



BLACK IRON PROGRESSES OFFTAKE & CONSTRUCTION FINANCING

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For Immediate Release

TORONTO, CANADA, December 30, 2020 – Black Iron Inc. (“Black Iron” or the “Company”) (TSX: BKI; OTC: BKIRF; FWB: BIN) management recently hosted representatives from a company interested to secure offtake rights from the Shymanivske iron ore project (the “Project”) at site in Ukraine as part of the currently ongoing competitive offtake process involving several steel mills and global traders. These companies are interested to secure the rights to purchase Black Iron’s expected ultra high grade 68% pellet feed at a slight discount to market in exchange for making an investment towards Project construction.

As detailed in Black Iron’s updated PEA, an estimated US\$452 million is required for Project construction and once financing costs, tax refund timing delays and working capital for start-up are added, the total funds required to be raised is estimated by Black Iron’s financial advisor to be ~US\$505 million not including a cost overrun facility or guarantee that may be required by senior debt lenders of an additional ~5 to 15%. Several term sheets have been received for the capital required for Project construction as detailed below:

Funding source	Amount (US\$)	Status
Royalty	\$100 million	Non-binding term sheet signed
Construction company	\$65 million	Heads of agreement signed x2
Offtake	TBD million	Non-binding term sheets received
Senior Debt	\$260 – 300 million	Non-binding term sheets received

Black Iron is ideally seeking the balance of funds required for construction of the Project to come from an offtake agreement with a steel mill or global trading house and is currently running a two phased process. The first phase of this process closed on October 9, 2020 and select groups have been invited to a second phase, which will likely include either virtual or in-person site visits as has recently occurred. Post signing of the offtake agreement, the Company expects to enter into a binding agreement with a construction company to secure their investment. This is expected to be followed by banks, export

credit agencies and the royalty investor conducting due diligence in parallel to Black Iron's completing an updated feasibility study and environmental impact assessment to secure the balance of funding for Project construction.

Royalty Update

Further to the December 22, 2020 announcement regarding Black Iron signing a US\$100 million term sheet for a life of mine 6.75% royalty on the initial 4Mtpa production, the Toronto Stock Exchange (TSX) has reviewed this transaction and conditionally approved the granting of 30 million warrants to Perpetual Iron LLC ("Perpetual") for facilitating and supporting negotiations with the investor. These warrants have an exercise price of \$0.31 and expire on December 30, 2025. The Warrants will only vest (i.e. Perpetual being able to exercise) until the Company enters into binding agreements with the investor. Ten million warrants will vest upon Black Iron entering into a binding definitive agreement with the investor and the balance of the warrants will vest upon the investor funding its investment. Should Black Iron not enter into a binding definitive agreement with this investor prior to December 22, 2022, all warrants issued to Perpetual will expire. The issuance of the warrants is subject to final Toronto Stock Exchange approval

Broader Iron Ore Market Update

Iron ore is the top appreciating mainstream commodity of 2020 with price increase of 97% to current \$161 per tonne for feedstock with 62% iron content. Iron ore with 65% iron content is currently selling for ~\$173 per tonne and Black Iron plans to produce ultra-premium 68% iron content pellet feed that substantially reduces GHG emissions in the production of steel as compared to the more typical 62% iron ore fines used. In Black Iron's PEA, a highly conservative long term iron ore price of \$62 per tonne for 62% iron content ore is used resulting in an after-tax net present value (NPV) using a 10% discount rate of US\$1.4 billion.

This price increase is largely being driven by several countries spending hundreds of millions on major infrastructure projects such as roads, railways, 5G networks to get people back to work and stimulate economic recovery coming out of COVID19¹. These infrastructure projects tend to take multiple years to complete and this has led to an increase in the price people are paying today to lock in future iron ore prices on the Singapore Exchange (SGX).

About Black Iron

Black Iron is an iron ore exploration and development company, advancing its 100% owned Shymanivske project located in Kryviy Rih, Ukraine. The Shymanivske project contains a NI 43-101 compliant mineral resource estimated to be 646 Mt Measured and Indicated mineral resources, consisting of 355 Mt Measured mineral resources grading 32.0% total iron and 19.5% magnetic iron, and Indicated mineral resources of 290 Mt grading 31.1% total iron and 17.9%

¹ Wall Street Journal - <https://www.wsj.com/articles/fatal-landslide-in-brazil-pushes-iron-ore-toward-record-11608605871>

Wall Street Journal - <https://www.wsj.com/articles/chinas-covid-19-comeback-lifts-iron-ore-11606905003>

Financial Times - <https://www.ft.com/content/03b61ec7-718f-4614-b951-1981b9b807d3>

magnetic iron, using a cut-off grade of 10% magnetic iron. Additionally, the Shymanivske project contains 188 Mt of Inferred mineral resources grading 30.1% total iron and 18.4% magnetic iron. Full mineral resource details can be found in the NI 43-101 compliant technical report entitled "Preliminary Economic Assessment of the Re-scoped Shymanivske Iron Ore Deposit" effective November 21, 2017 (the "PEA") under the Company's profile on SEDAR at www.sedar.com. The Shymanivske project is surrounded by five other operating mines, including ArcelorMittal's iron ore complex. Please visit the Company's website at www.blackiron.com for more information.

The technical and scientific contents of this press release have been prepared under the supervision of and have been reviewed and approved by Matt Simpson, P.Eng, CEO of Black Iron, who is a Qualified Person as defined by NI 43-101.

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Forward-Looking Information

This press release contains forward-looking information. Forward-looking information is based on what management believes to be reasonable assumptions, opinions and estimates of the date such statements are made based on information available to them at that time. Forward-looking information may include, but is not limited to, statements with respect to the financial viability of the Project, the vesting of the warrants, the price of iron ore, the demand for iron ore, the Company's ability to obtain adequate financing, including offtake financing, the Company's ability to enter into definitive agreements with investors, the Company's ability to acquire the requisite land for Project construction, the Company's ability to develop the Shymanivske project, the ceasefire of conflict in Ukraine and the Company's future plans. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; other risks of the mining industry and the risks described in the annual information form of the Company. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. 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 statements. Accordingly, readers should not place undue reliance on forward looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. The Company notes that mineral resources that are not mineral reserves do not have demonstrated economic viability.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless

registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.