has not adopted policies regarding the representation of women on the Board and the Company does not foresee the adoption of such policies in the near future. The Company does have a Workplace Diversity Policy which outlines the Corporation’s commitment to promoting a culture that is supportive of diversity. However, at the Corporation’s current stage of development, while gender diversity is taken into account, the primary focus of the Corporation’s Remuneration and Nomination Committee is the identification and selection of directors who have the expertise and skills necessary for an iron ore development company.

As the size and scale of the Company grows, the Board will adopt policies to achieve gender diversity as director positions become vacant and appropriately qualified candidates become available.

### **Consideration of the Representation of Women in the Director Identification and Selection Process**

While gender diversity is taken into account, the primary focus of the Corporation’s Remuneration and Nomination Committee is the identification and selection of directors who have the expertise and skills necessary for an iron ore development company.

### **Consideration of the Representation of Women in Executive Officer Appointments**

While gender diversity is taken into account, the Corporation’s primary focus is the identification and selection of executive officers with the industry knowledge, experience, expertise and skills necessary for an iron ore development company.

### **Corporation’s Targets for Women on the Board**

The Company has not adopted targets for women on the Board. While gender diversity is taken into account, the primary focus of the Corporation’s Remuneration and Nomination Committee is the identification and selection of directors who have the expertise and skills necessary for an iron ore development company.

### **Corporation’s Targets for Women in Executive Officer Positions**

The Company has not adopted targets for women in executive officer positions. Due to the current size and scale of the Corporation’s activities, the Board does not foresee the adoption of targets in the near future. As the size and scale of the Company grows, the Board will adopt policies to achieve gender diversity as new employee positions are created or become vacant and appropriately qualified candidates become available. In addition, the Corporation’s risk profile and amount of resources limits its ability to make appointments on any basis other than finding, often on short notice, the most qualified person who is willing to accept the risks inherent in the Corporation’s current stage of development.

## **Number and Proportion of Women on the Corporation's Board and in Executive Officer Positions**

As at the date hereof, there is one women on the Corporation's Board, which equates to a 20% representation. As at the date hereof there are no women in Executive Officer positions.

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

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

## **PART FOUR**

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **(a) Financial Statements**

The audited financial statements of the Company for the fiscal year ended March 31, 2017, together with the director's and the auditors' report thereon, will be placed before the shareholders at the Meeting for consideration by the shareholders. These audited financial statements have been approved by the Board of Directors of the Company and are being mailed to the shareholders who have requested them with the Meeting materials. They are also available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **(b) RESOLUTION 1 - Remuneration Report**

The remuneration report is required to be considered for adoption in accordance with section 250R(2) of the *Corporations Act*. The Remuneration Report, which details the Company's policy on the remuneration of non-executive directors, executive directors and senior executives for the financial year ending March 31, 2017, is part of the directors' report contained in the Company's 2017 Annual Report.

The vote on this resolution is advisory only and does not bind the directors of the Company. However, the Board will take into consideration the outcome of voting on this resolution when assessing the remuneration policy for senior executives and executive and non-executive Directors in future.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the Meeting.

In accordance with Division 9 of Part 2G.2 of the *Corporations Act*, if 25% or more of votes that are cast on the resolution are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution for the purposes of section 250V(1) of the *Corporations Act* ("**Spill Resolution**"). If more than 50% of shareholders vote in favour for the Spill Resolution, the Company must call another general meeting to be held within 90 days, immediately from the end of which all of the Company's directors will cease to hold office unless re-elected at that meeting.

The *Corporations Act* restricts members of the Company's key management personnel ("KMP") and their closely related parties from voting on this resolution. A "closely related party" of a KMP is defined in the *Corporations Act* and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

In accordance with these requirements, the Company will disregard any votes cast on Resolution 1, in any capacity, by or on behalf of:

- (a) Directors and the other members of the Company's KMP, details of whose remuneration are included in the Remuneration Report; and
- (b) closely related parties of those persons.

In addition, in accordance with the *Corporations Act*, the Company will also disregard any votes cast on Resolution 1 by any member of the Company's KMP (and their closely related parties) as a proxy, unless the vote is cast:

- (i) for a person entitled to vote in accordance with the directions on the Proxy Form; or
- (ii) by the Chair of the Meeting for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit on Resolution 1 even though that resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

#### **Directors' Recommendation**

Acknowledging that every Director has a personal interest in his or her own remuneration from the Company, as described in the Remuneration Report, the Directors unanimously recommend the adoption of the Remuneration Report.

#### (c) **RESOLUTIONS 2 through 6 - Election of Directors**

##### **Background**

The Constitution of the Company provides for a minimum of three (3) and a maximum of nine (9) directors.

The Board of Director may from time to time determine to increase the maximum number of directors but the maximum applying at any time cannot be reduced except by the Company in general meeting.

Subject to the Corporation's Constitution, the Board may appoint a person to be director at any time except at a general meeting and any Director so appointed automatically retires at the next annual general meeting and is eligible for election by that meeting.

The Board of Directors has set the number of directors to be elected at the Meeting at five (5).

##### ***Majority Voting Policy***

Rules of the TSX, which became effective December 31, 2012, require a listed issuer to disclose in the materials sent to its shareholders for a meeting at which directors are to be elected whether or not it has adopted a majority voting policy and, if not, to explain why it has not adopted such a policy in its meeting materials. A majority voting policy generally requires that a director tender his or her resignation if the director receives more "withheld" votes than "for" votes (a "**majority withheld vote**") at any meeting where shareholders vote on the uncontested election of directors. An "uncontested election" means the number of director nominees for election is the same as the number of director positions on the Board. A majority voting policy does not apply in the event of a contested election of directors.

On July 15, 2014 (Toronto time), the Board of Directors adopted a majority voting policy. Under this new policy, a director of the Company is required to tender his or her resignation if the director receives a majority withheld vote at any meeting where shareholders vote on the uncontested election of directors. The resignation would become effective upon acceptance by the Board. The Remuneration and Nomination Committee will review the circumstances of the election and make a recommendation to the Board as to whether or not to accept that tendered

resignation. The Board must make a decision as soon as reasonably possible and in any event within 90 days of the resignation. The director who tendered the resignation would not be part of the decision-making process. The Board may fill a vacancy created by a resignation which has been accepted or may reduce the size of the Board.

In keeping with the rules of the TSX, the Company will continue to elect each director annually and individually and will forthwith after the shareholders' meeting issue a press release disclosing the detailed results of the voting for directors.

The enclosed form of proxy allows shareholders to direct proxyholders to vote individually for each of the nominees named below as director of the Corporation.

### Information Concerning Director Nominees

The following table and notes set out the name of each of the individuals proposed by management for election as a director of the Corporation, their principal occupation, the year they first became a director of the Company and the approximate number of Ordinary Shares of the Company beneficially owned, or controlled or directed, directly or indirectly, based upon information furnished to management of the Company by each such individual as at July 17, 2017.

| Nominee   | Description  |
|---|--|
| <p>Michael O'Keeffe<br/>New South Wales, Australia<br/>Director since 2013<br/>Not Independent<br/>Shares Held: 33,536,930 (directly and indirectly)<br/>Main areas of expertise: Business, Mining</p>  | <p>Mr. O'Keeffe was appointed Executive Chairman of Champion Iron Limited on August 13, 2013 and Chief Executive Officer on October 3, 2015. Mr. O'Keeffe commenced work with MIM Holdings in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995 he became Managing Director of Glencore Australia (Pty) Limited and held the position until July 2004. Mr. O'Keeffe was the founder and Executive Chairman of Riversdale Mining Limited. He has previously held directorships in Anaconda Nickel Limited, Mt. Lyell Mining Co. Limited and BMA Gold Limited. Mr. O'Keeffe is also currently the Chairman of Riversdale Resources Limited.</p> |
| <p>Gary Lawler, BA, LLB, LLM (Hons), ASIA, Master of Laws (Applied Laws)(Wills and Estates)<br/>New South Wales, Australia<br/>Director since 2014<br/>Independent Director<br/>Member of the Audit Committee<br/>Member of the Remuneration and Nomination Committee<br/>Shares Held: 1,400,000 (directly and indirectly)<br/>Main areas of expertise: Mergers and Acquisitions Lawyer</p> | <p>Mr. Lawler was appointed as a non-executive director on April 9, 2014. He is a leading Australian mergers and acquisitions lawyer who has been involved in some of Australia's most notable merger and acquisition transactions. Mr. Lawler has over 30 years' experience as a practising corporate lawyer and has been a partner in a number of leading Australian law firms. He is currently a consultant of the legal firm Ashurst Australia. Mr. Lawler was also previously a director of Riversdale Mining Limited and Dominion Mining Limited. Mr. Lawler is also currently a director of Riversdale Resources Limited.</p>   |

| Nominee   | Description  |
|---|--|
| <p>Andrew J. Love, FCA<br/>New South Wales, Australia<br/>Director since 2014<br/>Independent Director<br/>Member of the Audit Committee<br/>Member of the Remuneration and Nomination Committee<br/>Shares Held: 1,264,468 (directly and indirectly)<br/>Main areas of expertise: Chartered Accountant</p> | <p>Mr. Love is a Chartered Accountant with more than 30 years of experience in corporate recovery and reconstruction in Australia. He was a senior partner of Australian accounting firm Ferrier Hodgson from 1976 to 2008 and is now a consultant. 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 recent Board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Ltd., Director of Charter Hall Office Trust and Chairman of Museum of Contemporary Art. Mr. Love is currently a director of Gateway Lifestyle Operations Ltd. and Scottish Pacific Group Ltd.</p> |
| <p>Michelle Cormier, CPA, CA, ASC<br/>Quebec, Canada<br/>Director since 2016<br/>Independent Director<br/>Member of the Remuneration and Nomination Committee<br/>Shares Held: Nil<br/>Main areas of expertise: Corporate Finance, Financial Management</p>   | <p>Mrs. Cormier is 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 a large North American forest products company and 8 years in various senior management positions at Alcan Aluminum Limited (RioTinto). Mrs. Cormier articulated with Ernst &amp; Young. She also serves on the Board of Directors of Cascades Inc., Dorel Industries Inc. and Uni-Select Inc.</p>   |
| <p>Wayne Wouters,<br/>Ottawa, Canada<br/>Director since 2016<br/>Independent Director<br/>Shares Held: Nil<br/>Main areas of expertise: Corporate Finance, Financial Management</p>   | <p>The Honourable Wayne G. Wouters is a Strategic and Policy Advisor with McCarthy Tétrault LLP. Before joining the private sector, Mr Wouters had a long and illustrious career in the Public Service of Canada. His last assignment was the Clerk of the Privy Council, Secretary to the Cabinet, and Head of the Public Service. Appointed by Prime Minister Harper, Mr. Wouters served from July 1, 2009 until October 3, 2014, at which time he retired from the Public Service of Canada. Prior to this, Mr. Wouters was a Deputy Minister in several departments, including the Deputy Minister of Human Resources and Skills Development Canada and Secretary of the Treasury Board. In 2014, Mr. Wouters was inducted as a Member of the Privy Council by the Prime Minister. Mr. Wouters is currently a director of Blackberry Limited.</p>  |

The nominees listed above will be elected at the Meeting to hold office until the next annual meeting of shareholders or until such director's successor is duly elected or appointed unless other individuals are nominated by shareholders at the Meeting, in which case voting will be by ballot and the five (5) nominees with the most votes will be elected as directors.

**The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the election of the nominees named above as directors of the Corporation, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against or withheld from voting in respect of one or more nominees. Management has no reason to believe that any of the nominees named above will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy shall have the right to vote for another nominee in such proxyholder's discretion, unless the proxy withholds authority to vote for the election of directors.**

#### **Information relating to bankruptcies, cease trade orders and sanctions**

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

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

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

#### **(d) RESOLUTION 7 – Issue of Warrants**

On July 13, 2017, the Company announced that its subsidiary, Québec Iron Ore Inc. ("**QIO**") had arranged debt financing of USD180 million ("**Debt Financing**") as part of the financing required to facilitate the recommencement of mining operations at the Bloom Lake Iron Ore Mine ("**Bloom Lake**"). This financing consists of USD80 million of senior secured debt finance from Sprott Resource Lending ("**Sprott**") and USD100 of unsecured subordinated debt finance from Caisse de Dépôt et placement du Québec ("**Caisse**").

Drawdown under these facilities is conditional upon various matters including the Company raising not less than CAD45 million through the issue of ordinary shares or securities which are convertible into ordinary shares ("**Equity Financing**").

It is a condition of the Sprott debt financing that the Company issues to Sprott upon completion of the Equity Financing, 3 million warrants, each of which is convertible into an ordinary share in the Company at any time over the 5 year period from the date of issue of the warrants.

It is a condition of the Caisse debt financing that the Company issues to Caisse upon completion of the Equity Financing, 21 million warrants, each of which is convertible into an ordinary share in the Company at any time over the 7 year period from the date of issue of the warrants.

The exercise price for each warrant will be a 25% premium to the lesser of the closing price of the Company's ordinary shares on Toronto Stock Exchange on the day prior to the date the Debt Financing is publicly announced and the price at which the Company issues ordinary shares under the Equity Financing.

The holders of the warrants will not be permitted to participate in new issues by the Company without first exercising the warrants. The exercise price of the warrants or the number of underlying shares to which the warrants relate must be adjusted in the event of a rights issue or bonus issue in order to comply with the ASX Listing Rules applying to a reorganisation of capital.

ASX Listing Rule 7.1 provides that a company must not, without shareholder approval, during any 12 month period issue any equity securities or other securities with rights of conversion to equity (such as the warrants), if the number of those securities would exceed 15% of the total shares on issue at the commencement of that period. Shareholder approval under ASX Listing Rule 7.1 to the issue of the warrants to both Sprott and Caisse is being sought by the Company so that the issue of the warrants can be made as the Company may not have the capacity to issue the warrants at the time of the AGM under ASX Listing Rule 7.1 without shareholder approval because it is anticipated that the Equity Financing will occur after this Notice is sent to shareholders but before the AGM. If shareholder approval is not obtained the Company must compensate Sprott and Caisse by paying them in cash the value of the warrants (calculated using Black & Scholes methodology) plus a 25% premium.

ASX Listing Rule 7.1 requires the following information to be disclosed in relation to the issue of the warrants:

(a) **The maximum number of warrants that may be issued**

The maximum number of warrants to be issued is 24 million, 3 million to Sprott and 21 million to Caisse.

(b) **The date by which the warrants will be issued**

The warrants will be issued as soon as practicable following the conclusion of this Meeting but in any event no later than 3 months after the date of this Meeting.

(c) **The issue price of the warrants**

No consideration is payable for the issue of the warrants. The exercise price of the warrants is set out above.

(d) **The names of the allottees of the warrants**

3 million warrants will be issued to Sprott and 21 million warrants will be issued to Caisse.

(e) **Terms of the warrants**

The terms of the warrants to be issued to Sprott and Caisse are set out above.

(f) **Intended use of the funds raised**

The warrants are being issued for no consideration. The funds raised on the exercise of the warrants will be applied for the general purposes of the Company's business.

(g) **The issue date of the warrants**

The warrants will be issued as soon as practicable following the conclusion of this Meeting but in any event no later than 3 months after the date of this meeting.

(h) **Voting exclusion**

A voting exclusion statement is included in the Notice of Meeting.

**Directors' Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7 to issue the warrants described in the Explanatory Statement to Sprott and Caisse.

(e) **RESOLUTION 8 – Approval of the annual non-executive Directors' remuneration**

The maximum aggregate annual remuneration payable by the Company to non-executive Directors is determined by shareholders in general meeting and may not be increased without the prior approval of shareholders as required by Clause 10.2 of the Company's constitution and ASX Listing Rule 10.17.

The current maximum aggregate annual remuneration payable to non-executive Directors is \$500,000 which was the amount approved by shareholders at the annual general meeting held on 21 October 2013. It is proposed to increase this cap from \$500,000 to \$750,000 per annum.

The policy of the Board is that the amount of fees should be set at a level which provides the Company with the necessary flexibility to attract and retain the services of Directors of the highest calibre. The fees currently payable to non-executive Directors are set out in the Remuneration Report. The policy is to adequately remunerate non-executive Directors for their expertise, time, commitment and responsibilities.

The following table sets out details of securities issued to non-executive Directors under ASX Listing Rules 10.11 or 10.14 with the approval of shareholders within the preceding 3 years.

| <b>Non-executive Director</b> | <b>Options</b>  | <b>Shares</b> |
|-------------------------------|---|---------------|
| Mr Andrew J Love              | 300,000 options issued on 11 July 2017 exercisable at A\$1.08 each    | Nil           |
| Mr Gary Lawler                | 300,000 options issued on 11 July 2017 exercisable at A\$1.08 each    | Nil           |
| Hon Wayne Wouters             | 500,000 options issued on 4 November 2016 exercisable at A\$0.30 each | Nil           |

In addition to the above, the Company proposes to grant 500,000 Options to Michelle Cormier under the terms of the Plan subject to shareholder approval (see Resolution 10).

The \$750,000 cap on aggregate non-executive Director remuneration will provide the Company with the ability to retain and adequately compensate non-executive Directors over the coming years. It will also allow the Company to attract and appoint additional non-executive Directors if this is considered appropriate in the future (noting that Clause 3.1 of the Company's constitution provides for a maximum of nine Directors on the Board).

The ability to appoint additional non-executive Directors is important to ensure that the Board is comprised of Directors with an appropriate mix of skills, expertise and experience. Since the existing annual cap on Directors fees was set at the 2013 annual general meeting, the number of non-executive Directors on the board has increased. In 2016, two additional non-executive Directors were appointed. Ms Michelle Cormier was appointed on 11 April 2016 and Mr Wayne Wouters was appointed on 1 November 2016 and Mr Paul Ankcorn resigned on 15 June 2016.

The proposal to increase the cap on the maximum aggregate remuneration payable to non-executive Directors from \$500,000 to \$750,000 should not be taken as implying that the full amount will be used. The \$750,000 is a maximum annual limit and it should not be assumed that fees will necessarily be increased to that maximum level.

Full details of the fees payable to non-executive Directors will be set out in the Remuneration Report which must be submitted for adoption by shareholders at every Annual General Meeting.

As required by the ASX Listing Rules, the Company will disregard any votes cast on Resolution 8 by any Director of the Company and any associate of any Director of the Company. However, the Company will not disregard any votes on Resolution 8 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, in accordance with the Corporations Act, the Company will also disregard any votes on Resolution 8 by any member of the Company's KMP (and their closely related parties) as a proxy, unless the vote is cast:

- (i) for a person entitled to vote in accordance with the directions on the Proxy Form; or
- (ii) by the Chair of the Meeting for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit on Resolution 8 even though that resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

### **Directors' Recommendation**

As each of the non-executive Directors has a personal interest in Resolution 8, it is not appropriate for them to make any recommendation as to how Shareholders should vote on this resolution.

### **(f) RESOLUTION 9 – Approval of Champion Iron Incentive Plan**

The Company adopted the Champion Iron Incentive Plan ("**Plan**") following shareholder approval at the annual general meeting held on 21 October 2013. The purpose of the Plan is to provide eligible employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to shareholders. The Plan also assists the Company in attracting and retaining skilled and experienced directors and employees by providing them with an opportunity to have a greater involvement with, and to focus on the longer term goals of, the Company. The Plan was amended in order to meet Canadian regulatory requirements in 2014 and shareholders again approved the Plan at the 2014 annual general meeting held on 29 August 2014. A summary of the material terms of the Plan is set out in Schedule C.

ASX Listing Rule 7.1 provides that a company must not, without shareholder approval, issue during any 12 month period equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities would exceed 15% of the total shares on issue at the commencement of that period, unless an exception applies. One exception to the '15% rule' in ASX Listing Rule 7.1 is Exception 9(b) of ASX Listing Rule 7.2 which allows the Company to issue securities under an employee incentive scheme without shareholder approval and without reducing the 15% capacity available under ASX Listing Rule 7.1 provided that shareholders have approved the employee incentive scheme within 3 years of the issue of the securities. If approved, Resolution 9 will enable the Company to issue securities under the Plan to eligible employees over the next 3 years without reducing the 15% capacity under ASX Listing Rule 7.1.

In accordance with Exception 9(b) of ASX Listing Rule 7.2, the Company discloses that it has issued 16,700,000 options and 2,250,000 share rights under the Plan since the Champion Iron Incentive Plan was approved on 21 October 2013.

Additionally, under the TSX requirements, the Plan must be re-approved by shareholders every three years. If approved, this approval will be effective for three years from the date of the Meeting. If approval is not obtained at the Meeting, options and other entitlements which have not been allocated as of the Meeting date and options and other entitlements which are outstanding as of the Meeting date and which are subsequently cancelled, terminated or exercised will not be available for a new grant under the Plan. Previously allocated options and other entitlements will continue to be unaffected by the approval or disapproval of this resolution.

### **Directors' Recommendation**

As each of the Directors has a personal interest in Resolution 9, it is not appropriate for them to make any recommendation as to how Shareholders should vote on the following ordinary resolution:

*"That:*

*(a) for the purposes of Exception 9(b) of ASX Listing Rule 7.2, the shareholders hereby approve the incentive plan of the Company entitled 'Champion Iron Incentive Plan' further described in the Explanatory Statement accompanying this Notice ("**Plan**") and the issue of securities under the Plan;*

*(b) subject to receipt of approval of the Toronto Stock Exchange, the Plan, and any unallocated options or other entitlements thereunder, be and they are hereby reconfirmed, authorized, ratified and approved in entirety, subject to such amendments as may be required by the Toronto Stock Exchange, if any;*

*(c) the Company is authorized to continue granting entitlements in accordance with the terms and conditions of the Plan until 18 August 2020, being the date that is three (3) years from the date from which shareholder approval is sought; and*

*(d) any director of the Company is authorized to execute and deliver all other documents and do all other acts and things as may be necessary or desirable to give effect to this Resolution."*

**(g) RESOLUTION 10 – Grant of Options to Michelle Cormier**

The Company proposes to grant 500,000 Options to Michelle Cormier under the terms of the Plan.

Each Option confers the right to acquire one fully paid ordinary share in the Company on exercise of the Option. The exercise price for each Option is the greater of A\$1.00 and the volume weighted average price of ordinary shares in the Company traded over the five trading days immediately preceding the date of issue of the Options which will be the business day immediately following the date of this Meeting. The Options, once vested, will be exercisable at any time until the third anniversary of the date of their issue. The Options will vest as to 166,667 on the date of issue, as to 166,667 on the first anniversary of the date of issue and as to 166,666 on the second anniversary of the date of issue.

The purpose of the issue of the Options is to recognise Ms Cormier's contribution to the Company's success and to incentivise Ms Cormier to continue her involvement with the Company and to improve the longer term performance of the Company through the ownership of shares in the Company.

Shareholder approval of the grant of Options is being sought for all purposes including under ASX Listing Rule 10.14.

Under ASX Listing Rule 10.14 a Director may only acquire securities under an employee incentive scheme, such as the Plan, if the Director's participation has been approved by an ordinary resolution of the Company's shareholders.

The following information is required to be given under ASX Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired**

The maximum number of Options that may be acquired by Ms Cormier under the approval is 500,000.

**(b) The price of the securities or the formula for calculating the price of the securities**

Ms Cormier is not required to pay anything for the grant of the Options. The exercise price for each of the Options is the greater of A\$1.00 per Option and the volume weighted average price of ordinary shares in the Company traded over the five trading days immediately preceding the date of issue of the Options which will be the business day immediately following the date of this Meeting.

- (c) **The names of all persons referred to in Rule 10.14 who received securities under the Plan since the last approval, the number of securities received and the acquisition price for each security**

The following Directors have been issued securities pursuant to the Plan since the last approval of the Plan at the annual general meeting held on 29 August 2014:

| <b>Name</b>      | <b>Number of Options / Rights</b> | <b>Acquisition Price</b> | <b>Exercise Price</b> | <b>Date of Approval</b> |
|------------------|-----------------------------------|--------------------------|-----------------------|-------------------------|
| Michael O'Keeffe | 1,000,000 Rights                  | Nil                      | Nil                   | 10 July 2017            |
| Gary Lawler      | 300,000 Options                   | Nil                      | A\$1.08               | 10 July 2017            |
| Andrew Love      | 300,000 Options                   | Nil                      | A\$1.08               | 10 July 2017            |

- (d) **The names of all persons referred to in Rule 10.14 entitled to participate in the Plan**

All of the Directors of the Company are entitled to participate in the Plan. The names of these Directors are Michael O'Keeffe, Gary Lawler, Andrew Love, Michelle Cormier and Wayne Wouters.

- (e) **A voting exclusion statement**

A voting exclusion statement is included in the Notice of Meeting.

- (f) **The terms of any loan in relation to the acquisition**

There is no loan applicable to the acquisition of the Options or the shares in the Company which will be issued if the Options are exercised.

- (g) **The date by which the Company will issue the Options**

The Options will be issued shortly after the Meeting but in any event no later than 12 months after the date of this Meeting.

#### **Directors' Recommendation**

The Directors (excluding Ms Cormier) recommend that Shareholders vote in favour of Resolution 10 to issue share rights to Ms Cormier.

#### **OTHER BUSINESS**

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

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be obtained from the Company or under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Securityholders may contact the Corporate Secretary (Canada) of the Corporation, Jorge Estepa, by phone at (416) 866-2200 or by mail at 20 Adelaide Street East, Suite 200, Toronto, ON, M5C 2T6, to request copies of the Corporation's financial statements and management's discussion and analysis, this Circular and the Corporation's AIF.

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

### **BOARD APPROVAL**

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

DATED at Toronto, Ontario, as of the 17<sup>th</sup> day of July, 2017.

By Order of the Board of Directors

(signed) "*Michael O'Keefe*"

Michael O'Keefe, Chief Executive Officer

## SCHEDULE “A”

### CHAMPION IRON LIMITED (the “Corporation”)

#### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

##### 1. Board of Directors

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

The board of directors of the Company (the “**Board**”) is currently comprised of five (5) directors, of whom four (4) are independent within the meaning of Section 1.4 of National Instrument 52-110 “*Audit Committees*” (“**NI 52-110**”). The independent directors are Andrew Love, Gary Lawler, Michelle Cormier and Wayne Wouters.

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

Michael O’Keeffe is currently Executive Chairman and Chief Executive Officer (“**CEO**”) of the Company and is, therefore, not independent. The Board believes that the current combination of independent and non-independent directors is an acceptable balance, for an issuer of the size and nature of the Corporation, between the objective of independent supervision of management, the insight drawn from outside members of the business and professional community, and the in-depth knowledge of the operations of the Company afforded by the participation of its current executive officer on the Board.

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

The current Board consists of five (5) members, a majority of whom, four (4), are independent within the meaning of Section 1.4 of NI 52-110. Following the Annual and Special Meeting of Shareholders scheduled for August 18, 2017, if management’s nominees are elected a majority of the directors will continue to be independent.

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

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

| Name of Director | Reporting Issuer  |
|------------------|---|
| Michael O’Keeffe | Riversdale Resources Limited, EHR Resources Limited               |
| Gary Lawler      | Cartier Iron Corporation, Riversdale Resources Limited            |
| Andrew Love      | Gateway Lifestyle Operations Ltd. and Scottish Pacific Group Ltd. |
| Michelle Cormier | Cascades Inc., Dorel Industries Inc. and Uni-Select Inc.          |
| Wayne Wouters    | Blackberry Limited  |

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

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

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

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

Michael O’Keeffe is Executive Chairman of the Board (and is therefore not independent within the meaning of Section 1.4 of NI 52-110).

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

| <b>Director</b>                 | <b>Board Meetings Attended</b> | <b>Audit Committee Meetings Attended</b> | <b>Remuneration and Nomination Committee Meetings Attended</b> |
|---------------------------------|--------------------------------|--|--|
| Michael O’Keeffe                | 6 of 8                         | n/a                                      | 2 of 2   |
| Gary Lawler                     | 7 of 8                         | 6 of 7                                   | 5 of 5   |
| Andrew Love                     | 7 of 8                         | 5 of 7                                   | 5 of 5   |
| Paul Ankcorn <sup>(1)</sup>     | 1 of 1                         | 1 of 1                                   | n/a  |
| Michelle Cormier <sup>(2)</sup> | 6 of 7                         | n/a                                      | n/a  |
| Wayne Wouters <sup>(3)</sup>    | 2 of 3                         | n/a                                      | n/a  |

Notes:

- (1) Mr. Ankcorn resigned on June 15, 2016.  
(2) Ms. Cormier was appointed on April 11, 2016.  
(3) Mr. Wouters was appointed on November 1, 2016.

## 2. **Board Mandate**

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

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

### 3. **Position Descriptions**

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

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

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

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

### 4. **Orientation and Continuing Education**

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

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

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

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

### 5. **Ethical Business Conduct**

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

The Board expects management to comply with all statutes, regulations and administrative policies applicable to the Corporation, to supervise employees and consultants in such a manner as to be informed of their activities, to promote the free flow of information, and to allow employees, consultants and others to anonymously report to the Company on concerns involving accounting and other issues (protection of "whistleblowers"). Corporate policies include, but are not limited to, matters of corporate disclosure on a timely basis, confidentiality and insider trading

restrictions. The Board has adopted a written Code of Conduct for directors, officers and employees. The Board expects management to report to the Board regarding any breaches or concerns with respect to the foregoing, which are of a material nature, whether or not a satisfactory resolution was already implemented by management, or of which management is aware that are reasonably likely to arise in the foreseeable future and which would be of a material nature. Breaches to the Code of Conduct can also be reported to the Chairman of the Corporation.

*If the Board has adopted a written code:*

*disclose how a person or company may obtain a copy of the code:*

A copy of the Corporation's Code of Conduct may be obtained from the Corporation's Secretary at the Corporation's Toronto office, which as at the date hereof, is at 20 Adelaide Street East, Suite 200, Toronto, Ontario M5C 2T6.

*describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code:*

See Section 5(a) above.

*provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code:*

N/A

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

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

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

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

## 6. **Nomination of Directors**

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

The Board of Directors periodically and at least annually considers the composition of the Board, including the appropriate skills and characteristics required of the directors in the context of the business experience and specific areas of expertise of each current director. The Board, with the assistance of the Remuneration and Nomination Committee is also responsible for recruiting and

recommending candidates for election as directors when necessary. Whenever possible, candidates are interviewed by members of the Board individually and in small groups prior to their nomination for election as a director.

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

The Board appointed a Remuneration and Nomination Committee effective June 18, 2014, the majority of which is independent which encourages an objective nomination process.

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

The Remuneration and Nomination Committee makes recommendations to the Board with respect to compensation of the Corporation's executive officers, including base salaries or consulting fees, annual bonuses and long-term equity participation levels. The Remuneration and Nomination Committee assists the Board in setting performance objectives. The Executive Chairman plays a major role in setting performance objectives and outlining progress in meeting corporate objectives and he will continue to make recommendations in the future. The Board gives final approval on compensation matters.

## 7. **Compensation**

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

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

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

The Board appointed a Remuneration and Nomination Committee effective June 18, 2014 the majority of which is independent which encourages an objective process for determining such compensation.

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

The compensation responsibilities of the Remuneration and Nomination Committee include, without limitation: (i) reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and evaluating the CEO's performance in light of those corporate goals and objectives, (ii) making recommendations to the Board with respect to the CEO's compensation level based on the evaluation of the CEO's performance, (iii) making recommendations to the Board in respect of non-CEO executive compensation, (iv) reviewing the major compensation policies of the Company and its subsidiaries, if any, and administering the Corporation's executive compensation program, including bonuses, incentive programs and equity-based programs for senior personnel, (v) making recommendations to the Board regarding awards of stock options pursuant to the Corporation's stock option plan and all executive short-term and long-term incentive compensation programs, (vi) reviewing the management succession

plans for executive officers, (vii) reviewing principles and objectives relating to the recruitment, training, development, compensation and evaluation of employees, (viii) reviewing pension arrangements and performance of the Corporation's pension plan, if any, in conjunction with the Audit Committee of the Board, and (ix) reviewing executive compensation disclosure before the Company publicly discloses such information.

8. **Assessments**

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

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

## **SCHEDULE "B"**

### **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.

## SCHEDULE C

### A SUMMARY OF THE MATERIAL TERMS OF THE CHAMPION IRON INCENTIVE PLAN IS SET OUT BELOW

The purpose of the Champion Iron Incentive Plan is to provide eligible employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the company and its returns to shareholders. The Plan is intended to assist the Company in attracting and retaining skilled and experienced directors and employees and provide them with greater incentive to have a greater involvement with, and to focus on the longer term goals of, the Company.

The terms of the Plan are summarised below. The full terms of the Plan are set out in the Management Circular which was attached to the notice of annual general meeting held on 29 August 2014 (which was released on ASX on 30 July 2014).

The key features of the Plan are as follows:

#### 1. Participation by Eligible Employees

The Board may invite "Eligible Employees" to participate in the Plan. Eligible Employees include employees, directors and other persons determined by the Board. The Plan does not limit insider participation. The Board will comply with all the ASX and TSX and other regulatory requirements in administering the Plan.

#### 2. Securities issued under the Plan

Eligible Employees invited to participate in the Plan are issued such number of share options, share rights and share appreciation rights on terms as determined by the Board.

- *Consideration:* Share options, share rights and share appreciation rights issued under the Plan are issued for no consideration.
- *Exercise Price:* The exercise price for a share option is set by the Board and must not be less than the market price of an ordinary share at the time of grant of the share option. There is no exercise price payable for share rights or share appreciation rights.
- *Share appreciation rights formula:* The formula for determining the number of shares on vesting of a share appreciation right is ' $VSAR \times ENS$ ' where VSAR is the number of Vested Share Appreciation Rights and ENS is the Entitlement Number of Shares calculated as  $(A - B) / A$  where A is the market value of a share on the vesting date of the Share Appreciation Right (or such other value as determined by the Board) and B is the market value of a share on the date of grant of a Share Appreciation Right (or such other value as determined by the Board), provided that  $(A - B)$  is a positive number, or as otherwise specified in the invitation.
- *Participation in new issues:* Share options, share rights and share appreciation rights issued under the Plan do not confer a right to participate in new issues of shares by the Company until ordinary shares are issued on conversion or exercise of the relevant share option, share right or share appreciation right.
- *Term:* The term and vesting period for share options, share rights and share appreciation rights granted under the Plan is determined at the discretion of the Board but in no circumstances will the term exceed five years.
- *Listing:* Share options, share rights and share appreciation rights issued under the Plan will not be listed on the ASX, TSX or any other exchange.

#### 3. Maximum number per Eligible Employee

The maximum number of ordinary shares which may be issued to any one Eligible Employee (and associates) under the Plan in any 12 month period is 5% of the number of ordinary shares outstanding at the date of the issuance (on a non-diluted basis).

**4. Aggregate maximum number under the Plan**

Offers of share options, share rights and share appreciation rights under the Plan must not cause the Company to exceed the 5% threshold set out in ASIC Class Order 03/184 (now Class Order 14/1000) such that the Company would need to prepare and lodge a disclosure document (ie a prospectus). The maximum aggregate number of ordinary shares that may be reserved for issuance under the Plan is 20% of the number of ordinary shares outstanding at the date of the issuance (on a non-diluted basis).

**5. No assignment or granting security**

The share options, share rights and share appreciation rights issued under the Plan cannot be assigned or transferred, with the exception of an assignment made to a personal representative of a deceased participant with the consent of the Board. Eligible Employees are prohibited from granting any security interests over share options, share rights and share appreciation rights issued under the Plan.

**6. Vesting Performance Conditions**

The share options, share rights and share appreciation rights issued under the Plan may be subject to performance conditions set by the Board which must be satisfied or waived in order to become vested. If the performance conditions are not satisfied or waived the relevant share options, share rights and share appreciation rights lapse.

**7. Vesting, exercise and settlement**

If vested share options, share rights and share appreciation rights are exercised, the Company can satisfy the share option, share right or share appreciation right (as applicable) by cash settlement or by issuing or transferring ordinary shares in the Company to the participant under the Plan. Ordinary shares issued on the exercise of share options, share rights and share appreciation rights rank *pari passu* with the existing ordinary shares in the Company.

**8. Change in control**

If the Board considers that a change in control event in respect of the Company will occur, the Board has the discretion to vest unvested share options, share rights and share appreciation rights or lapse or bring forward the exercise date of vested share options, share rights and share appreciation rights. The Board may also give to participants in the Plan a disposal event notice offering to acquire or cancel share options, share rights and share appreciation rights. If a participant does not accept the offer in a disposal event notice, unexercised share options, share rights and share appreciation rights lapse at the expiry of the offer period.

**9. Cessation of employment**

If an Eligible Employee ceases to be employed by the Company due to death or serious injury, disability or illness which prohibits continued employment, involuntary early retirement, retrenchment or redundancy the Board has a discretion to vest some or all of the share options, share rights and share appreciation rights held by the Eligible Employee. If an Eligible Employee ceases to be employed by the Company for a reason other than stated above, any unvested share options, share rights and share appreciation rights held by the Eligible Employee lapse.

**10. Exercise of share options**

Share options may be exercised if the share options have vested. Share options which have vested may be exercised within 6 months following cessation of employment (or by the expiry date of the share options if this period is shorter) where cessation of employment occurs otherwise than as a result of termination for cause.

**11. Adjustments on reorganisations**

There are provisions in the Plan which enable the Board to adjust the exercise price of a share option or the number of underlying shares to which the share option relates in the event of a rights issue, bonus issue or reorganisation of the capital of the Company in order to comply with the ASX Listing Rules applying to reorganisations of capital.

**12. No loans or financial assistance**

The Plan does not provide for financial assistance to participants to facilitate the payment of the purchase price for a share option.

**13. Amendment of the Plan**

Under the rules of the TSX governing security based compensation arrangement, specific shareholder approval is required for any amendment to the amendment provisions of the Plan. The Plan has incorporated amendment provisions requiring shareholder approval for (a) any reduction in the exercise price after an option has been granted, except in the case of an adjustment pursuant to the Plan held by an insider; (b) any extension of the expiry date of an option held by an insider, or any cancellation of such an option, and the substitution of that option with a new option with extended expiration date, except in case of an extension due to a black-out period; (c) any amendment which increases the maximum number of ordinary shares that may be issued under the Plan; (d) any amendment to these amendment provisions; and (e) any other matters that may require shareholder approval under the rules and policies of the TSX.

The Plan has also incorporated the following amendment provisions which may be made at the Board's discretion without shareholder approval for items including, but not limited to, the following: (a) any amendment of a "housekeeping" nature, including without limitation those made to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding its administration; (b) a change to the vesting provisions of the Plan; (c) a change to the provisions governing assignability and the effect of termination of a Participant's employment, contract or office, or cessation of a participant's directorship; and (d) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted.

**14. Approval of the Plan**

In accordance with the requirements of the TSX the Plan must be re-approved by shareholders every three years.

**15. Suspension of the Plan**

The Board of Directors has the right, in its sole discretion, to suspend or terminate the Plan.