

BLACK IRON INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Date: March 7, 2023

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 year ended December 31, 2022. This MD&A should be read in conjunction with the Company’s consolidated financial statements and related notes as at and for the year ended December 31, 2022. 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 year ended December 31, 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 within 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

On February 24, 2022, Russia invaded Ukraine, and 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.

Black Iron’s management is primarily focused on securing land essential for the construction of the Project and ensuring our permits remain in good standing. Regarding land transfer, two complementary approaches are being undertaken simultaneously to negotiate with Ukraine’s Ministry of Defence, who are using this land for training, and to enter into a formal investment support (the “Investment Agreement”) with Ukraine’s Cabinet of Ministers.

The Investment Agreement is a fairly new government initiative being led by the Ministry of Economy with the backing of the entire Cabinet of Ministers. There are many benefits with this approach including most importantly having all branches of Ukraine’s government sign a legally binding document with international jurisdiction in case of any disputes to support government land transfer and implementation of the Project. The Investment Agreement could also provide certain fiscal benefits and allow the Company to apply for political risk insurance, which may be a condition required by banks and larger investors for financing the construction of the Project.

Black Iron’s team has also provided feedback to Ukraine’s government on the Investment Agreement legislation that has resulted in several changes that will benefit the Company as well as other development-stage investors. We have also completed most of the extensive documentation required to qualify under such legislation. Further updates on the Investment Agreement will be made over the coming months as management progresses with this initiative.

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. It is unlikely that the Project will be viable absent the cessation of hostilities and the establishment of reliable rule of law in Ukraine.

Annual 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 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. Black Iron's team located in Kryviy Rih, Ukraine are all safe and in good health. Kryviy Rih is a city with a population of roughly 630,000 people located in the center of Ukraine, on the western side of the Dnieper River, and is where the majority of Ukraine's iron ore mines are located and continue to largely operate. Fortunately, there has not been any active fighting on the ground in this city but there have been instances of missile attacks and more recently war-induced power outages for periods of time. Citizens have good access to groceries, gasoline, and banks in the city are functioning normally.

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	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Loss for the period	\$ 382,559	\$ 384,957	\$ 460,558	\$ 2,212,123
Total comprehensive loss	412,024	487,487	541,532	2,171,621
Loss per share	-	-	-	(0.01)

Three months ended	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Loss for the period	\$ 2,169,705	\$ 2,073,752	\$ 897,499	\$ 686,533
Total comprehensive loss	2,117,682	2,151,274	900,154	680,781
Loss per share	(0.01)	(0.01)	-	-

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

	2022	2021	2020
	\$	\$	\$
Net loss	3,440,197	5,827,489	9,077,845
Comprehensive loss	3,612,664	5,849,891	9,077,845
Loss per share, basic and diluted	(0.01)	(0.02)	(0.04)
Total assets	2,331,829	6,393,895	1,794,498

Results of Operations for the Company for the Three and Twelve Months Ended December 31, 2022

Selected Financial Information

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Loss for the period	\$ 382,559	\$ 2,169,705	\$ 3,440,197	\$ 5,827,489
Comprehensive loss for the period	412,024	2,117,682	3,612,664	5,849,891
Loss per share	-	(0.01)	(0.01)	(0.02)
General and administrative:				
Consulting and management fees	\$ 171,038	\$ 222,995	\$ 758,712	\$ 1,616,374
Professional fees	16,145	581,619	75,557	689,425
General office expenses	35,919	64,704	148,628	170,734
Travel expenses	-	40,689	3,754	40,702
Shareholder communications and filing fees	8,990	67,069	113,791	290,349
	\$ 232,092	\$ 977,076	\$ 1,100,442	\$ 2,807,584
Exploration and evaluation expenditures:				
Consulting and technical	\$ 71,303	\$ 241,210	\$ 587,156	\$ 1,028,371
Feasibility study	(17,119)	735,012	1,200,009	1,106,500
Surface rights and consulting	32,763	47,237	210,920	185,815
Engineering studies	-	-	-	-
Field office support & administration	9,709	31,875	107,850	152,346
Travel	-	15,092	-	25,078
Professional fees	(277)	429	19,413	1,214
Environmental	(349)	66,382	24,464	159,657
	\$ 96,030	\$ 1,137,237	\$ 2,149,812	\$ 2,658,981
Non-cash:				
Stock-based compensation	\$ 28,057	\$ 83,735	\$ 225,315	\$ 338,309
Financing costs	-	(92)	-	52,528
Accretion	-	(10)	-	5,458
Change in fair value of conversion option	-	13	-	(7,664)
	\$ 28,057	\$ 83,646	\$ 225,315	\$ 388,631

Three months ended December 31, 2022

Expenses

Consulting and Management Fees

The Company recorded consulting and management fees of \$171,038 during the three months ended December 31, 2022, compared to \$222,995 during the three months ended December 31, 2021. This decrease was primarily due to decreased consultants in 2022 to preserve cash.

Professional Fees

The Company recorded professional fees of \$16,145 during the three months ended December 31, 2022, compared to \$581,619 during the three months ended December 31, 2021. This decrease was primarily due to a legal settlement in 2021 that was not repeated in 2022.

Travel Expenses

The Company recorded travel expenses of \$nil during the three months ended December 31, 2022, compared to \$40,689 during the three months ended December 31, 2021. This decrease was primarily due to the cessation of all travel due to the war in the Ukraine.

Shareholder Communication and Filing Fees

The Company recorded shareholder communication and filing fees of \$8,990 during the three months ended December 31, 2022, compared to \$67,069 during the three months ended December 31, 2021. This decrease was primarily due to lower marketing costs in 2022 to preserve cash.

Exploration and Evaluation Expenditures

The Company recorded exploration and evaluation expenses of \$96,030 during the three months ended December 31, 2022 compared to \$1,137,237 in the prior year. This decrease was primarily due to lower feasibility costs, consulting expenses, surface rights, and field office and support related to the Shymanivske Project due to the conflict in the Ukraine.

Non-Cash Items

No stock options were granted during the three months ended December 31, 2022, compared to 600,000 granted during the three months ended December 31, 2021. The vesting of stock options resulted in an expense during the three months ended December 31, 2022 of \$21,566 compared with \$74,042 during the three months ended December 31, 2021. The Company granted 183,594 deferred share units ("DSUs") valued at \$10,844 during the three months ended December 31, 2022. The Company granted 52,989 DSUs during the three months ended December 31, 2021 valued at \$9,693 during the three months ended December 31, 2021.

Cash Flows

Three months ended December 31, 2022

During the three months ended December 31, 2022, operating activities before working capital changes used cash of \$354,512 compared with a use of cash of \$2,105,498 during the three months ended December 31, 2021. Expenditures in the three months ended December 31, 2022 related to consulting and management fees for the Shymanivske Project, and general office expenses, compared to expenditures during the three months ended December 31, 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 December 31, 2022 was \$1,085 for interest earned, compared to cash used in investing activities during the three months ended December 31, 2021 of \$2,209. \$2,327 was provided by cash by financing activities for the three months ended December 31, 2022, compared to proceeds of \$42,862 primarily from option and warrants exercised during the three months ended December 31, 2021.

Year ended December 31, 2022

Expenses

Consulting and Management Fees

The Company recorded consulting and management fees of \$758,712 during the year ended December 31, 2022, compared to \$1,616,374 during the year ended December 31, 2021. This decrease was primarily due to bonuses paid in 2021 that were not repeated in 2022.

Professional Fees

Professional fees were \$75,557 during the year ended December 31, 2022 compared with \$689,425 in the same period in the prior year. This decrease was primarily due to a legal settlement in 2021 that was not repeated in 2022.

Travel Expenses

The Company recorded travel expenses of \$3,754 during the year ended December 31, 2022, compared to \$40,702 during the year ended December 31, 2021. This decrease was primarily due to the cessation of all travel due to the war in the Ukraine.

Shareholder Communication and Filing Fees

The Company recorded shareholder communication and filing fees of \$113,791 during the three months ended December 31, 2022, compared to \$290,349 during the three months ended December 31, 2021. This decrease was primarily due to lower marketing costs in 2022.

Exploration and Evaluation Expenditures

The Company recorded exploration and evaluation expenses of \$2,149,812 during the year ended December 31, 2022 compared to \$2,658,981 in the prior year. This decrease in 2022 was primarily due to lower consulting and technical, field office and support, and environmental costs related to the Shymanivske Project.

Non-Cash Items

2,125,000 stock options were granted during the year ended December 31, 2022. 1,750,000 stock options were granted during the year ended December 31, 2021. The vesting of stock options resulted in an expense during the year ended December 31, 2022 of \$195,987 compared with \$268,095 during the year ended December 31, 2021. The Company granted 724,770 deferred share units (“DSUs”) valued at \$50,336 during the year ended December 31, 2022. The Company granted 285,206 DSUs valued at \$81,227 during the year ended December 31, 2021.

Cash Flows

Year ended December 31, 2022

During the year ended December 31, 2022, operating activities before working capital changes used cash of \$3,229,041 compared with a use of cash of \$5,368,474 during the year ended December 31, 2021. Expenditures in the year ended December 31, 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 year ended December 31, 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 year ended December 31, 2022 was \$17,557, primarily for interest earned, partially offset by equipment purchases, compared to cash used in investing activities during the year ended December 31, 2021 of \$1,882. Cash provided by financing activities of \$36,229 was from an option exercise, compared to cash provided by financing activities of \$9,134,959 for the year ended December 31, 2022, which was primarily from a private placement, 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 December 31, 2022, the Company had working capital of \$1,302,639 including cash of \$2,263,511 (December 31, 2021 - \$5,694,803), compared with working capital of \$4,650,361 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 \$587,000 pursuant to the terms of these contracts.

Legal Matters

A former officer of the Company has initiated a legal action seeking compensation for a change of control payment in connection with Metinvest B.V.'s investment on the Company's subsidiary in 2014. This matter was settled in January 2022.

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:

	Year ended December 31, 2022	Year ended December 31, 2021
Short term employee benefits	\$ 659,250	\$ 1,578,801
Share-based payments	121,745	240,423
	\$ 780,995	\$ 1,819,224

Officers and directors had 850,000 options vest during the year ended December 31, 2022 (1,162,500 for the year ended December 31, 2021).

As at December 31, 2022, the Company had \$814,348 (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 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 judgment 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) 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 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 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 consolidated 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 consolidated 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 December 31, 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 December 31, 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 December 31, 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) 12,357,500 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\$0.48. If exercised, 12,357,500 shares would be issued for proceeds of CAD\$1,462,963.
- c) 20,484,728 warrants outstanding with expiry dates ranging from May 8, 2023 to April 24, 2024 with exercise prices between CAD\$0.06 and CAD\$0.40. If exercised, 20,484,728 shares would be issued for proceeds of CAD\$2,406,522.
- d) 10,050,824 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.