

# Black Iron Closes Private Placement, Announces Lind Option Exercise and Project Update

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TORONTO, May 8, 2020 - [Black Iron Inc.](#) ("Black Iron" or the "Company") (TSX:BKI) (OTC PINK: BKIRF) (FRANKFURT:BIN), announces that it has closed its previously announced non-brokered private placement of units of the Company (the "Offering"). Pursuant to the Offering, the Company issued a total of 36,534,420 units (the "Units") at a price of \$0.05 per Unit for gross proceeds of \$1,826,721.

Interest to participate in the Offering was extremely strong and Black Iron management asks that investors who were unable to receive an allocation of the Offering, or their target allocation, purchase Black Iron shares in the market. The cornerstone investor in this Offering is United Kingdom-based RAB Capital who acquired a ~10% ownership position and is now a reporting insider of the Company. RAB Capital has a history of successful investing in development mining projects and intends to be a long-term supportive shareholder of Black Iron.

Philip Richards, Founder and Honorary President of RAB Capital, stated: "Black Iron offers a unique investment opportunity in a world-class iron ore development. We believe its low impurity and high-grade magnetite will be in strong demand from many global smelters. Experienced management and good local infrastructure should make the build process a successful near-term reality."

Certain insiders of the Company have subscribed for Units pursuant to the Offering (the "Insider Participation"). The Insider Participation is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The Insider Participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

Each Unit consists of one common share of the Company (each a "Common Share") and one-third of one common share purchase warrant (each whole warrant, a "Warrant") entitling the holder to acquire a Common Share at a price of \$0.06 for a period of three years from the date hereof.

The Company intends to use the net proceeds of the Offering to advance the Company's Shymanivske project (the "Project"), including negotiations to secure essential land surface rights, discussions and negotiations on construction financing and for general working capital purposes.

The Company paid cash finder fees of \$96,600 to certain finders and did not issue any finders warrants in connection with the Offering. The securities underlying the Units will be subject to a four-month hold period that expires on September 8, 2020. Closing of this Offering is subject to receipt of regulatory approval, including final Toronto Stock Exchange approval.

## Lind Option Exercise

Lind Global Macro Fund LP ("Lind") has invested an additional CAD\$415,000 less a 3.5% closing fee of \$14,525, into Black Iron by exercising a portion of their CAD\$1.25 million First Convertible Security Option ("First Option") pursuant to the previously announced convertible security funding agreement (the "Agreement") with Lind (see the Company's press release dated September 18, 2019 for further details).

Pursuant to the Agreement, the Company has issued to Lind a convertible security with a principal amount of CAD\$415,000 (the "Convertible Security"). As part of this financing, Black Iron has issued to Lind 3,384,991 warrants exercisable for a term of 48 months at an exercise price of \$0.0797 per share. The number of warrants issued is equal to 50% of the funded amount divided by the 20-day VWAP of Black Iron's shares as

traded on the Toronto Stock Exchange.

This investment is in addition to the CAD\$2.7 million principal amount previously invested by Lind and is being made under the same terms (please see the Company's press release dated September 27, 2019). Under the terms of the Agreement, the Convertible Security will be repaid by Black Iron through the issuance of common shares at pre-agreed conversion limits to Lind over a 24-month period. Lind will have the option to convert up to 1/20th of the face value of the Convertible Security per month at a price equal to 85% of Black Iron's five-day volume-weighted average share price ("VWAP") immediately prior to each time Lind notifies Black Iron of its intent to convert.

Black Iron has the option to buy-back the outstanding convertible securities in cash at any time with no penalty. If Black Iron exercises the buy back option, Lind will have the option to convert a maximum of 33% of the outstanding face value of the convertible securities amount into Black Iron shares.

"It is great to have the financial support from RAB Capital and Lind during this time of uncertainty as both are great firms to have as investors as they take a strong interest in the companies they invest into and are able to make follow on investments to support project development" stated Matt Simpson, CEO of Black Iron. Matt also added "as is currently being stated by leaders of some of the world's largest countries, once people start returning to work, government economic stimulus packages are likely going to shift to focus on job creation largely through greater spending to repair and upgrade of ailing infrastructure. Infrastructure upgrades will entail a large consumption of steel and therefore iron ore. Black Iron's project is well-positioned to become a new supplier of iron ore given its low-cost position and close proximity to growing market demand."

#### Project Update

Despite Ukraine's borders currently being closed to help contain the spread of Covid19, Black Iron's management continue to have positive discussions with large investors to fund project construction and with Ukraine's government on land transfer which once concluded are transformative for the Company.

As an update on construction funding, there are potential offtake (steel mill and global trading house buyers of iron ore) and construction investors located in Asia and outside which are impacted differently. Groups located within Asia are now slowly starting to return to work as the number of coronavirus cases reported daily continues to decline and seems to be more under control. Progress with Asia based investors is currently gaining traction, particularly on the construction financing front. For groups located outside of Asia, discussions are progressing positively but are unlikely to conclude until impacted countries, including Ukraine, reopen their borders for travel so due diligence and commercial negotiations can be finalized.

On land transfer, Ukraine's President made some major changes to government Ministers on March 4, 2020 including the appointment of a new Prime Minister, Minister of Economy and Minister of Defence because he was upset at their rate of implementing economic reforms. Black Iron's file has since been transferred from the responsibility of Ukraine's Prime Minister directly to the President and meetings are currently ongoing on the terms and compensation for land transfer. Black Iron has senior personal located in Ukraine that are not impacted by the coronavirus and along with strong support from Canada's Embassy to Ukraine plus use of video conference technologies is able to progress discussions with various Ukraine government representatives.

#### 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% 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-sscoped Shymanivske Iron Ore Deposit" effective November 21, 2017 (the "PEA" or "Preliminary Economic Assessment") under the Company's profile on SEDAR at [www.sedar.com](http://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](http://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 Company's ability to develop the Shymanivske project, the use of proceeds of the Offering and the First Option, the Company's ability to issue subsequent convertible securities under the Agreement, the Company's ability to raise adequate capital, the Company's ability to secure the requisite land rights 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.

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