

Black Iron Signs Binding Documentation with Anglo American for a Royalty Investment with Associated Offtake and Right to Participate in Construction Funding

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- Royalty investment of US\$4 million strengthens Black Iron's balance sheet
- Anglo American secures offtake rights to at least 2.4 million tonnes per year for life of mine
- Anglo American has first offer and refusal rights to secure further offtake rights in exchange for funding at least 15% of the cost to construct each phase of the Shymanivske Iron Ore Project, which will produce an ultra-high-grade ~68% iron, uniquely positioned to meet the increasing global demand for green steel

TORONTO, Nov. 7, 2024 - [Black Iron Inc.](#) ("Black Iron" or the "Company") (TSX:BKI) (OTC PINK:BKIRF) (FWB:BIN) is pleased to announce the signing of a legally binding royalty agreement and offtake agreement (together, the "Transaction Documents") with Anglo American for a US\$4 million royalty investment, offtake rights and future potential construction prepayments (the "Transaction").

Background

Black Iron's Shymanivske Iron Ore Project (the "Project") located in Kryvyi Rih, central Ukraine, will be developed in two phases - with Phase 1 producing approximately 4 million tonnes per annum and Phase 2 production increasing to approximately 8 million tonnes per annum.

Terms of the Transaction

Certain key terms of the Transaction that have been agreed upon include:

- Anglo American will invest US\$4 million in two tranches in exchange for a gross revenue royalty of 1.0% should the prevailing 65% iron CFR China iron ore price be less than US\$120 per tonne and 1.5% should the price be equal to or higher than US\$120 per tonne for Black Iron's first 60 million tonnes of production at the Project (the "Royalty"). The first tranche consisting of US\$2.6 million will be invested now and the balance upon Black Iron renewing its permits;
- Black Iron reserves the right to buy back this Royalty at any time at a buyback price that provides a pre-agreed internal rate of return to Anglo American;
- Anglo American's investment in the Royalty secures it offtake rights to the higher of (a) 60% or (b) 2.4 million tonnes per year of the Phase 1 production for life of mine (the "Offtake");
- The agreement also provides for a right of first offer for Anglo American to further invest at least 15% of the Phase 1 construction cost as part of a consortium after the conflict in Ukraine ends. Such additional investment by Anglo American would result in the increase of its offtake to 100% of the Phase 1 production for an expected 4 million tonnes per annum.
- Additionally, Anglo American also has first refusal rights to fund a further 15% of expansion construction cost for Phase 2 of the Project. Provision of such funding would secure Anglo American 100% of the life of mine offtake rights for Phase 2 of the Project, for an expected 8 million tonnes per annum.

- The Offtake includes a profit-sharing component which aligns the interests of both parties and thereby generates a strong interdependent relationship of mutual benefit. Black Iron and Anglo American will also mutually benefit from any realized shipping cost savings by selling the product to steel mills located closer to Ukraine than China, such as those in the Middle East where there is strong demand for such high purity direct reduction iron ore.

Black Iron's CEO Matt Simpson stated: "Black Iron is excited to welcome Anglo American as an investor and offtake partner given their extensive global experience in the mining sector. Raising US\$4 million through a royalty structure relative to Black Iron's current market capitalization without issuing additional shares to strengthen our finances during the ongoing war in Ukraine is a great outcome for shareholders. The majority of the initial US\$2.6 million of funds from the Transaction will be used to renew the permit for our Project which will expire six months after the end of martial law in Ukraine. Further, the future potential funding for project construction from such a highly credible mining company as Anglo American is important to demonstrate a clear path forward to build the Shymanivske Iron Ore project into an operating mine after the war in Ukraine comes to an end."

Anglo American is a leading global mining company focused on the responsible production of copper, premium iron ore and crop nutrients - future-enabling products that are essential for decarbonising the global economy, improving living standards, and food security. Its portfolio of world-class operations and outstanding resource endowments offers value-accretive growth potential across all three businesses, positioning the company to deliver into structurally attractive major demand growth trends.

Black Iron had previously selected Cargill as the offtake purchaser in May 2021. However, a definitive agreement was fully negotiated but not executed, and Cargill's May 2021 non-binding memorandum of understanding has since expired, leading to a competitive investment and offtake process being re-tendered. In selecting Anglo American, Black Iron engaged Bacchus Capital Advisers to run a global competitive process resulting in several interested leading mining and trading companies signing confidentiality agreements. This confirms the strong interest in the Project given its compelling projected economics and high purity product despite the uncertainty associated with the war in Ukraine.

About Black Iron

Black Iron is an iron ore exploration and development company, advancing its 100% owned Shymanivske Iron Ore Project located in Kryviy Rih, Ukraine. Full mineral resource details and projected project economics can be found in the NI 43-101 technical report entitled "(Amended) Preliminary Economic Assessment of the Re-scoped Shymanivske Iron Ore Deposit" published in March 2020 with an effective date of November 21, 2017 under the Company's profile on SEDAR at www.sedar.com. The Project is surrounded by five other operating mines, including Metinvest's YuGOK and ArcelorMittal's iron ore complex. Please visit the Company's website at www.blackiron.com for more information.

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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 entering into the Offtake, the Transaction and the Transaction Documents, Phase 1 and Phase 2 of the Project, renewal of mining permits for the Project, use of proceeds from the Transaction, declaration of martial law in Ukraine, outcome of the war in Ukraine, the permitting of the Shymanivske Iron Ore Project and grade and use of iron ore from the Shymanivske Iron Ore Project. 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; progress of the Company's service providers; negotiations with third parties; 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 are not mineral reserves and do not have demonstrated economic viability.

SOURCE: Black Iron Inc.

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