

BLACK IRON INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

Date: November 3, 2022

This Management Discussion and Analysis (“MD&A”) relates to the financial condition and results of operations of Black Iron Inc. together with its subsidiaries (collectively, “Black Iron” or the “Company”) as at and for the three and nine months ended September 30, 2022. This MD&A should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes as at and for the three and nine months ended September 30, 2022 and the consolidated financial statements for the year ended December 31, 2021. The consolidated financial statements and related notes of Black Iron have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise noted, all references to currency in this MD&A are in U.S. dollars.

Certain information contained in the MD&A is forward-looking which involves risks and uncertainties. The forward-looking information is not based on historical facts, but is rather based on the current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company’s industry, business and future financial results. Actual results could differ materially from the results contemplated by this forward-looking information due to a number of factors, including those set forth in this MD&A and under the “Cautionary Statement Regarding Forward Looking Information” and “Risk Factors” sections.

The MD&A was prepared in accordance with the requirements set out in National Instrument 51-102 — *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

Matt Simpson, the Company’s Chief Executive Officer, is a “qualified person” as defined under National Instrument 43-101- *Standards of Disclosure for Mineral Projects* (“NI 43-101”) guidelines and has reviewed the scientific and technical information contained in this MD&A.

The audit committee of the board of directors of the Company has reviewed this MD&A and the condensed consolidated financial statements for the three and nine months ended September 30, 2022, and Black Iron’s board of directors approved these documents prior to their release.

Overview

Black Iron was incorporated on June 29, 2010 pursuant to the provisions of the *Business Corporations Act* (Ontario). On October 25, 2010, Black Iron completed the acquisition of Geo-Alliance Ore East Ltd. (since renamed Black Iron (Cyprus) Ltd. (“BKI Cyprus”) which serves as an investment holding company for a Ukrainian subsidiary, Shymanivske Steel LLC (“Shymanivske”). Shymanivske holds an iron ore mining extraction permit over 2.56 square kilometers of land which expires on November 1, 2024 (the “Shymanivske Project” or the “Project”). Shymanivske’s extraction permit can be renewed in 20-year increments. The Shymanivske Project is located near the city of Kryvyi Rih, in the Dnepropetrovsk Region of Ukraine in close proximity to two large producing iron ore mines.

On December 14, 2017, Black Iron released its re-scoped Preliminary Economic Assessment (“PEA”), completed on the Project and subsequently amended it with a filing date of March 2, 2020. The re-scoped PEA is based on a two-phased build out of the mine and production plant with the first phase operation producing 4 million tonnes per year (“MTpa”) of ultra high-grade 68% iron concentrate expanding to 8MTpa starting in the fifth year of production. By phasing the build, the up-front construction costs of the Project are significantly reduced thus increasing the projected returns from the Project and making it easier to secure the financing required for construction. The Project exhibits compelling projected economics, as set forth in the PEA, due to its proximity to major infrastructure including, railway, electrical power and a deep-sea port coupled with a local highly skilled work force. The PEA is preliminary in nature, and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

A long-term iron ore benchmark price of US\$61.88/t for products containing 62% iron was used in the re-scoped PEA and adjusted using the three-month average trailing spot iron premium of \$7.21 per 1% Fe above 62%. Since publishing the PEA, iron ore prices have substantially increased as spending on major infrastructure projects which entail a large consumption of steel and therefore iron ore forms part of the global economic recovery from COVID-19. There has also been a prominent shift in the iron ore market towards higher iron grade and forms of iron ore that recognizes the “value in use” of iron ore products. This shift has been driven primarily by Chinese steelmakers in a concerted effort to increase productivity, reduce costs and more importantly, reduce greenhouse gas emissions. As demand for higher quality feedstocks increases, premiums are expected to follow suit. It is generally agreed by industry experts that this trend will be sustainable in the longer term. Furthermore, a comparison of the published Platts 65% CFR North China composition for impurities and the Project’s expected concentrate was made. This comparison found that the Project’s expected concentrate is well below the Min-Max impurity range covered by the Platts benchmark suggesting that the Project’s expected concentrate is of a superior quality. Based on this pricing for a low impurity, premium 68% iron content product, the Project forecasts a pre-tax unlevered internal rate of return (“IRR”) of 40.5% and a net present value (“NPV”) of \$1,852 million, using a 10% discount rate. The after-tax unlevered IRR using this price and premium is 34.4% and NPV is \$1,442 million. Additional details on the re-scoped PEA can be found on the Company’s website (www.blackiron.com) and SEDAR (www.sedar.com).

Outlook - Outbreak of War in Ukraine

On February 24, 2022, Russia invaded Ukraine, as of the date hereof, this war is ongoing. The war has greatly increased the risk associated with investments in Ukraine and may have a material adverse effect on the Company’s ability to develop the Project. Additionally, the diversion of attention and other resources by the Ukrainian government to defending their territory and resolving hostilities, particularly from its Ministry of Defence who hold essential land for Project development, has negatively affected the Company’s ability to acquire the land and obtain or renew permits. Additionally, the withdrawal of some of the Company’s personnel from Ukraine for their safety or other reasons, difficulty in getting foreign or other consultants into Ukraine or their movement within the country, the inability to secure equity or debt financing due to the increased risk profile of both the Project and Ukraine as a jurisdiction, the destruction of property or infrastructure or expropriation or de-facto expropriation of the Project and associated assets, the inability to finance the ongoing maintenance or development of the Project, could all adversely affect the market price of the Company’s Common Shares. It is unlikely that the Project will be viable absent the cessation of hostilities and the establishment of reliable rule of law in Ukraine.

In support of the future rebuilding of Ukraine, which will entail a substantial amount of steel that ideally will be produced using much more environmentally friendly high grade Ukraine domestically sourced iron ore, Black Iron is sponsoring a conference being organized by the Canada Ukraine Chamber of Commerce on November 23rd in Toronto, Canada.

While management believes it is taking appropriate measures to support the sustainability of the Company’s business in the current circumstances, a continuation of the current business environment could negatively affect the Company’s results and financial position.

Highlights

- On September 9, 2022, Black Iron issued a general project update advising that despite the ongoing war in Ukraine, management have progressed the Project through discussions with Ukraine’s Ministry of Defence to agree on a provisional payment amount as compensation for land transfer to the Company and are now focused on structuring a binding contract in this regard. Management also progressed work required for execution of a Ukraine Government investment support agreement, and Project permitting.
- On April 5, 2022, Black Iron announced that Wood Plc informed the Company that publication of the updated Shymanivske iron ore project feasibility study (the “**Study**”) cannot occur until there is peace in Ukraine and it is possible to visit site. To meet the requirements for a National Instrument 43-101 feasibility study, at the time of report publication, it needs to be reasonably justified that extraction can occur, the envisaged infrastructure including power, rail and port are operational and foreign exchange rate more predictable.
- Since extensive work has been conducted to bring the Study to a near completed state, upon there being peace in the Dnipropetrovsk region of Ukraine where Black Iron’s Project is located, the Company plans to reengage companies to finalize the Study for publication. As a minimum this will entail verifying the

operational status of all infrastructure, updating all costs previously quoted in Ukrainian hryvnia and any other costs that may have materially changed.

- As of writing, all of Black Iron’s team members are safe. Management in Canada have helped arrange the relocation of some of the women and children from families we employ to other countries and provided additional funds to those remaining in Ukraine to help cover essential costs.

Cargill Offtake Rights

On May 10, 2021, Black Iron announced that it has selected Cargill Incorporated (“Cargill”) for offtake rights on the initial four million tonnes per year of production from its Project for an initial ten year period of time in exchange for providing a \$75 million finance facility to be used for project construction.

Subject to signing the negotiated binding offtake contract, Cargill will offtake the production and extend financing of \$75 million for the construction of the Project. Drawdown on this funding will be subject to certain conditions being met, as is customary for this type of transaction, mainly related to the Project being fully permitted and financed for construction. Based on the proposal agreed between Black Iron and Cargill (the “Proposal”), the offtake agreement will be for an initial term of ten years and will include a profit-sharing component which will align the interests of both parties and thereby generate a strong interdependent relationship of benefit to both parties. On the profit share, it is anticipated that Black Iron will receive 100% of the 65% iron content fines benchmark price and share with Cargill a portion of the incremental sale price of its 3% higher (68%) iron content and low impurity magnetite product.

The signing of a binding offtake contract is currently on hold pending the outcome of peace in Ukraine.

Selected Quarterly Financial Information

Three months ended	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Loss for the period	\$ 384,957	\$ 460,558	\$ 2,212,205	\$ 2,169,705
Total comprehensive loss	487,487	541,532	2,171,703	2,117,682
Loss per share	-	-	(0.01)	(0.01)

Three months ended	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Loss for the period	\$ 2,073,752	\$ 897,499	\$ 686,533	\$ 5,631,384
Total comprehensive loss	2,151,274	900,154	680,781	5,631,384
Loss per share	(0.01)	-	-	(0.02)

Black Iron is an exploration and evaluation stage company and does not have any revenues. It is expected to incur losses in the development of its business due to its accounting policy to expense exploration & evaluation costs as well as for associated management and general administration.

Selected Annual Information

	2021	2020	2019
	\$	\$	\$
Net loss	5,827,489	9,077,845	2,898,038
Comprehensive loss	5,849,891	9,077,845	3,066,005
Loss per share, basic and diluted	(0.02)	(0.04)	(0.02)
Total assets	6,393,895	1,794,498	1,391,705

Results of Operations for the Company for the Three and Nine Months Ended September 30, 2022

Selected Financial Information

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Loss for the period	\$ 384,957	\$ 2,073,752	\$ 3,057,720	\$ 3,657,784
Comprehensive loss for the period	487,487	2,151,274	3,200,722	3,732,209
Loss per share	-	(0.01)	(0.01)	(0.01)
General and administrative:				
Consulting and management fees	\$ 178,368	\$ 982,793	\$ 587,715	\$ 1,393,379
Professional fees	11,946	30,080	59,412	107,806
General office expenses	33,897	24,296	112,709	106,030
Travel expenses	-	-	3,795	13
Shareholder communications and filing fees	2,093	64,823	104,801	223,280
	\$ 226,304	\$ 1,101,992	\$ 868,432	\$ 1,830,508
Exploration and evaluation expenditures:				
Consulting and technical	\$ 149,676	\$ 421,862	\$ 515,853	\$ 787,161
Feasibility study	(21,720)	339,411	1,217,128	371,488
Surface rights and consulting	28,172	48,276	178,157	138,578
Engineering studies	-	-	-	-
Field office support & administration	12,269	88,058	98,141	120,471
Travel	-	3,348	-	9,986
Professional fees	-	74	19,690	785
Environmental	-	69,640	24,813	93,275
	\$ 168,397	\$ 970,669	\$ 2,053,782	\$ 1,521,744
Non-cash:				
Stock-based compensation	\$ 32,863	\$ 12,596	\$ 197,258	\$ 254,574
Financing costs	-	(181)	-	52,620
Accretion	-	(19)	-	5,468
Change in fair value of conversion option	-	27	-	(7,677)
	\$ 32,863	\$ 12,423	\$ 197,258	\$ 304,985

Three months ended September 30, 2022

Expenses

Consulting and Management Fees

The Company recorded consulting and management fees of \$178,368 during the three months ended September 30, 2022, compared to \$982,793 during the three months ended September 30, 2021. This decrease was primarily due to bonuses paid in 2021 that were not repeated in 2022.

Exploration and Evaluation Expenditures

The Company recorded exploration and evaluation expenses of \$168,397 during the three months ended September 30, 2022 compared to \$970,669 in the prior year. This decrease was primarily due to lower feasibility costs, and consulting expenses related to the Shymanivske Project.

Non-Cash Items

No stock options were granted during the three months ended September 30, 2022 and 2021. The vesting of stock options resulted in an expense during the three months ended September 30, 2022 of \$21,566 compared with \$2,915 during the three months ended September 30, 2021. The Company granted 209,821 deferred share units (“DSUs”) valued at \$11,297 during the three months ended September 30, 2022. The Company granted no DSU during the three months ended September 30, 2021.

Cash Flows

Three months ended September 30, 2022

During the three months ended September 30, 2022, operating activities before working capital changes used cash of \$737,069 compared with a use of cash of \$699,761 during the three months ended September 30, 2021. Expenditures in the three months ended September 30, 2022 related to consulting and management fees for the Shymanivske Project, and general office expenses, compared to expenditures during the three months ended September 30, 2021 which primarily were related to consulting and management fees and for consulting and technical work on the Shymanivske Project, professional fees, and shareholder communications. Cash received from investing activities during the three months ended September 30, 2022 was \$3,604 for interest earned, compared to cash used in investing activities during the three months ended September 30, 2021 of \$638. No cash was provided by financing activities for the three months ended September 30, 2022, compared to proceeds of \$574,435 primarily from option and warrants exercised during the three months ended September 30, 2021.

Nine months ended September 30, 2022

Expenses

Consulting and Management Fees

The Company recorded consulting and management fees of \$587,715 during the nine months ended September 30, 2022, compared to \$1,393,379 during the nine months ended September 30, 2021. This decrease was primarily due to bonuses paid in 2021 that were not repeated in 2022.

Professional Fees

Professional fees were \$59,412 during the nine months ended September 30, 2022 compared with \$107,806 in the same period in the prior year. The decrease is primarily due to legal fees incurred in connection with offtake contract negotiations in 2021 that did not recur in the current period.

Exploration and Evaluation Expenditures

The Company recorded exploration and evaluation expenses of \$2,053,782 during the nine months ended September 30, 2022 compared to \$1,521,744 in the prior year. This increase was primarily due to higher feasibility costs, and engineering costs, partially offset by lower consulting and technical fees, environmental costs and field office costs related to the Shymanivske Project.

Non-Cash Items

2,125,000 stock options were granted during the nine months ended September 30, 2022. 1,100,000 stock options were granted during the nine months ended September 30, 2021. The vesting of stock options resulted in an expense during the nine months ended September 30, 2022 of \$157,766 compared with \$183,041 during the nine months ended September 30, 2021. The Company granted 541,176 deferred share units (“DSUs”) valued at \$39,492 during the nine months ended September 30, 2022. The Company granted 206,175 DSUs valued at \$71,533 during the nine months ended September 30, 2021.

Cash Flows

Nine months ended September 30, 2022

During the nine months ended September 30, 2022, operating activities before working capital changes used cash of \$2,874,529 compared with a use of cash of \$1,202,864 during the nine months ended September 30, 2021. Expenditures in the nine months ended September 30, 2022 related to feasibility study costs, consulting and management fees and for consulting and technical work on the Shymanivske Project, compared to expenditures during the nine months ended September 30, 2021 which were related to consulting and management fees and for consulting and technical work on the Shymanivske Project. Cash received from investing activities during the nine months ended September 30, 2022 was \$16,472, primarily for interest earned, partially offset by equipment purchases, compared to cash used in investing activities during the nine months ended September 30, 2021 of \$242. Cash provided by financing activities of \$33,902 was from an option exercise, compared to cash provided by financing activities of \$618,635 for the nine months ended September 30, 2022, which was primarily from option and warrant exercises.

Liquidity and Capital Resources

The recovery of the amounts expended for resource properties are dependent on the ability of the Company to obtain necessary financing to complete the development of the Shymanivske Project or other potential projects and attain future profitable production. The Company’s financial success will depend on its ability to raise financing to construct potential projects. At present, the Company has no established sources of income and the success of its exploration and development programs will be contingent upon the Company’s ability to raise sufficient equity financing on terms favourable to the Company. The Company does not expect to generate any internal cash flows to help finance the development costs of the Shymanivske Project.

As at September 30, 2022, the Company had working capital of \$2,603,579 including cash of \$2,517,849 (December 31, 2021 - \$5,694,803), compared with working capital of \$6,386,893 as at December 31, 2021. The Company’s primary cash flow needs are for the development of its mining and exploration permits, administrative expenses and working capital. The Company will maintain its excess working capital in a combination of Canadian and U.S. dollars which will only be converted to Ukrainian Hryvnia as required. The Company maintains most of its cash reserves, including those of the Cyprus subsidiary, at a large reputable Canadian commercial bank in high-quality short-term deposits, cash equivalents or cash.

Operating Segments

The Company has concluded that it has only one material operating segment (the development of its Ukrainian mining and exploration permits) for financial reporting purposes.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements, with the exception of operating leases noted below.

Financial Commitments, Contingencies and Litigation

Leases

The Company has two leases in Ukraine: 1) office space in Kryvyi Rih, Ukraine for an annual rent of approximately \$10,000 and 2) lease of a secure warehouse to store drill cores totaling 1,254 square meters for an annual rent including security fees of approximately \$6,600. Both leases may be terminated on 30 days' notice. As the leases are cancellable on 30 days' notice, they did not meet the requirements of IFRS 16 to be capitalized.

Management Contracts

The Company is party to certain management contracts. These contracts require payments of approximately \$2.4 million to the officers of the Company upon the occurrence of a change in control of the Company, as such term is defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$580,000 pursuant to the terms of these contracts.

Legal Matters

A former officer of the Company has initiated a legal action seeking approximately CAD\$1.1 million for a change of control payment in connection with the Metinvest's investment on the Company's subsidiary in 2014. This matter was recently resolved through an out of court settlement.

Perpetual Iron

On December 22, 2020, the Company issued 30,000,000 non-transferrable warrants to Perpetual Iron Inc. for facilitating and supporting the negotiations of a non-binding \$100 million royalty. The warrants do not vest until certain conditions are met. 10,000,000 warrants vest upon entering a binding definitive agreement with the investor and the remaining 20,000,000 warrants vest upon the Company's initial draw on the financing facility. If no binding definitive agreement is reached within two years, all warrants will be voided. Additionally, the Company will make a \$4.0 million dollar payment to Perpetual Iron contingent on the Company entering a binding agreement and making an initial draw on the financing facility. Neither the warrants nor the fee have been included in the consolidated financial statements at September 30, 2022 as management has estimated that the vesting conditions would not be met.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Related Party Transactions

Key management personnel compensation

In addition to their contracted fees, executive officers participate in the Company's stock option program and are entitled to participate in the share compensation plan. The Company also has a DSU plan which provides non-executive directors with the ability to redeem annual director compensation through the issuance of common shares of the Company. Certain executive officers are subject to mutual termination notices ranging from three to twelve months. Key management personnel compensation paid comprised:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Short term employee benefits	\$ 501,491	\$ 212,901
Share-based payments	115,596	35,920
	\$ 617,087	\$ 248,821

Officers and directors had 900,000 options vest during the nine months ended September 30, 2022 (925,000 for the nine months ended September 30, 2021).

The Company is party to certain management contracts. These contracts require payments of approximately \$3.0 million upon the occurrence of a change in control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$656,000 pursuant to the terms of these contracts. As triggering events have not yet taken place, no amounts have been provided for these items.

As at September 30, 2022, the Company had \$742,118 (December 31, 2020 - \$601,633) of consulting fees and travel expenses owing to its key management personnel. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment and are due on demand.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Critical Judgments and Estimation Uncertainties:

The preparation of condensed consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

(a) Significant judgments in applying accounting policies

The areas which require management to make significant judgments in applying the Company's accounting policies in determining carrying values include, but are not limited to:

(i) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or

subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(ii) Contingencies and estimates

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Certain contingencies also exist in the Company's assessment of its ability to continue as a going concern and require the exercise of significant judgement by management to assess the ability of the Company to continue as a going concern.

(b) Significant accounting estimates and assumptions

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

(i) Mineral resource estimates

The figures for mineral resources are determined in accordance with NI 43-101, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

(ii) Share-based payments and warrants

Management determines costs for share-based payments and the fair value of shares and warrants held for sale using market-based valuation techniques. The fair value of the market-based and performance-based share awards or shares and warrants held for sale are determined at the date of grant or each reporting date using generally accepted valuation techniques. Assumptions are made, and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Changes in these assumptions affect the fair value estimates.

(iii) Functional currency

Functional currency is the currency of the primary economic environment in which the Company and each of its subsidiaries operate. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of underlying transactions, events and conditions.

(iv) Fair value of financial instruments

Certain financial instruments, warrant liability and conversion option of convertible debentures, were measured at fair value. The estimated fair value of financial instruments, by their very nature, are subject to measurement uncertainty. The Company estimated fair value using valuation techniques that were appropriate in the circumstances and for which sufficient data were available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable input.

(v) Allowance for credit losses

The allowance for credit losses has been assessed by the Company's management based on the age of the amounts uncollected as at the end of the reporting period and management's experiences regarding the likelihood of

payment. The allowance is assessed at the end of each reporting period and adjusted so that the net amounts receivable reflects the expected future collection of accounts.

Significant Accounting Policies

The condensed consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2021, with the exception of the amendments to outlined below.

On January 1, 2022, amendments clarifying the costs of fulfilling an onerous contract under IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") came into affect. This amendment did not have a significant impact on the condensed consolidated interim financial statements.

On January 1, 2022, amendments related to recognition of proceeds from selling items before the asset is available for its intended use under IAS 16 – Property, Plant and Equipment ("IAS 16") came into effect. This amendment did not have a significant impact on the condensed consolidated interim financial statements.

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities.

Black Iron's CEO and CFO have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the issuer and its consolidated subsidiaries is made known to them by others within those entities as of September 30, 2022.

Internal Control over Financial Reporting

Black Iron's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Under their supervision, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of the Company; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

The CEO and CFO have certified that internal controls over financial reporting have been designed and are operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as at September 30, 2022. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control 2013 ("COSO 2013") Framework to design the Company's internal control over financial reporting.

There were no changes in the Company's ICFR that have occurred during the period beginning on January 1, 2022 and ended on September 30, 2022 that have materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Risk Factors

Investing in the Company involves risks that should be carefully considered. The business of the Company is speculative due to the high-risk nature of iron ore mining and exploration in Ukraine. Investors should be aware that there are various risks, that could have a material adverse effect on, among other things, title to the projects, permitting, the operating results, earnings, business and condition (financial or otherwise) of the Company. For a listing of risk factors, investors should refer to the Company's Annual Information Form filed on SEDAR.

Additional Information and Continuous Disclosure

Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Outstanding Share Data

As at the date of this MD&A, the Company has:

- a) 303,798,548 common shares outstanding.
- b) 12,757,500 stock options outstanding with expiry dates ranging from October 31, 2023 to March 9, 2027 with exercise prices ranging from CAD\$0.05 to CAD\$0.45. If exercised, 12,757,500 shares would be issued for proceeds of CAD\$1,588,963.
- c) 50,484,728 warrants outstanding with expiry dates ranging from September 27, 2023 to December 22, 2025 with exercise prices between CAD\$0.06 and CAD\$0.40. If exercised, 50,484,728 shares would be issued for proceeds of CAD\$11,706,522.
- d) 9,867,230 DSUs outstanding with no fixed expiry.

Cautionary Statement Regarding Forward-Looking Information

Except for statements of historical fact relating to Black Iron, certain information contained herein constitutes 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, including those factors discussed in the section entitled "Risk Factors" in the Company's most recent annual information form or as may be identified in the Company's public disclosure from time to time, as filed under the Company's profile on SEDAR at www.sedar.com. Forward-looking information may include, but is not limited to, statements with respect to the Shymanivske Project, the Updated Feasibility Study and timing of delivery thereof, the PEA, expected economic forecasts and the economic viability of the PEA the Company's ability to obtain the requisite land rights for the Shymanivske Project, meetings and negotiations with the Ukrainian government, the Investment Support Agreement, prices of commodities, the outlook on demand for iron ore in China, performance of the Company's securities, geo-political situation in Ukraine and Russia, the impact of COVID-19, the Company's ability to obtain adequate funding, negotiations with Cargill with respect to the definitive offtake agreement,

negotiations with respect to a royalty financing and future plans for the Company's development. 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, environmental and emission concerns, 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.