

EARLY WARNING REPORT
Made Pursuant to
National Instrument 62-103

RELATING TO THE ACQUISITION OF SECURITIES IN THE CAPITAL OF
NORTHFIELD METALS INC.

1. Name and address of the offeror:

Champion Iron Mines Limited (the “Offeror”)
20 Adelaide Street East, Suite 301
Toronto, Ontario M5C 2T6

2. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file this news release, and whether it was ownership or control that was acquired in those circumstances:

Before the transactions that gave rise to the obligation to file this press release (the “Transactions”), the Offeror owned no common shares of Northfield Metals Inc. (the “Issuer”). Pursuant to the Transactions, the Offeror acquired ownership and control of 3,568,000 common shares of the Issuer.

3. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file this news release:

Immediately after the Transactions, the Offeror owns 3,568,000 common shares or approximately 19.36% of the issued and outstanding common shares of the Issuer.

4. The designation and number or principal amount of securities and the percentage of outstanding securities of the securities of the class of securities referred to in paragraph 3 over which:

(a) the offeror, either alone or together with any joint actors, has ownership and control:

Following the Transactions, the Offeror, alone, will have ownership and control over 3,568,000 common shares or approximately 19.36% of the issued and outstanding common shares of the Issuer.

(b) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor:

Not applicable

- (c) **the offeror, either alone or together with joint actors, has exclusive or shares control but does not have ownership:**

Not applicable

- 5. The name of the market in which the transaction or occurrence that gave rise to this news release took place:**

The Transactions that gave rise to this news release were (a) the issue of 1,000,000 Common shares pursuant to an option agreement by which the Issuer has been granted an option to earn a 65% interest in seven iron-rich mineral concessions, which the Offeror calls "Cluster 3", totaling approximately 220 km² in the southern Labrador Trough, Fermont Iron Ore District of northeastern Québec (the "**Option Agreement**") and (b) a concurrent private placement, pursuant to which the Offeror purchased 2,000,000 common shares of the Issuer at a price of \$0.25 per share for cash proceeds of \$500,000 and an additional 568,000 common shares also at a price of \$0.25 per share in settlement of outstanding loans aggregating \$142,000 which the Offeror had made to the Issuer.

- 6. The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:**

The consideration was \$0.25 per share.

- 7. The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to this report, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The Offeror has acquired the Issuer's common shares in these transactions for investment purposes and has reserved the right to acquire additional securities of the Issuer as described below. Depending upon its evaluation of the business, prospects and financial condition of the Issuer, the market for the Issuer's securities, general economic and tax conditions and other factors, the Offeror may acquire more securities of the Issuer and, subject to the limitations on transfer set forth below, may sell its holdings of securities of the Issuer.

- 8. The general nature and material terms of any agreement, other than lending arrangements, with respect to the securities entered into by the offeror or any joint actor, and the issuer of the securities or any other entity in connection with the transaction, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

In connection with the Transactions, the two companies signed a Pre-emptive Rights Agreement whereby the Issuer granted the Offeror the right to participate in the Issuer's private placements over a period of approximately two (2) years expiring December 31, 2014, thereby giving the Offeror the opportunity to maintain its proportionate interest in outstanding shares of the Issuer. The Offeror also reserved the right to participate in the Issuer's private placements to increase the Offeror's holdings of the Issuer's outstanding shares up to 38%, which right will expire on June 30, 2013 or such later date when the Issuer has at least 30,000,000 shares outstanding. The two companies also signed a Board Representation and Standstill Agreement whereby, for a period of approximately five (5) years expiring December 31, 2017, the Offeror will have the right to nominate one director to the Issuer's Board of Directors and will be restricted from voting in certain circumstances, including not voting against the election of any nominee to the Board of Directors proposed by the Issuer or against any resolutions supported by the Issuer's Board of Directors, subject to certain exceptions. The agreement also provides for restrictions on sales of the Issuer's shares by the Offeror without the Issuer's consent for a period of approximately five years expiring December 31, 2017 and then limited monthly sales thereafter.

9. The names of any joint actors in connection with the disclosure required by this report:

Not applicable

10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror:

The aggregate consideration paid for 2,568,000 common shares was \$642,000, of which \$500,000 was paid in cash and \$142,000 was paid by offset of a debt in that amount. The remaining 1,000,000 common shares were issued pursuant to the Option Agreement.

11. If applicable, a description of any change in any material fact set out in a previous report filed by the entity under the early warning requirements in respect of the reporting issuer's securities:

Not applicable

12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.

None, other than the exemptions provided in National Instrument 45-106, section 2.13 – *Petroleum, natural gas and mining properties*, section 2.10 – *minimum investment amount*, and section 2.14 – *Securities for debt*.

DATED this 11th day of December, 2012.

CHAMPION IRON MINES LIMITED

Per: *[Signed] "Jorge Estepa"*

Name: JORGE ESTEPA

Title: VICE PRESIDENT