
AGREEMENT

RESPECTING BOARD REPRESENTATION RIGHTS

AND

STANDSTILL OBLIGATIONS

between

NORTHFIELD METALS INC.

and

CHAMPION IRON MINES LIMITED

DECEMBER 10, 2012

THIS AGREEMENT is made as of December 10, 2012

BETWEEN: **NORTHFIELD METALS INC.**, a corporation governed by the *Business Corporations Act* (Ontario)

(“**Northfield**”)

AND: **CHAMPION IRON MINES LIMITED.**, a corporation governed by the *Business Corporations Act* (Ontario)

(“**Champion**”)

RECITALS:

- A. By subscription agreement dated the date hereof, Champion has conditionally agreed to purchase for aggregate consideration of \$642,000, and Northfield has agreed to issue from treasury, 2,568,000 Northfield Common Shares in the capital of Northfield;
- B. On completion of the transaction noted above, Champion will beneficially own 3,568,000 Northfield Common Shares representing approximately 19.4% of the outstanding Northfield Common Shares; and
- C. As a condition of the completion of the above described subscription, Champion has requested that Northfield enter into this Agreement and an agreement respecting certain pre-emptive rights and that Northfield execute the formal agreement contemplated by an option agreement dated September 28, 2012 between Champion and Northfield, as amended November 2, 2012.

THIS AGREEMENT WITNESSES THAT in consideration of, among other things, the mutual promises contained in the Agreement, the Parties agree as follows:

**ARTICLE I –
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

Unless the context otherwise requires, in this Agreement:

“**Affiliate**” means with respect to any Person, any other Person directly or indirectly Controlling or Controlled by, or under direct or indirect common Control with, such Person;

“**Agreement**” means this agreement, including any schedule or annex hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“**Associate**” has the meaning ascribed to such term in the *Securities Act* (Ontario);

“**Business Day**” means a day that is not a Saturday, Sunday or statutory holiday in the Province of Ontario;

“**Canadian Securities Authorities**” means the securities regulatory authorities of the provinces of Canada and any of their successors;

“**Canadian Securities Laws**” means the securities legislation of each of the provinces of Canada, as amended from time to time, and the rules, regulations, blanket orders and orders having application to Champion or Northfield, as the case may be, and forms made or promulgated under such legislation and the policies and instruments of one or more of the Canadian Securities Authorities;

“**Champion Nominee**” means an individual nominated by Champion for election or appointment to the Northfield Board of Directors;

“**Control**” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise, and the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing;

“**Northfield Common Shares**” means the common shares in the share capital of Northfield, as currently constituted;

“**Governmental Agency**” means (i) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**including**” means including without limitation;

“**Laws**” means any law, code, act, regulation, by-law, decree and order (including any regulation and order thereunder), policy and guideline, or decision, ruling and judgment, of any Governmental Agency having jurisdiction and which is binding on the relevant Person or Persons referred to in the context where such word is used;

“**Lock-Up Period**” means the period beginning on the date of this Agreement and ending on December 31, 2017;

“**Parties**” means Northfield and Champion and “**Party**” means any one of them;

“**Person**” or “**person**” includes an individual, a partnership, a limited partnership, a corporation, a trust, a Governmental Agency, an unincorporated organization and any other entity;

“**Restricted Transfer Date**” means the date identified in the relevant Restricted Transfer Notice as the proposed date of initiation of any sale by Champion of Northfield Common Shares or Convertible Securities, as the case may be;

“**Restricted Transfer Notice**” a written notice of the proposed sale and number of shares to be sold delivered by Champion to Northfield in respect of a proposed sale of Northfield Common Shares or Convertible Securities;

“**Restricted Transfer Shares**” means the number of shares identified in the relevant Restricted Transfer Notice as the number of Northfield Common Shares or Convertible Securities proposed to be sold by Champion;

“**Significant Board Alteration**” means, with respect to an issuer, the election of a majority of the directors of such issuer as nominees of a Person or group of Persons acting jointly and in concert subsequent to the acquisition thereby of voting securities of the issuer to which are attached a majority of the voting rights attached to all outstanding voting securities of the issuer;

“**Significant Event**” means, with respect to an issuer:

- (i) an alteration of the share capital of the issuer:
 - (A) changing or reclassifying the issuer’s common shares such that the voting or dividend rights attaching thereto are reduced, or
 - (B) providing for the creation or issuance of shares which, when compared with the issuer’s common shares, carry a number of votes proportionately greater than the capital to be represented thereby or which carry dividend rights at a rate which would substantially impair the dividends ordinarily payable on its common shares, or
- (ii) a transaction with an arm’s length third party that would require the approval of shareholders at a meeting of shareholders called for the purpose of considering a resolution relating to such transaction, which resolution must be passed at such meeting by at least two-thirds of the votes cast thereon and in respect of which a shareholder has dissent rights; and

“**Term**” means the period ending on December 31, 2017.

1.2 Interpretation

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.4 Date for Any Notice or Action

If the date on which any notice is to be given or any action is required to be taken hereunder by a Party is not a Business Day or any such notice or action is effected after 4:00 p.m. (local time for the recipient), such notice shall be deemed to have been given or such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Consolidation, Subdivision of Shares

In the event of any subdivision, consolidation or other change of the securities of Northfield at any time while this Agreement is in effect, on the effective date of each and every such event the applicable provisions of this Agreement shall, *ipso facto*, be deemed to be amended accordingly and the Parties shall take all necessary action so as to comply with such provisions as so amended.

ARTICLE II – LOCK UP AGREEMENTS

2.1 Restrictions on Transfer by Champion

- (a) Champion hereby covenants and agrees in favour of Northfield that, during the Lock-up Period, Champion will not, directly or indirectly, without obtaining the prior written consent of Northfield (which consent may be arbitrarily refused), sell, transfer, mortgage, hypothecate, grant a security interest in or otherwise deal with in any way any Northfield Common Shares or Convertible Securities.
- (b) Following the end of the Lock-Up Period, Champion may not sell or transfer more than 2,000,000 Northfield Common Shares during any 30-day period. If Champion intends to sell up to 2,000,000 Northfield Common Shares during any 30-day period, Champion shall send Northfield a Restricted Transfer Notice at least seven Business Days prior to the Restricted Transfer Date.
- (c) At any time prior to the Restricted Transfer Date, Northfield may identify a purchaser or purchasers for the Restricted Transfer Shares and Champion shall sell to the identified purchaser or purchasers the Restricted Transfer Shares at a price per common share offered by such identified purchaser or purchasers provided that such offered price is mutually acceptable and is no less than the greater of (i) 95% of the closing board lot sale price per Northfield Common Share, as reported by the principal stock exchange on which Northfield Common Shares are then listed for trading, on the day preceding the date of the Restricted Transfer Notice, and (ii) the volume weighted average trading price, as reported by the principal stock exchange on which Northfield Common Shares are then listed for trading, of the Northfield Common Shares for the 10 trading days ending on the seventh Business Day following the date of the Restricted Transfer Notice.
- (d) In the event that Northfield does not identify sufficient purchasers for all the Restricted Transfer Shares in respect of which Champion has given a Restricted

Transfer Notice or that the purchaser or purchasers identified by Northfield do not complete the purchase of the Restricted Transfer Shares on or before the tenth Business Day following the date of the Restricted Transfer Notice, then Champion may sell any remaining Restricted Transfer Shares for which Champion has given a Restricted Transfer Notice to other purchasers within 30 days after the date of the Restricted Transfer Notice in respect thereof without further restriction under this Agreement.

ARTICLE III – VOTING RESTRICTIONS

3.1 Restrictions on Voting Northfield Shares by Champion

- (a) During the Term, for so long as Champion owns, directly or indirectly, at least 10% of the Northfield Common Shares outstanding at the applicable time, Champion shall not, directly or indirectly, vote or cause to be voted any Northfield Common Shares, or encourage anyone else to vote or cause to be voted any of their Northfield Common Shares, at any meeting of shareholders of Northfield against any resolutions put before the shareholders of Northfield by or upon the recommendation of the then incumbent Northfield Board of Directors. Furthermore, during the Term, for so long as Champion owns directly or indirectly, at least 10% of the Northfield Common Shares outstanding at the applicable time, Champion agrees it shall not vote or cause to be voted any Northfield Common Shares or encourage anyone else to vote or cause to be voted any of their Northfield Common Shares in favour of (x) the election of nominees to the Northfield Board of Directors not proposed by the then incumbent Northfield Board of Directors, or (y) any shareholder resolution or proposal unless the then incumbent Northfield Board of Directors recommends voting in favour of such shareholder resolution or proposal.
- (b) Notwithstanding Section 3.1(a), Champion may vote its Northfield Common Shares at any meeting of the shareholders of Northfield as it may determine:
 - (i) in respect of any Significant Event to be voted on at such meeting with respect to which the Champion Nominee dissented at the time of approval by resolution of the Northfield Board of Directors or, if the Champion Nominee was not present at the board meeting, to which he or she objected in writing within two (2) Business Days after learning of the resolution; or
 - (ii) in the event of a Significant Board Alteration.

**ARTICLE IV –
BOARD REPRESENTATION**

4.1 Champion Nomination Rights to Northfield Board of Directors

- (a) Effective as of the date of this Agreement, the Northfield Board of Directors shall appoint one Champion Nominee to serve on the Northfield Board of Directors until the next annual meeting of shareholders of Northfield.
- (b) At the first annual meeting of shareholders of Northfield following the date of this Agreement, Northfield shall take all commercially reasonable steps, execute all such documents and do all such acts and things necessary to have one Champion Nominee elected as a director of the Northfield Board of Directors. Without limiting the generality of the foregoing, Northfield's obligations shall include: (i) causing such Champion Nominee to be included in the management slate of nominees for election to the Northfield Board of Directors, (ii) soliciting proxies on behalf of management of Northfield in favour of the election of such nominee, and (iii) causing all proxies received by management of Northfield for the election of directors to be voted, where no contrary intention is expressed, in favour of such nominees.
- (c) Northfield's obligations under this Section 3.1 shall remain in effect during the Term only so long as Champion is the beneficial owner of at least 10% of the Northfield Common Shares outstanding at the applicable time.
- (d) Northfield shall advise Champion of the record date for any meeting at which Northfield directors are to be elected at least 20 Business Days prior to such date and Champion shall designate in writing the Champion Nominee at least ten Business Days prior to such record date. If Champion does not designate a Champion Nominee prior to the deadline, then Champion will be deemed to have designated its incumbent Champion Nominee.
- (e) Each Champion Nominee shall be qualified to serve as a director under applicable Laws and acceptable to the Northfield Board of Directors.
- (f) In the event that any Champion Nominee shall cease to serve as a director of Northfield, whether due to such Champion Nominee's death, disability resignation or removal, a replacement Champion Nominee designated by Champion shall be promptly appointed by the Northfield Board of Directors to fill the vacancy created by such death, disability, resignation or removal.

**ARTICLE V –
STANDSTILL AGREEMENTS**

5.1 Standstill by Champion

During the Term, for so long as Champion owns directly or indirectly, at least 10% of the Northfield Common Shares outstanding at the applicable time, neither Champion nor any of its Affiliates or Associates shall, directly or indirectly, (i) commence, assist, commit to

tender or act in concert with an offeror in a take-over bid (as such term is defined under Canadian Securities Laws) for any securities of Northfield, or (ii) solicit proxies from any shareholders of Northfield or attempt to influence the voting by any shareholders of Northfield other than in support of initiatives recommended by the Northfield Board of Directors; (iii) otherwise seek or propose to influence or control the management of Northfield, the Northfield Board of Directors, or the policies or affairs of Northfield (but, for certainty, this shall not limit or restrict in any way the Champion Nominee in fulfilling such nominee's duties and responsibilities as a director on the Northfield Board of Directors); or (iv) make any public or private announcement or disclosure with respect to the foregoing.

ARTICLE VI – GENERAL

6.1 Expenses

Each Party shall pay its own costs and outlays connected with the preparation, negotiation and execution of this Agreement.

6.2 Time

Time shall be of the essence of this Agreement. If the Parties agree to vary a time requirement, the time requirement so varied shall be of the essence of this Agreement; any such agreement shall be in writing.

6.3 Notices

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (i) when received if delivered personally, (ii) when sent by facsimile (provided a send confirmation for the facsimile is obtained), or (iii) on the date received if sent by courier service, to the Parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Champion, to:

Champion Iron Mines Limited
20 Adelaide Street East, Suite 301
Toronto, Ontario
M5C 2T6

Attn: President and Chief Executive Officer
Fax: (416) 361-1333

(b) If to Northfield, to:

Northfield Metals Inc.
20 Adelaide Street East, Suite 301

Toronto, Ontario
M5C 2T6

Attn: President and Chief Executive Officer
Fax: (416) 361-1333

6.4 Assignment; Binding Effect

This Agreement and the rights hereunder are not assignable unless such assignment is consented to in writing by each of Champion and Northfield, Subject to the foregoing, this Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

6.5 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein without regard to the conflicts of laws rules thereof.

6.6 Severability

If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a mediator or a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof. The parties shall engage in good faith negotiations to replace any provision which is declared invalid, illegal or unenforceable with a valid, legal and enforceable provision, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision which it replaces.

6.7 Entire Agreement

This Agreement constitutes the entire agreement and understanding between the Parties on everything connected with the subject matter of this Agreement, and supersedes any prior agreement or understanding on anything connected to the subject matter thereof.

6.8 Public Announcements

No Party will make any public or press announcement or statement concerning the Agreement without the prior approval of the other Party (such approval not to be unreasonably withheld or delayed), except to the extent required pursuant to any applicable Law, or to any regulatory body or Governmental Agency, or pursuant to the rules of any applicable stock exchange or stock market. The Parties shall in good faith agree to the form or forms of press announcement or public statements that they will each make in respect of this Agreement and the transactions contemplated herein.

6.9 Amendment

This Agreement may be amended, modified or supplemented only by a written mutual agreement executed and delivered by each of Northfield and Champion.

6.10 Counterparts

This Agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

NORTHFIELD METALS INC.

Per: Paul R. Lukwon
Name:
Title:

CHAMPION IRON MINES LIMITED

Per: Ashley
Name: ALEXANDER S. HORVATH
Title: EXECUTIVE VICE-PRESIDENT EXPLORATION