



**BLACK
IRON**
TSX: BKI

Black Iron Inc.

Opportunity to invest in a company ranked by CRU as developing the lowest cost iron ore concentrate project globally



Opportunity Overview

- Black Iron owns 100% of the lowest cost and one of the highest product grade iron ore projects globally
- High grade iron ore pellet feed supply shortfall predicted by CRU due to tighter Chinese environmental regulations driving structural shift to higher iron content and more productive forms of iron ore
- Black Iron's 68% iron content pellet feed product is in the top 4% iron content globally produced resulting in reduced emissions per tonne of steel produced, high product demand and sale price
- CRU ranks Black Iron's Shymanivske project as the lowest business cost (i.e. normalized operating cost) and second lowest capital intensity pellet feed project globally
- Project brought to brink of construction in 2014 prior to war outbreak in Ukraine and fall in iron ore prices
- Exceptionally close proximity to railway, power, five ports and skilled people, allows project to be cost effectively built in a phased approach
- Project has been significantly de-risked with two feasibility studies, pilot plant test work and recently updated Preliminary Economic Assessment (PEA) for phased build
- Over ten steel mills/traders under NDA interested to offtake product in exchange for meaningful project construction investment
- Next key steps to bring to construction are 1) secure offtake investor and 2) obtain land surface rights from Ukraine's government for mine and processing plant

Highly Experienced Management Team with a Track Record of Iron Ore Success

- **CEO Matt Simpson** is the former General Manager, Mining for Rio Tinto's Iron Ore Company of Canada with 650 reports and US\$300M/yr budget. In addition he worked for Hatch designing global metallurgical refineries
- **COO Les Kwasik** has over 40 years of hands-on experience building and operating mines globally with companies such as Vale, Xstrata and BE&K
- **CFO Paul Bozoki** is the former CFO of CD Capital Partners who operated in the Former Soviet Union
- **SVP Corporate Development Bill Hart** has over 30 years experience selling natural resources & iron ore while working for Rio Tinto, Cliffs Natural Resources and most recently Roy Hill Holdings Ltd.
- **VP Gov't & Community Relations Ivan Markovich** has extensive network of relationships with senior Ukraine Government officials

Black Iron's Cost Advantage – Excellent Infrastructure & Skilled Local Labour

- The City of Kryvyi Rih with population of 640,000 is 8km by paved road from site and its main economic driver is mining
- Site is surrounded by major infrastructure including government railway 2km away, high voltage powerline tie in 30km and access to five deep sea ports 250 to 430km by rail
 - Letters of intent in place to secure capacity on rail, power and powerlines
- Exceptionally close proximity to this major infrastructure and people allows for phased build approach starting with 4Mtpa and fully self funded expansion to 8MTpa within five years of start-up

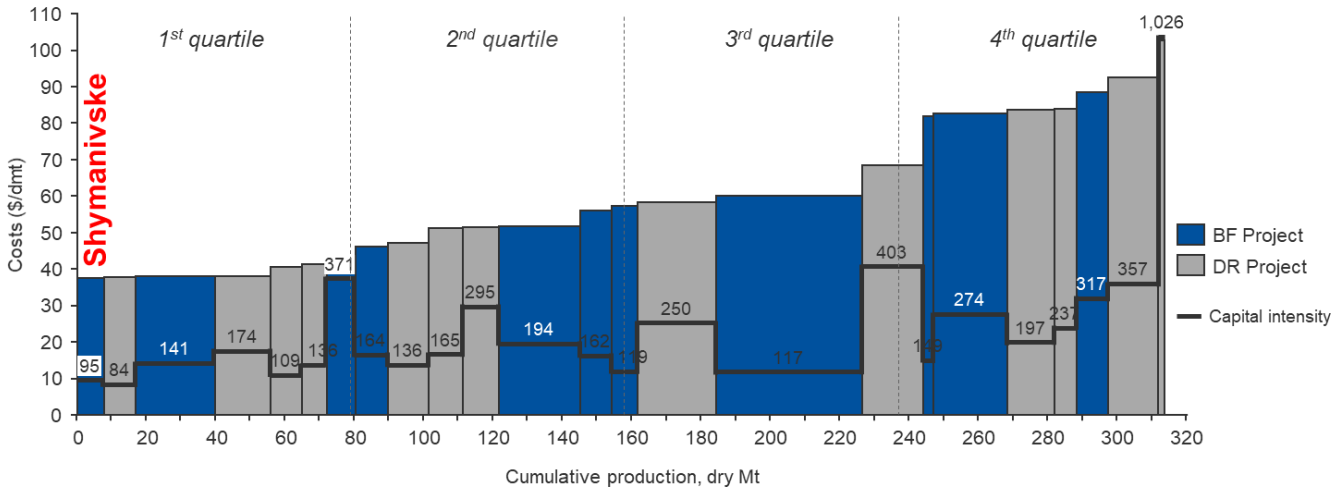
CRU Forecast Shortfall in Pellet Feed & Rank BKI Lowest Cost Development Project

- According to CRU, global steel mills require 133MT of pellet feed projects to be developed to meet forecasted demand for this form of iron ore including 40MT of Direct Reduction (DR) pellet feed
- DR pellets are primarily produced in plants located very close to Black Iron in the Middle East where there is low cost natural gas

- As seen in the chart below, Black Iron's Shymanivske Project has the lowest business costs and second lowest capital intensity based on all development projects known to CRU



Pellet feed project Business Costs, delivered China, 2030 (real 2016)

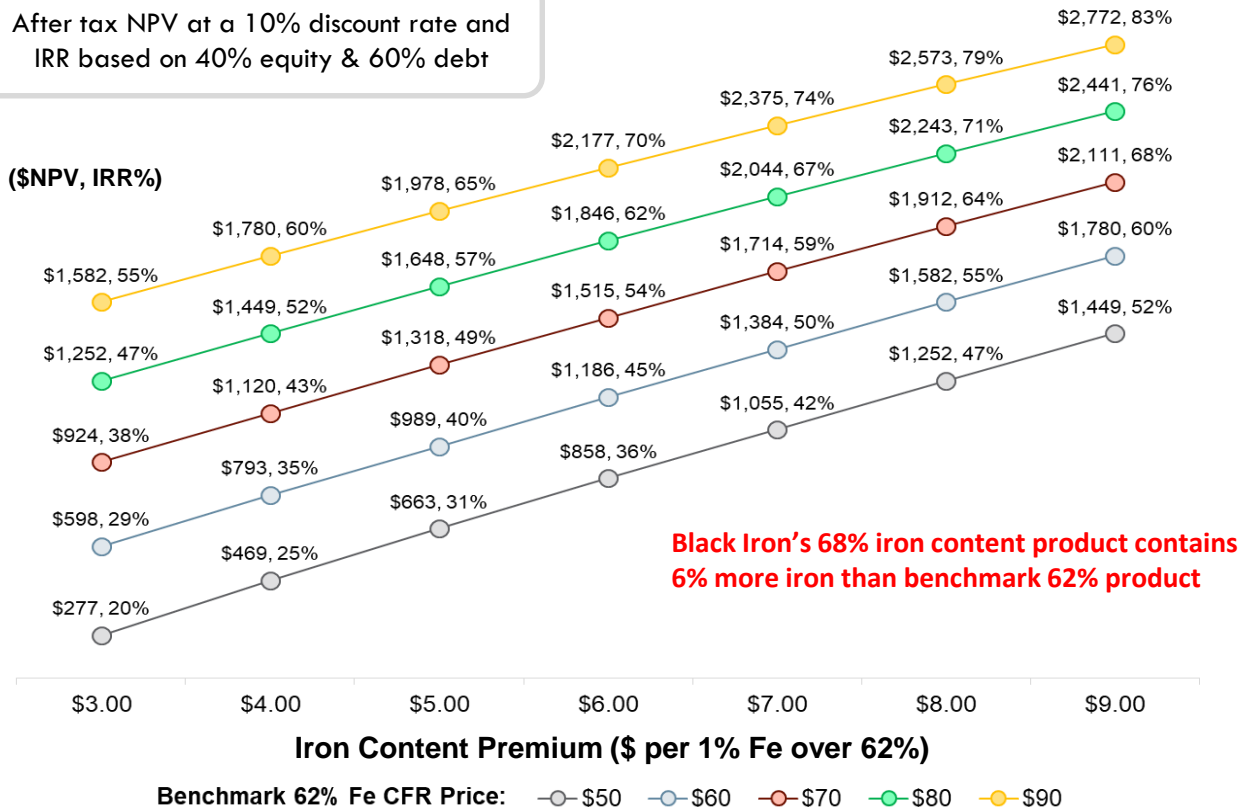


- Business costs include site costs (i.e. FOB opex) plus freight, financing, value in use adjustments and sustaining capital
- Capital intensity (black line) represents the capital cost of the project divided by the number of tonnes produced each year

Strong Investment Returns In All Price Scenarios

- Emission restrictions recently put in place on steel manufacturers has caused an increase in demand for high grade iron ore, resulting in the market paying a premium for every one percent above the 62% Fe industry benchmark.

After tax NPV at a 10% discount rate and IRR based on 40% equity & 60% debt



Preliminary Economic Assessment Highlights¹

Annual Production:	
- Phase 1	4.0 dmt
- Phase 1 & 2	8.0 dmt
Iron Content:	68.0%
Estimated Capital Investment:	
- Phase 1	US\$436 million
- Phase 2	US\$320 million
Estimated Operating Expenses: (average FOB)	US\$31/tonne
Sale Price	
- Long-term CFR China for 62% Fe	US\$62/tonne
- Est. realized Price for 68% Fe	US\$97/tonne
Net Present Value (10% after-tax unlevered):	US\$1.7 billion
IRR (after-tax unlevered):	36%
Projected Payback:	3 years
Projected Construction Start:	Q3 2019
Exchange Rate Used	UAH28:US\$1

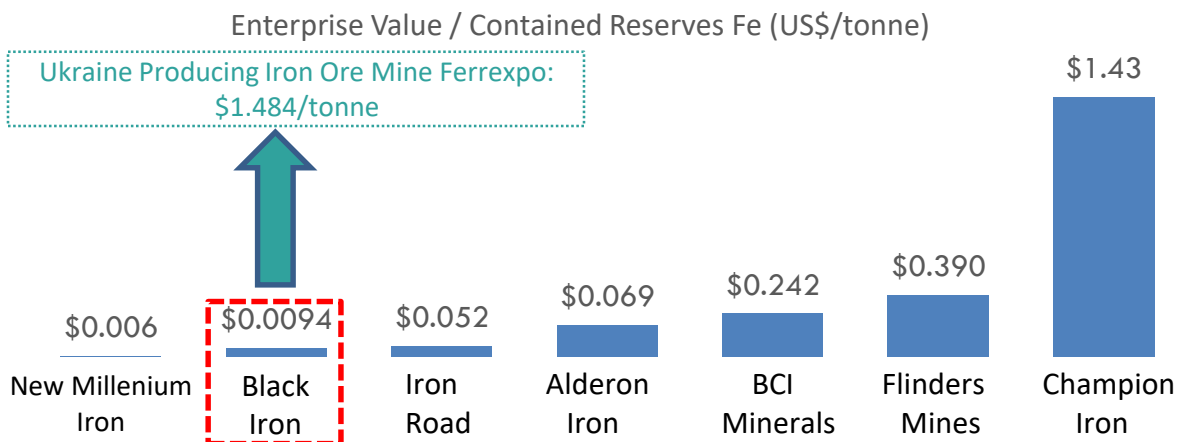
¹ NI 43-101 Compliant Preliminary Economic Assessment completed by BBA in November 2017

- Black Iron's profitability index (NPV/I Capex) of 3.8 is very attractive. As a guideline, projects with a profitability index greater than 1.0 are deemed highly positive and its rare to see projects above 2.0

Improving Business Conditions in Ukraine

- The World Bank "Ease of Doing Business Rank" has improved Ukraine's ranking from 150th in 2012 to 76th in 2018 out of 190 countries
- S&P and Fitch Sovereign Risk rating of B- (stable)
- Black Iron's Symanivske Project is located 450km away from the conflict zone in the eastern part of the Ukraine
- Metinvest, a major Ukraine iron ore and steel company with one of its mines located <1km east of the Shymanivske project, in March 2018 project refinanced US\$2.3 billion of debt
- ArcelorMittal, one of the world largest iron ore and steel producers with a mine located <1km north of the Shymanivske project, announced in November 2017 a commitment to invest US\$1.1 billion into modernizing their Ukraine iron ore mine and steel mill out of which the EBRD is contributing US\$350 million

Significant Share Price Upside Potential for Investors



Notes: Market data as of October 9th, 2018 Source: company disclosures, Bloomberg