

CHAMPION IRON

28 April 2017

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

March 2017 Quarterly Activities Report

- **\$13,014,000 cash on hand at 31 March 2017**
- **\$4,718,000 spent on care and maintenance of Bloom Lake**

REPORTING CURRENCY

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

BLOOM LAKE

Further to the April 2016 acquisition of the Bloom Lake Iron Ore Mine (“Bloom Lake”) located near Fermont, Quebec, the Company has completed the Feasibility Study for Bloom Lake, the results of which were reported on 16 February 2017 (the “Release”). On 17 March 2017, a copy of the Feasibility Study was filed with the appropriate authorities in Canada and can be obtained under the Company’s filings on SEDAR (www.sedar.com). The Company is not aware of any new information or data that materially affects the information included in the Release and confirms that all material assumptions and technical parameters underpinning the estimates in the Release continue to apply and have not materially changed.

Following the completion of the Feasibility Study, the Company commenced investigating financing strategies to enable the restart of operations at Bloom Lake.

During the quarter ended 31 March 2017, \$4,718,000 was spent on care and maintenance of Bloom Lake and \$1,513,000 was spent on exploration and administration activities.

ACQUISITION OF RAIL CARS

The Company announced on 14 March 2017 that through its wholly owned subsidiary, Société de voitures de chemin de fer du Lac Bloom Inc., it had acquired 735 specialized iron ore railcars from Canadian Iron Ore Railcar Leasing LP for consideration of US\$30.1 million. The fleet is operational and ready for deployment.

The Company is paying 6% of the acquisition price as a down-payment with the balance to be financed by a three year seller note at a rate of LIBOR plus 1.75% per annum.

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CONSOLIDATED FIRE LAKE NORTH (“CFLN”) & OTHER PROJECTS

With the focus on restarting Bloom Lake, the Company expended \$170,000 on limited exploration activity on the CFLN and other projects during the quarter ended 31 March 2017 primarily undertaken to maintain current claim holdings.

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

Champion continues to participate with the Québec government in the advancement of a multi-user railway solution to connect mine developers and producers in the Labrador Trough with the Port of Sept-Île’s new multi-user ship loading facilities at Pointe Noire. The Government of Québec has granted CAD \$20 million for the feasibility study which is being managed by Champion.

This remains Champion’s preferred railway and port solution following evaluation and consideration of alternatives including several independent rail options to Pointe Noire and alternatives to access Baie-Comeau.

CASH POSITION

As at 31 March 2017, Champion had \$13,014,000 cash in hand. Further detail is provided in the attached Appendix 5B.

MINING TENEMENTS AT 31 March 2017

Mining tenements owned by the Company at 31 March 2017 are shown on the attached Appendix. The Company did not enter into farm-in/farm-out arrangements during the quarter.

About Champion

Champion is an iron development and exploration company, focused on developing its significant iron resources in the south end of the Labrador Trough in the province of Québec. Following the acquisition of its flagship asset, the Bloom Lake iron ore property, the Company’s main focus is to implement upgrades to the mine and processing infrastructure it now owns while also advancing projects associated with improving access to global iron markets, including rail and port infrastructure initiatives with government and other key industry and community stakeholders.

Champion’s management team includes professionals with mine development and operations expertise who also have vast experience from geotechnical work to green field development, brown field management including logistics development and financing of all stages in the mining industry.

For further information please contact:

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

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

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

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

MINING TENEMENTS AT 31 March 2017

Through the Company's wholly owned subsidiary Champion Iron Mines Limited, the Company owns a 100% interest in the following properties (each a "Property"), covering 947 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of north eastern Quebec, which is 300 kilometres north of the St. Lawrence River port town of Sept-Îles, and ranging from 6 to 80 kilometres southwest of Fermont.

Property-Québec	SNRC	Claims	Hectares
Consolidated Fire Lake North	23B06; 23B11; 23B12	569	28,774.11
Harvey-Tuttle	23B12; 23B05	191	10,010.36
Moire Lake	23B14	36	1,665.56
O'Keefe-Purdy	23B11; 23B12	203	10,623.15
Jeannine Lake (Note 1)	22N16	21	1,117.40
Round Lake (Notes 1 & 2)	23B04; 23C01; 23N16	318	16,826.93
Silicate-Brutus (Note 1)	22O13	19	1,009.25
Peppler	23B05	118	6,207.75
Lamelee	23B05; 23B06; 23B11; 23B12	236	12,374.67
Hobdad	23B05; 23B06	93	4,893.74
Property-Newfoundland	Licences		
Powderhorn	11346M, 11367M, 15136M, 15137M, 18969M, 23147M	101	2525.00
Gullbridge	11956M, 11960M, 16260M, 16261M	212	5,300.00

Note 1 – Currently under option to Cartier Iron Corporation

Note 2 – Round Lake property includes Aubrey-Ernie, Black Dan, Penguin Lake and Round Lake project claims.

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

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Champion Iron Limited

ABN

34 119 770 142

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$C'000	Year to date (12 months) \$C'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(170)	(949)
(b) development	-	-
(c) production	-	-
(d) staff costs	(356)	(1,078)
(e) administration and corporate costs	(987)	(2,463)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	36	236
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
Refundable tax credit on exploration	-	1,973
Care and maintenance of Bloom Lake	(4,718)	(18,857)
Transaction costs	-	(2,624)
Items not affecting cash	1,664	2,025
1.9 Net cash from / (used in) operating activities	(4,531)	(21,737)

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Consolidated statement of cash flows	Current quarter \$C'000	Year to date (12 months) \$C'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,152)	(12,357)
(b) tenements (see item 10)	–	(777)
(c) investments	(1,000)	(1,000)
(d) other non-current assets	–	–
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	–	3,393
(b) tenements (see item 10)	–	–
(c) investments	–	324
(d) other non-current assets	–	–
2.3 Cash flows from loans to other entities	–	–
2.4 Dividends received (see note 3)	–	–
2.5 Other (provide details if material)	–	–
2.6 Net cash from / (used in) investing activities	(3,152)	(10,417)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	–	44,000
3.2 Proceeds from issue of convertible notes	–	–
3.3 Proceeds from exercise of share options	–	–
3.4 Transaction costs related to issues of shares, convertible notes or options	–	–
3.5 Proceeds from borrowings	–	–
3.6 Repayment of borrowings	–	–
3.7 Transaction costs related to loans and borrowings	–	–
3.8 Dividends paid	–	–
3.9 Other (provide details if material)	–	–
3.10 Net cash from / (used in) financing activities	–	44,000

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,073	1,663
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,531)	(21,737)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,152)	(10,417)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	–	44,000
4.5	Effect of movement in exchange rates on cash held	(376)	(495)
4.6	Cash and cash equivalents at end of period	13,014	13,014

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$C'000	Previous quarter \$C'000
5.1	Bank balances	1,829	123
5.2	Call deposits	11,185	20,950
5.3	Bank overdrafts	–	–
5.4	Other (provide details)	–	–
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,014	21,073

6.	Payments to directors of the entity and their associates	Current quarter \$C'000
6.1	Aggregate amount of payments to these parties included in item 1.2	403
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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

7. Payments to related entities of the entity and their associates	Current quarter \$C'000
7.1 Aggregate amount of payments to these parties included in item 1.2	–
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$C'000	Amount drawn at quarter end \$C'000
8.1 Loan facilities	–	–
8.2 Credit standby arrangements	–	–
8.3 Other (please specify)	–	–
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$C'000
9.1 Exploration and evaluation	300
9.2 Development	–
9.3 Production	–
9.4 Staff costs	235
9.5 Administration and corporate costs	440
9.6 Other (provide details if material)	–
Care and maintenance of Bloom Lake	3,750
9.7 Total estimated cash outflows	4,725

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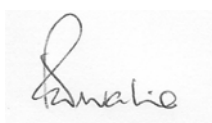
Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Aubertin Tougard	Owned	106.14 ha	–
		Round Lake	Owned	17,303.54 ha	16,826.93 ha
		Pepplar	Owned	6,786.61 ha	6,207.75ha
10.2	Interests in mining tenements and petroleum tenements acquired or increased	–	–	–	–

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 28 April, 2017

Company secretary

Print name: Pradip Devalia

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.