

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Black Iron Inc.
65 Queen Street West
Suite 815
Toronto, ON M5H 2M5

Item 2 Date of Material Change

October 31, 2011

Item 3 News Release

A news release was issued by Black Iron Inc. ("Black Iron" or the "Company") on October 31, 2011 and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On October 31, 2011, the Company announced the results of the Preliminary Economic Assessment ("PEA") completed on its Shymanivske Iron Ore Project located in Kryviy Rih, Ukraine (the "Project"). The PEA outlines an operation producing 7.3 million tonnes per year iron ore pellet plant feed, projecting a 42.1% internal rate of return ("IRR") and a US\$3.0 billion net present value ("NPV") at an 8% discount rate. The PEA also outlines Black Iron's option to produce pellets, of 65% iron, which generates a much higher NPV of US\$4.1 billion, along with a reduced IRR of 35.2%, due to higher construction costs. Black Iron's preliminary plan is to construct the mine and concentrator to produce pellet feed for start-up in late 2015 and use cash generated from operations to potentially construct a pellet plant or increase pellet feed production three to five years after start of production. Black Iron continues to advance the technical and metallurgical aspects of the Project and will commence a feasibility study once the PEA report is finalized.

Item 5 Full Description of Material Change

On October 31, 2011, the Company announced the results of the PEA completed on the Project. The PEA outlines an operation producing 7.3 million tonnes per year iron ore pellet plant feed, projecting a 42.1% IRR and a US\$3.0 billion NPV at an 8% discount rate. The PEA also outlines Black Iron's option to produce pellets, of 65% iron, which generates a much higher NPV of US\$4.1 billion, along with a reduced IRR of 35.2%, due to higher construction costs. Black Iron's preliminary plan is to construct the mine and concentrator to produce pellet feed for start-up in late 2015 and use cash generated from operations to potentially construct a pellet plant or increase pellet feed production three to five years after start of production. Black Iron continues to advance the technical and metallurgical aspects of the Project and will commence a feasibility study once the PEA report is finalized.

The table below summarizes the key elements of the PEA:

Preliminary Economic Assessment Highlights (All currency is US\$, pre-tax)

NPV at 8% discount rate	\$3.0 billion
IRR	42.1%
Total Estimated Capital Costs (excluding sustaining capital and leased mobile equipment)	\$896.0 million
Estimated Operating Costs: (average initial 20 years)	\$52.40/t
(average ex. leasing costs years 8-20)	\$48.22/t
Pellet Plant Feed Sales Price Forecast: (Years 1 & 2)	\$135/t
(Years 3 to 20)	\$115/t
Average Annual Cash Flow for initial 20 years	\$382.8 million
Estimated Mine Life	28 yrs
Final Product Iron Grade (Pellet Plant Feed)	67.0% Fe
In pit Measured and Indicated Resource (at 31.50% iron)	361.9 Mt
In pit Inferred Resource (at 31.08%)	319.5 Mt
Annual Production Rate (Pellet Plant Feed)	7.3 Mt
Projected Commencement of Revenue Generation	Q4 - 2015
Projected Years to Payback (at 8% Discount Rate)	2.2 years

The PEA is preliminary in nature, 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, and there is no certainty that the estimates of the PEA will be realized.

Black Iron President and CEO, Matt Simpson commented, “The operation outlined by this PEA for the Shymanivske Project indicates the potential for a high value, low net cost iron ore development project. The projected high NPV, net cash flows, and relatively low unit cost for pellet plant feed arise from Black Iron’s advantages, including an iron ore deposit with significant infrastructure (existing railway, power lines and port) and access to skilled labour. Our results to date, coupled with this engineering study, make a compelling case for expediting the development of the Shymanivske Project.”

Financial Sensitivities at Various Discount Rates (20 years)

IRR (pre-tax)	42.1%		
Discount Rate	Pre-Tax (millions)	NPV	Payback (Years)
0%	\$7 655		1.8
5%	\$4 144		2.0
8%	\$2 966		2.2
10%	\$2 400		2.3

The Project has favourable economic potential across a range of discount rates. The operations outlined in this PEA are projected to generate over US\$856 million in average annual revenue over the first 20 years of mine life.

Based on the metallurgical test work completed for this PEA, the process weight recovery of 29.6% would yield a project life of about 28 years based on the current estimated resource. The Company has recently commenced an exploration and definition drill program to both expand the existing resource and upgrade the mineral classification. With a successful exploration and

definition drill program Black Iron expects to be able to support increased production scenarios, which would further increase the already favourable Project NPV.

Details and Assumptions

Total initial capital expenditures (including contingency) are estimated at US\$895.8 million to produce pellet plant feed. The initial capital cost estimate excludes closure costs, sustaining capital as well as costs for mining equipment and railcars that are leased and included in operating costs. The initial assessment of the preferred port facility suggests that sufficient capacity currently exists for the planned initial production. As a result, no additional capital is anticipated for port facilities. Sustaining capital requirements for years 1 to 20 of operation were estimated to be in the order of US\$689.3 million including gradual purchase of leased rolling stock.

Summary of Estimated Initial Capital Costs	(US\$ millions)
Mining Capitalized Pre-Stripping Costs	73.5
Other Pre-Production Capitalized Costs	13.6
Concentrator and Site Infrastructure	419.8
Environmental and Tailings Management	80.1
Rail Transportation System	11.4
Port Facilities	Nil
Indirect Costs & Land Acquisition	166.8
Contingency	130.6
TOTAL	895.8

The total average operating costs over 20 years, including annual costs for leasing of equipment (valued at US\$354.3 million) over the life of the leases, are estimated at US\$52.40 per tonne of Pellet Plant Feed, while the average operating costs following the initial seven year equipment lease period (i.e. years 8 through 20) are estimated at US\$48.22, based on the following:

Summary of Estimated Operating Costs	(US\$/tonne of Pellet Plant Feed)	
	(average initial 20 years)	(average years 8-20)
Mining	24.05	20.10
Concentrator	15.44	15.44
Site Infrastructure	0.67	0.67
Sales & General Administration	1.49	1.49
Environmental and Tailings Management	0.13	0.13
Rail Transportation	5.42	5.18
Port Facility	5.20	5.20
TOTAL	52.40	48.22

Consistent with practice in the industry, this PEA has been prepared with an engineering accuracy of +/-30%. As the project progresses through the feasibility stage, advancement in the detail of engineering will improve the accuracy to approximately +/-15%.

Pellet Production Alternative

The PEA also outlines a production alternative for producing 7.6 million tonnes per year of iron ore pellets, with a 35.2% IRR and a US\$4.1 billion NPV at an 8% discount rate.

Pellet Production Alternative – PEA Highlights (All currency is US\$, pre-tax)

NPV @ 8% discount rate	\$4.1 billion
IRR	35.2%

Total Estimated Capital Costs (excluding Sustaining Capital and leased mobile equipment)	\$1 571.3 million
Estimated Operating Costs: (average initial 20 years) (average ex. leasing costs years 8-20)	\$64.15/t Pellet \$60.11/t Pellet
Pellet Sales Price Forecast: (Years 1 & 2) (Years 3 to 20)	\$170/t \$150/t
Estimated Pellet Sales Price Premium	\$35/t
Average Annual Cash Flow for initial 20 years	\$540.7 million
Estimated Mine Life	28 yrs
Final Product Iron Grade (Pellet)	65.0% Fe
In pit Measured and Indicated Resource (at 31.50% iron)	361.9 Mt
In pit Inferred Resource (at 31.08%)	319.5 Mt
Annual Production Rate (Iron Ore Pellets)	7.6 Mt
Projected Commencement of Revenue Generation	Q4 - 2015
Projected Years to Payback (at 8% Discount Rate)	2.9 years

Pellet Production Alternative – Financial Sensitivity

IRR (pre-tax)	35.2%		
Discount Rate	Pre-Tax (millions)	NPV	Payback (Years)
0%	\$10 814		2.4
5%	\$5 768		2.7
8%	\$4 070		2.9
10%	\$3 253		3.1

The Project enjoys robust economics across a range of discount rates. The operations outlined for this PEA are projected to generate over US\$1150 million in average annual revenue over the first 20 years of mine life.

Commenting on the pellet production alternative, George Mover added, “We are encouraged by the results of the pellet production alternative. Based on the preliminary results of this assessment, the production of pellets should result in a significantly higher project NPV as we should be able to capture a higher margin if we choose to produce this premium product.”

Pellet Production Alternative – Details and Assumptions

Total initial capital expenditures (including contingency) are estimated at US\$1571.3 million. The initial capital cost estimate excludes closure costs, sustaining capital as well as costs for mining equipment and railcars which are leased and included in operating costs. The initial assessment of the preferred port facility suggests that sufficient capacity currently exists for the planned initial production. As a result, no additional capital is anticipated for port facilities. Sustaining capital requirements for years 1 to 20 of operation were estimated to be in the order of US\$689.3 million

Summary of Estimated Initial Capital Costs	(US\$ millions)
Mining Capitalized Pre-Stripping Costs	73.5
Other Pre-Production Capitalized Costs	14.6
Concentrator and Site Infrastructure	414.2
Pellet Plant	518.7
Environmental and Tailings Management	80.1
Rail Transportation System	12.0
Port Facilities	Nil

Indirect Costs and Land Acquisition	215.2
Contingency	243.0
TOTAL	1571.3

Total average operating costs over 28 years, including annual costs for leasing of equipment (valued at US\$354.3 million) over the life of the leases, are estimated at US\$64.15 per tonne of pellet, while the average operating costs post the initial seven year equipment lease period (i.e. years 8 through 20) are estimated at US\$60.11, based on the following:

Summary of Estimated Operating Costs	(US\$/tonne of Pellet)	
	(average initial 20 years)	(average years 8-20)
Mining	23.26	19.44
Concentrator	14.93	14.93
Pelletizing	13.15	13.15
Site Infrastructure	0.65	0.65
Sales & General Administration	1.45	1.45
Environmental and Tailings Management	0.12	0.13
Rail Transportation	5.39	5.17
Port Facility	5.20	5.20
TOTAL	64.15	60.11

PEA Report

The PEA was prepared in accordance with the guidelines of National Instrument 43-101 by the independent engineering firm BBA Inc. with contributions from Watts, Griffis and McOuat Limited. BBA is a leading full-service engineering firm and has experience in the sector that includes the design and construction supervision of many components of some of the world's leading iron ore assets. The final PEA technical report, which will also include the current mineral resource estimate, will be filed on SEDAR within 45 days.

Qualified Person

The PEA was prepared under the supervision of André Allaire Eng, M.Eng., Ph.D., with BBA. Mr. Allaire is an independent Qualified Person as defined by NI 43-101 and Mr. Allaire is independent of Black Iron. Mr. Allaire has reviewed and is responsible for the technical information contained in this document. Mr. Hugues de Corta, P.Geo., QP for resources, completed and is responsible for the mineral resource estimate in the PEA report. Mr. Allaire reviewed the content in this document.

Additional information about the Project can be found in the technical report filed on SEDAR at www.sedar.com entitled "Resource Estimate – Shymanivske Deposit in Ukraine" dated January 31, 2011.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Matt Simpson
President & Chief Executive Officer
(416) 309-2138

Item 9 Date of Report

November 14, 2011

Forward Looking Information

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the results of the PEA and the development potential of the Company and its projects, the timing and amount of future exploration and development of the project, and the future financial or operating performance of the Company and its projects. Often, but not always, forward looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or by the use of words or phrases that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information are based on certain assumptions and analyses made by the Company based on known facts at the time. Forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this document, including, without limitation those described in the Company's public disclosure documents which may be found under the Company's profile on SEDAR. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking information, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this document. The forward-looking information contained herein are made as of the date of this document and the Company disclaims any obligation to update or review such information or statements, whether as a result of new information, future events or results of otherwise, except as required by law.