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**PRE-EMPTIVE RIGHTS AGREEMENT**

between

**NORTHFIELD METALS INC.**

and

**CHAMPION IRON MINES LIMITED**

**DECEMBER 10, 2012**

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**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 Board representation 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;

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

“**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;

“**Convertible Securities**” means securities (including debt securities) in the capital of Northfield which are convertible into, exchangeable for or exercisable to acquire, Northfield Common Shares without further payment by the holder thereof;

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

“**Issuance**” has the meaning ascribed thereto in Section 2.1(a);

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

“**Notice of Issuance**” has the meaning ascribed thereto in Section 2.2(a);

“**Notice of Exercise**” has the meaning ascribed thereto in Section 2.2(b);

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

“**Term**” means the period ending on December 31, 2014; and

“**Third Party Purchaser**” has the meaning ascribed thereto in Section 2.1(a);

## **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 – PRE-EMPTIVE RIGHT

### 2.1 Pre-Emptive Purchase Rights

- (a) Subject to Subsections 2.1(d) and 2.1 (e), if at any time during the Term, Northfield proposes to issue (an “**Issuance**”) to a Person other than Champion (the “**Third Party Purchaser**”) Northfield Common Shares or Convertible Securities, then Champion shall be entitled and have the right and option (but shall not be required) to concurrently purchase or acquire up to such number of such Northfield Common Shares or Convertible Securities as would allow Champion, together with its Affiliates, in aggregate to maintain (on a partially diluted basis assuming conversion of all Convertible Securities but without accounting for the potential conversion, exchange or exercise of share purchase warrants, options or other similar share purchase rights (exercisable by the payment of additional consideration) issued on the closing of the Issuance) beneficial ownership of the same percentage of the outstanding Northfield Common Shares, on a partially diluted basis as described above, as were owned immediately prior to the closing of the Issuance.
- (b) The purchase by Champion of any such Northfield Common Shares or Convertible Securities shall be on the same terms and at the same price per Northfield Common Share or other Convertible Security at which such Northfield Common Shares or other Convertible Securities are issued to Third Party Purchasers.
- (c) Northfield’s obligations under this Article II shall remain in effect during the Term only so long as Champion, together with each Affiliate of Champion, is the beneficial owner of at least 10% of the Northfield Common Shares outstanding at the applicable time.
- (d) Sections 2.1(a) and (b) do not apply to any Issuance (i) for compensatory purposes to directors, officers, employees of or consultants to Northfield and its Affiliates pursuant to compensation arrangements, including Northfield’s stock option plan, (ii) pursuant to the exercise of existing Convertible Securities that have been issued or granted prior to the date hereof, (iii) as consideration for the acquisition of mining properties, or (iv) as consideration for the acquisition of all or substantially all of the shares of another corporation or entity (unless the assets of such other corporation or entity consist principally of cash).

- (e) Notwithstanding the limitation in Subsection 2.1(a) hereof allowing Champion, together with its Affiliates, to maintain the same beneficial ownership of Northfield Common Shares as were owned immediately prior to the closing of any such Issuance, at any time on or before June 30, 2013 or such later time as Northfield shall have not less than an aggregate of 30,000,000 Northfield Common Shares and Convertible Securities outstanding, Champion shall be entitled and shall have the right and option (but not the obligation) to purchase or acquire in any Issuance additional Northfield Common Shares or Convertible Securities up to such number of Northfield Common Shares or Convertible Securities as would allow Champion, together with its Affiliates, in aggregate to hold, on a partially diluted basis as described above, up to, but not more than, 38% of the outstanding Northfield Common Shares at the applicable time.

## 2.2 Pre-Emptive Purchase Notices

- (a) Northfield shall give written notice of any proposed Issuance to Champion at least 10 Business Days prior to the proposed date of the Issuance (the “**Notice of Issuance**”). The Notice of Issuance shall state that Northfield is proposing to issue Northfield Common Shares or Convertible Securities and shall set out the material terms of the proposed Issuance, including the proposed number and terms of the Northfield Common Shares and/or Convertible Securities to be issued, the sale or issue price thereof and, if known, details of the proposed Third Party Purchaser(s).
- (b) Champion shall have the right to purchase all or some of the Northfield Common Shares or Convertible Securities which it is entitled to purchase under Section 2.1 and shall provide written notice to Northfield within 8 Business Days following receipt of the Notice of Issuance of the number of Northfield Common Shares or Convertible Securities, if any, it intends to purchase pursuant to the proposed Issuance (the “**Notice of Exercise**”). If Champion does not give any Notice of Exercise to Northfield within such 8 Business Day period, Champion shall be deemed to have waived its rights to acquire the securities under Section 2.1 and Northfield shall be entitled within a period of 45 calendar days following the expiry of the 8 Business Day period to complete the proposed Issuance to the Third Party Purchaser(s) on the terms and conditions contained in the Notice of Issuance. If no such Issuance is completed within such 45 calendar day period, Northfield will be required to again comply with the provisions of this Section 2.2 before completing any such Issuance.
- (c) If Champion provides a Notice of Exercise stating that it wishes to purchase some or all of the Northfield Common Shares or Convertible Securities, Northfield shall be obligated to sell and issue to Champion, and Champion shall be obligated to purchase from Northfield, that number of Northfield Common Shares or Convertible Shares specified by Champion in the Notice of Exercise concurrently with the completion of the Issuance to the Third Party Purchaser(s). If fewer Northfield Common Shares or Convertible Securities are issued to Third Party Purchaser(s) than were specified in the Notice of Issuance, Northfield will not be required to send an amended Notice of Issuance to Champion pursuant to

Subsection 2.2(a) but (i) Champion may, at its option, elect to purchase fewer Northfield Common Shares or Convertible Securities than it specified in its Notice of Exercise and (ii) Northfield may, at its option, elect to reduce the allocation of Northfield Common Shares or Convertible Securities to be issued to Champion on closing to that number of Northfield Common Shares or Convertible Securities, as the case may be, which will allow Champion, together with its Affiliates, in aggregate to maintain (on a partially diluted basis as described above) beneficial ownership of the same percentage of the outstanding Northfield Common Shares as were owned immediately prior to the closing of the Issuance provided that nothing in this Subsection 2.2(c)(ii) shall restrict Champion from exercising its rights under Subsection 2.1(e) to increase its holdings as provided therein.

### **ARTICLE III – GENERAL**

#### **3.1 Expenses**

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

#### **3.2 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.

#### **3.3 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

### **3.4 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.

### **3.5 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.

### **3.6 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.

### **3.7 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.

### **3.8 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 having jurisdiction in the matter 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.

### **3.9 Amendment**

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

### **3.10 Counterparts**

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

**[Remainder of this page intentionally left blank]**

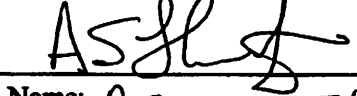


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

**NORTHFIELD METALS INC.**

Per:   
Name:  
Title:

**CHAMPION IRON MINES LIMITED**

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