

CHAMPION IRON

CHAMPION IRON ANNOUNCES INTENTION TO RE-DOMICILE TO CANADA

Montreal, January 6, 2020 – Champion Iron Limited (TSX: CIA) (ASX: CIA) [“Champion Australia” or the “Company”] announces a proposal to re-domicile from Australia to Canada by way of a scheme of arrangement under Part 5.1 of the Corporations Act 2001 [Cth] (the “Re-domicile” or the “Re-domiciliation”).

Reasons for the Re-domiciliation

After considering the potential benefits and disadvantages of the Re-domiciliation, the board of directors (the “Board”) has determined that a Re-domicile to Canada best serves the Company's interest, highlighting:

- The Re-domiciliation will align the domicile or location of the new listed parent company [“Champion Canada”], with its assets, operations and predominant shareholder base;
- The Re-domicile will increase the attractiveness of Champion Canada to more diverse financial markets;
- The Re-domicile will increase the attractiveness of Champion Canada to Canadian institutional investors who may require a Canadian corporate domicile (including a place of incorporation in Canada) for their investments;
- Champion Canada may become eligible for inclusion in Canadian indices, such as the S&P/TSX Composite Index, which require a domestic corporate domicile (including a place of incorporation in Canada), without impacting Australian indices which do not prescribe an Australian corporate domicile as a condition for inclusion;
- The potential cost savings to be realised by the simplification of the corporate structure of Champion Canada;
- The active listing on the Toronto Stock Exchange [“TSX”] and Australian Securities Exchange [“ASX”] will be retained; and
- The Re-domicile will not result in any changes to operations, management or strategy.

Commenting on the announcement, Champion Iron Limited's CEO, David Cataford, said “Although our Company has evolved into a successful mining operator headquartered in Canada, we maintain significant roots in Australia where many of our early investors reside. While today's announcement aligns our Company's domicile with its operations, we look to build our already strong shareholder base in Australia with our active listings on the TSX and ASX, which will remain unaffected by this announcement.”

The Board unanimously recommends the Re-domiciliation

The Company's Board unanimously recommends that shareholders of Champion Australia [“Champion Australia Shareholders”] approve the Re-domicile by voting in favour of the resolution to approve the scheme at the meeting of the Company's shareholders to be scheduled to consider this resolution in March 2020. Each member of the Board intends to vote the Champion Australia Shares (as defined below) which he or she holds (or that are held on their behalf) in favour of the scheme resolution.

Independent Expert's Report

Champion Australia has appointed Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to determine whether or not the scheme to give effect to the Re-domicile is in the best interests of Champion Australia Shareholders. The scheme booklet in connection with the Re-domicile (the “Scheme Booklet”) will include the report from the Independent Expert.

Overview of the key features of the Re-domicile

Champion Australia has today entered into a scheme implementation deed (the “Scheme Implementation Deed”) with Champion Canada, a new holding company incorporated under the laws of the Province of Quebec, Canada. The Scheme Implementation Deed records the terms on which Champion Australia and Champion Canada have agreed to pursue the Re-domicile.

If the scheme is implemented:

- Champion Canada will acquire all the ordinary shares in Champion Australia (each ordinary share being a "Champion Australia Share") and Champion Australia Shareholders (who are classified as eligible scheme participants) will receive one Champion Canada common share (a "Champion Canada Common Share") listed on the TSX or one CHESS Depository Interest of Champion Canada (a "Champion Canada CDI") quoted and traded on the ASX as the scheme consideration for each Champion Australia Share which they hold on the record date of the scheme;
- Champion Australia will become a subsidiary of Champion Canada;
- Champion Australia will be delisted from the ASX and the TSX;
- Champion Canada Common Shares will be listed on the TSX; and
- Champion Canada will be listed on the ASX with CDIs quoted and traded on the ASX.

As such, Champion Canada will effectively replace Champion Australia as the listed entity on the ASX and the TSX.

Implementation of the scheme is conditional upon the satisfaction of certain conditions, including:

- The Independent Expert concluding that the scheme to give effect to the Re-domicile is in the best interests of Champion Australia Shareholders;
- Champion Australia Shareholders approving the scheme;
- The Federal Court of Australia approving the scheme; and
- Champion Canada obtaining approval from the Foreign Investment Review Board.

Maintain ASX and TSX listing

Champion Canada is governed by the laws of the Province of Québec, Canada, and will continue to be subject to the rules and policies of the ASX and the TSX. The regulatory environment in Canada is considered comparable to that in Australia. As such, security holders in Champion Canada will have similar regulatory protection to that currently available under the Australian Corporations Act 2001 (Cth) to Champion Australia Shareholders.

Indicative timetable

It is expected that the Scheme Booklet will be sent to Champion Australia Shareholders in February 2020 followed by a Shareholder meeting to be scheduled in March 2020. Assuming satisfaction or waiver of all the conditions precedent, the scheme will be implemented in early April 2020.

The Scheme Booklet will outline full details of the scheme and the Re-domicile and will include details of the scheme, the reasons for the Board's recommendation and the report from the Independent Expert. Champion Australia Shareholders are encouraged to carefully review the Scheme Booklet in full once received.

Full details of the impact of the scheme, including the change to regulation, will be made in the Scheme Booklet.

Shareholder information

Further information on the Re-domicile will be lodged with the ASX, disseminated and filed in Canada, as required, and included on the Company's website <https://www.championiron.com/>.

About Champion Iron Limited

On April 11, 2016, the Company, through its subsidiary Quebec Iron Ore Inc., acquired the Bloom Lake assets from bankruptcy protection. Following the release of a feasibility study on February 16, 2017, the Company recommissioned Bloom Lake in February 2018, which completed its first shipment on April 1, 2018. In June 2019, the Company released a feasibility study for the Phase II expansion which envisions doubling the mine's overall capacity from 7.4 Mtpa to 15 Mtpa. On August 16, 2019, the Company finalized the terms of an agreement with Ressources Québec Inc. whereby the Company acquired Ressources Québec's 36.8% equity interest in Quebec Iron Ore Inc. and now owns 100% of Quebec Iron Ore Inc., which owns the Bloom Lake mine.

Located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Quebec, and adjacent to established iron ore producers, the Bloom Lake mine is an open-pit truck and shovel operation with a concentrator. From

the site, iron concentrate is transported by rail, initially on the Bloom Lake railway, to a ship loading port in Sept-Îles, Quebec.

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Summary information

The following disclaimer applies to this announcement and any information contained in it. The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Champion Australia's periodic and continuous disclosure announcements lodged with the ASX, disseminated and filed in Canada, as required, and the Scheme Booklet (when it is sent to Champion Australia Shareholders).

Forward looking statements

This announcement includes certain information that may constitute "forward-looking information" under applicable securities legislation. All statements, other than statements of historical facts, included in this announcement that address future events, developments or performance that Champion Australia or Champion Canada expect to occur are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Although Champion Australia and Champion Canada believe the expectations in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of Champion Australia or Champion Canada, which may cause Champion Australia's and Champion Canada's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation, changes in laws and regulations including tax laws; general economic, market or business conditions; general economic, competitive, political and social uncertainties, as well as those factors discussed in the section entitled "Risk Factors" of the Champion Australia's 2019 Annual Information Form and the risks and uncertainties discussed in the Company's MD&A for the year ended March 31, 2019, which are available on SEDAR at www.sedar.com.

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 Australia's and Champion Canada's forward-looking information contained in this announcement is given as of the date hereof and is based upon the opinions and estimates of Champion Australia's and Champion Canada's management and information available to management as at the date hereof. Champion Australia and Champion Canada disclaim any intention or obligation to update or revise any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

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