

CHAMPION IRON

30 April 2018

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

March 2018 Quarterly Activities Report

- **C\$25.2M cash on hand and undrawn line of credit US\$57.2M at 31 March 2018**
- **Production start in February 2018 ahead of plan**
- **C\$80.0M spent on restart of Bloom Lake mine during Q4 2018**

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

As advised previously, the Company has been working towards a restart of the Bloom Lake mine in March 2018. Following the completion of the financing in October 2017, the Company and its subsidiary Quebec Iron Ore Inc. (QIO) achieved the following key milestones:

1. Plant recommissioning
The plant commissioning completion and start-up occurred in February ahead of planned schedule. The production ramp-up is well underway and will be completed by June 2018. A total of 623,000 tons of high quality concentrate were produced in Q4 2018.
2. Environmental work and tailings dam
All work required for March 2018 start-up was completed in Q3 of 2018. The Company has no legal non-conformities with current environmental regulations.
3. Construction work
Construction work defined in the March 2017 feasibility has been largely completed and delivered to operations in March 2018. As planned, final works is expected to be completed by June 2018.
4. Logistics and Shipping
19 trains have been shipped from the mine to the port in Q4 2018. The first vessel was 98% loaded on 31 March 2018.

During the quarter ended 31 March 2018, C\$43.7M was spent on improvement projects of Bloom Lake and C\$36.3M was spent on operations commissioning and administration activities.

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

During the fourth quarter of 2018, the Company expended \$104,344 on fees to maintain the claims at CFLN and other projects in Quebec. In March, the first hole intercepted an interval of 2.65m at 7.08% Zn and 33g/t Ag. The drilling is scheduled to end in May.

CASH POSITION

As at 31 March 2018, Champion had C\$25.2M cash in hand and undrawn line of credit of US\$57.2M. Further detail is provided in the attached Appendix 5B.

MINING TENEMENTS AT 31 March 2018

Mining tenements owned by the Company at 31 March 2018 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.

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MINING TENEMENTS AT 31 MARCH 2018

The Company's wholly owned subsidiary, Champion Iron Mines Limited, owns a 100% interest in the following properties, covering 852 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	178	9,420.31
Peppler	23B05	118	6,207.75
Lamelee	23B05; 23B06; 23B11; 23B12	236	12,374.67
Hobdad	23B05; 23B06	93	4,893.74
Property-Newfoundland	Licences		
Powderhorn	25097M, 25098M, 25609M, 25611M, 25614M	185	4,625.00
Gullbridge	11956M, 11960M	67	1,675.00

Note 1 – 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. owns a 100% interest in the following properties:

Property-Québec	SNRC	Claims	Hectares
Bloom Lake Mining Lease	23B14	1	6,857.63
Bloom Lake claims	23B14	69	3,224.20

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 2018

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	-	(923)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,102)	(3,253)
(e) administration and corporate costs	(871)	(4,622)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	97
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)	(59,139)	(59,618)
Care and maintenance and restart costs of Bloom Lake	(35,758)	(88,072)
Accounts payable and accrued liabilities	24,077	55,531
Items not affecting cash	5,913	8,435
1.9 Net cash from / (used in) operating activities	(66,858)	(92,425)

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	(49,708)	(97,075)
(b) tenements (see item 10)	–	–
(c) investments	–	–
(d) other non-current assets	(726)	(40,308)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	(1,134)	40
(b) tenements (see item 10)	–	–
(c) investments	–	–
(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)	2,642	3,104
2.6 Net cash from / (used in) investing activities	(48,926)	(134,239)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	–	18,930
3.2 Proceeds from issue of convertible notes	–	41,200
3.3 Proceeds from exercise of share options	–	1,303
3.4 Transaction costs related to issues of shares, convertible notes or options	(300)	(1,115)
3.5 Proceeds from borrowings	90,133	170,612
3.6 Repayment of borrowings	–	(21,995)
3.7 Transaction costs related to loans and borrowings	(471)	(2,609)
3.8 Dividends paid	–	–
3.9 Other (private placement of common shares of Quebec Iron Ore Inc.)	–	31,317
3.10 Net cash from / (used in) financing activities	89,362	237,643

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	52,273	13,329
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(66,858)	(92,425)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(48,926)	(134,238)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	89,362	237,643
4.5	Effect of movement in exchange rates on cash held	(691)	851
4.6	Cash and cash equivalents at end of period	25,160	25,160

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	7,632	48,760
5.2	Call deposits	17,528	3,513
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)	25,160	52,273

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	660
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, 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	

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Mining exploration entity and oil and gas exploration entity quarterly report

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
8.1.1 Loan facilities (Convertible debenture)	10,000	10,000
8.1.2 Loan facilities (Note payable)	35,268	35,268
8.1.3 Loan facilities (Senior secured financing)	US\$ 80,000	US\$54,560
8.1.4 Loan facilities (Subordinated secured financing)	US\$100,000	US\$68,200
8.1.5 Loan facilities (Convertible debenture)	31,200	31,200
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.

Loan facilities

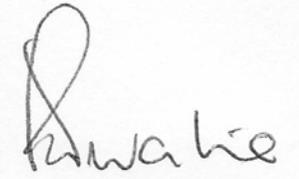
1. Provided by Altius Mineral Corporation; interest rate of 8%; unsecured; convertible into ordinary shares at a conversion price of \$1.00 per share; matures June 1, 2018.
2. Provided by Canadian Iron Ore Railcar Leasing LP to Lac Bloom Railcars Corporation Inc. ("Lac Bloom"); interest rate of LIBOR plus 1.75% compounded and payable monthly; secured by all the present and future moveable property of Lac Bloom; matures on March 10, 2019.
3. Senior secured financing of US\$80,000,000 provided by Sprott Resource Lending (Collector), LP ("Sprott") to QIO to finance the restart of Bloom Lake by way of a 5-year senior secured loan bearing interest at 7.5% per annum plus the greater of US dollar 3-month LIBOR and 1% per annum and 3,000,000 common share purchase warrants; secured by all of the assets of QIO.
4. Subordinated secured financing of US\$100,000,000 provided by CDP Investissements Inc. ("CDP") a wholly-owned subsidiary of Caisse de dépôt et placement du Québec to QIO to finance the restart of Bloom Lake by way of a 7-year subordinated loan bearing interest at 12% for the first year, and thereafter, at an interest rate linked to the price of iron ore and 21,000,000 common share purchase warrants; secured subordinate to the senior secured financing by all of the assets of QIO.
5. Unsecured financing of \$31,200,000 by way of an 8-year subordinated mandatory convertible debenture provided by Glencore International AG to the Company; interest at 12% for the first year, and thereafter, at an interest rate linked to the price of iron ore; convertible at the option of Glencore at any time into the Company's ordinary shares at a conversion price of \$1.125 per ordinary share ("Conversion Price"); mandatory conversion at the option of Sprott or CDP into the Company's ordinary shares at a conversion price of \$0.85 per ordinary share, provided that such mandatory conversion may not have the effect of causing Glencore to own 20% or more of the outstanding ordinary shares. The Debenture, together with accrued and unpaid interest, may be prepaid by the Company in whole (but not in part). In the event the Company elects to prepay and cancel the Debenture for cash and the Debenture is not converted into ordinary shares prior to prepayment, the Company would grant to Glencore ordinary share purchase warrants entitling it to acquire, on or before October 13, 2025, a number of ordinary shares equal to the principal amount of Debenture repaid divided by the Conversion Price, at an exercise price equal to the Conversion Price. In connection with the closing of the Debenture, QIO entered into an off-take agreement with Glencore pursuant to which Glencore secures global off-take rights for life-of-mine of Bloom Lake with fixed commercial terms for a 10-year period for all tonnes of future iron ore production at Bloom Lake not sold in Japan under the existing off-take agreement with Sojitz. In the event of a mandatory conversion as described above, the off-take terms will apply for the life-of-mine of Phase 1 of Bloom Lake and Glencore will have the option to convert the marketing fees under the off-take terms into a FOB-based royalty under certain circumstances. In addition, Glencore has been granted a right of first refusal in connection with the financing and off-take rights for iron ore production of Phase II of Bloom Lake not allocated to certain strategic investors.

9.	Estimated cash outflows for next quarter	\$C'000
9.1	Exploration and evaluation	450
9.2	Development	–
9.3	Production	70,000
9.4	Staff costs	15,400
9.5	Administration and corporate costs	5,300
9.6	Other (provide details if material)	–
	Accounts payable related to restart of Bloom Lake	31,600
9.7	Total estimated cash outflows	122,750

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	–	–	–	–
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: 30 April, 2018

Company secretary

Print name: Pradip Devalia

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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.

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