

A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada except Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Black Iron Inc. at its registered office located at 198 Davenport Road, Toronto, Ontario, M5R 1J2, telephone 416-861-2269, and are also available electronically at www.sedar.com.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state and may not be offered, sold or delivered in the United States (as such term is defined in Regulation S promulgated under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. See “Plan of Distribution”.

AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS

(amending and restating the preliminary short form prospectus dated June 29, 2021)

NEW ISSUE

July 5, 2021



BLACK IRON INC.
Up to \$10,000,000
Up to 25,000,000 Common Shares

This amended and restated preliminary short form prospectus (the “**Prospectus**”) qualifies the distribution of up to 25,000,000 common shares (the “**Offered Shares**”) of Black Iron Inc. (the “**Corporation**”) at a price of \$0.40 per Common Share for aggregate gross proceeds of up to \$10,000,000 (the “**Offering**”).

The Offered Shares will be sold on a “best efforts” agency basis, without underwriter liability, pursuant to an agency agreement (the “**Agency Agreement**”) to be entered into between the Corporation and Canaccord Genuity Corp. (the “**Agent**”), as sole bookrunner and agent. The price of the Offered Shares offered hereunder was determined by arm’s length negotiation between the Corporation and the Agent with reference to the prevailing market price of the common shares of the Corporation (the “**Common Shares**”). See “Plan of Distribution”. Proceeds received from the Offering will be available to the Corporation for the purposes set out under the heading “Use of Proceeds”.

There is no minimum amount of funds that must be raised under this Offering. This means that the Corporation could complete this Offering after raising only a small proportion of the Offering amount set out above.

\$0.40 per Common Share

	<u>Price to the Public</u>	<u>Agent's Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Offered Share.....	\$0.40	\$0.024	\$0.376
Total..... ⁽³⁾	\$10,000,000	\$600,000	\$9,400,000

Notes:

- (1) The Corporation has agreed to pay the Agent a cash commission equal to 6.0% of the gross proceeds realized from the sale of Offered Shares (including in respect of any exercise of the Over-Allotment Option (as defined below)), subject to the reduced fee for purchasers on the President's List (as defined below) (the "**Agent's Fee**"). The Corporation may pay fees to certain finders in connection with offshore purchasers identified by such finders. Any such fees paid will be deducted from the Agent's Fee. The Corporation has also agreed to issue to the Agent such number of broker warrants as is equal to 6.0% of the aggregate number of Offered Shares sold under the Offering (including in respect of any exercise of the Over-Allotment Option) (the "**Broker Warrants**"), subject to a reduction for any Offered Shares sold to purchasers on the President's List, discussed below. Each Broker Warrant will entitle the holder to acquire one Offered Share (a "**Broker Share**") at a price of \$0.40 per Offered Share for a period of 24 months following the Closing Date. This Prospectus also qualifies the distribution of the Broker Warrants. Up to \$5,000,000 of the Offering may be subject to a president's list (the "**President's List**"), upon which the Agent will be entitled to receive a cash commission equal to 3.0% of the gross proceedings of the Offering in connection with the President's List and such number of Broker Warrants as is equal to 3.0% of the aggregate number of Offered Shares sold in connection with the President's List. Unless the context otherwise requires, the figures in this Prospectus are given assuming no sales are made under the President's List. See "Plan of Distribution". Assumes the Offering is \$10,000,000.
- (2) After deducting the Agent's Fee, but before deducting the expenses of the Offering, estimated to be \$400,000, which will be paid from the proceeds of the Offering.
- (3) The Corporation has granted to the Agent an option (the "**Over-Allotment Option**"), exercisable, in whole or in part, at the sole discretion of the Agent, at any time for a period of 30 days from and including the Closing Date, to arrange for purchasers of up to 3,750,000 additional Offered Shares, representing up to 15% of the number of Offered Shares sold under the Offering, such additional Offered Shares having the same terms and conditions as the Offered Shares, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the cumulative gross proceeds of the Offering will be \$11,500,000, the total Agent's Fee will be \$690,000 and the total net proceeds to the Corporation will be \$10,810,000, before deducting the expenses of the Offering, estimated to be \$400,000. A purchaser who acquires Offered Shares forming part of the Agent's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless otherwise indicated, all references to "Offered Shares" in this Prospectus include any Offered Shares issued upon any exercise of the Over-Allotment Option.

The Offering is not guaranteed or underwritten by any person. The Agent, as agent, conditionally offers the Offered Shares for sale on a best-efforts basis, if, as and when issued by the Corporation and accepted by the Agent in accordance with the conditions contained in the Agency Agreement and subject to approval of certain legal matters on behalf of the Corporation by Wildeboer Dellelce LLP and on behalf of the Agent by Cassels Brock & Blackwell LLP. The Offering is being made in each of the provinces of Canada, excluding Québec. The Offered Shares will be offered in each of the provinces of Canada, excluding Québec, through the Agent or its affiliates who are registered to offer Offered Shares for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable law, the Agent may offer the Offered Shares in the United States (as such term is defined in Regulation S under the U.S. Securities Act) and such other jurisdictions outside of Canada and the United States as agreed between the Corporation and the Agent. See "Plan of Distribution".

Subscriptions for the Offered Shares offered under this Prospectus will be received by the Agent subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about July 20, 2021, or on such other date or dates as the Corporation and the Agent may agree (the "**Closing Date**"), but in any event, on or before a date not later than 90 days after the date of the receipt for the (final) short form prospectus.

It is anticipated that the Corporation will arrange for an instant deposit of the securities issued hereunder to or for the account of the Agent with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee, and deposited in electronic form, on the Closing Date, against payment of the aggregate purchase price for the securities issued hereunder. A purchaser of Offered Shares, including a purchaser of Offered Shares in the United States that is a "qualified institutional buyer" ("**Qualified Institutional Buyer**") as defined in Rule 144A of the U.S. Securities Act, will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. A purchaser of Offered Shares in the United States that is an "accredited investor" ("**Accredited Investor**") within the meaning of Rule 501(a) of

Regulation D under the U.S. Securities Act will receive definitive physical certificates representing the Offered Shares. See “Plan of Distribution”.

The outstanding Common Shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “BKI”. On June 28, 2021, the last trading day on the TSX prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$0.44. On July 2, 2021, the last trading day on the TSX prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$0.44.

The Corporation has applied to list the Offered Shares and the Broker Shares issuable upon exercise of the Broker Warrants to be distributed under this Prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus. The Corporation and the Agent have not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus. The Corporation is seeking offers to buy the Offered Shares only in jurisdictions where, and to persons whom, offers and sales are lawfully permitted. Investing in the Offered Shares is speculative and involves significant risks that should be carefully considered. Such investment should only be made by those persons who can afford the risk of loss of their entire investment. The risk factors identified under the heading “Risk Factors” in this Prospectus and in the Corporation’s AIF (as defined herein), which is available under the Corporation’s profile on SEDAR at www.sedar.com, should be carefully reviewed and evaluated by prospective purchasers before purchasing the securities being offered hereunder.

Prospective purchasers should be aware that the acquisition, holding and disposition of the Offered Shares described herein may have tax consequences. The Prospectus does not describe these tax consequences. Purchasers should consult their own tax advisors with respect to the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Offered Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Offered Shares.

<u>Agent’s Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to arrange for purchasers of up to 3,750,000 Offered Shares	30 days from and including the Closing Date	\$0.40 per Offered Share
Broker Warrants ⁽¹⁾	Option to purchase up to 1,725,000 Broker Shares ⁽²⁾	24 months from the Closing Date	\$0.40 per Broker Share

Notes:

- (1) This Prospectus qualifies the distribution of the Broker Warrants.
- (2) Assumes completion of Over-Allotment Option.
- (3) Assumes no sales are made under the President’s List.

Subject to applicable laws and in connection with the Offering, the Agent may effect transactions intended to stabilize or maintain the market price for the Offered Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

All monetary amounts used herein are stated in Canadian dollars, unless otherwise indicated.

Unless otherwise specified herein, it is assumed that the Offering is completed in full for aggregate gross proceeds to the Corporation of \$10,000,000 (not including any exercise of the Over-Allotment Option).

John Detmold, a director of the Corporation, resides outside of Canada and has appointed the Corporation at its registered office set forth below as their agent for service of process in Canada. Purchasers are advised that it may not

be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the person has appointed an agent for service of process.

The head and registered office of the Corporation is 198 Davenport Road, Toronto, Ontario, M5R 1J2.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein may contain “forward-looking information”, within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to:

- the completion of the Offering and the timing thereof;
- the use of net proceeds from the Offering;
- the Corporation’s ability to complete the Proposal (as defined herein) with Cargill (as defined herein) on the terms and timing described herein, or at all;
- obtaining all of the required stock exchange and other approvals in connection with the Offering;
- the future outlook of the Corporation;
- business plans and strategies, including those outlined in the “Business Objectives” section below; and
- working capital.

In certain cases, forward-looking information can be identified by the use of terms such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” (including negative and grammatical variations of such words and phrases) or statements that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved” or other similar expressions concerned with matters that are not historical facts.

Forward-looking information contained in this Prospectus and the documents incorporated by reference herein are based on certain factors and assumptions regarding, among other things, reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, anticipated events or results, business strategy and strategic goals, the expected costs and results of operations, characteristics of the industry, business prospects, regulatory developments, projected costs and capital expenditures, financial results, the ability to raise capital, taxes and plans and objectives of or involving the Corporation. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks include, but are not limited to: the completion and realization of the anticipated benefits of the Offering; loss of entire investment; successful negotiations of a definitive offtake agreement and financing agreements with Cargill, Incorporated; additional financing and negative operating cash flow; discretion regarding use of proceeds; securities may experience price volatility; future sales of Common Shares or convertible securities; difficulty in enforcing judgments and effecting service of process on directors and officers; active liquid market for Common Shares; development financing risks; development risks; the duration of the COVID-19 pandemic and the extent of its economic and social impact; risks relating to government regulation; risks associated with foreign operations; fluctuation in mineral prices; reduced global demand for steel or interruptions in steel production; dependence on the Shymanivske Project; limited operating history of the Corporation; limited financial resources and no source of operating cash flow; uncertainty in acquiring and maintaining necessary licenses, permits and access rights; risks and hazards inherent in the mining industry; uncertainty of mineral reserve and resource estimates; uncertainty of inferred mineral resources; planning and environmental risks, permits and liabilities; title risks; insurance risks; dependence on management and outside advisors; fluctuations in currency exchange rates; competition in the mining industry; competition for attractive mineral properties; inability to enforce legal rights in certain circumstances; Ukraine’s developing legal system; conflicts of interest; taxes; potential adverse effects on the market price of the Corporation’s securities resulting from a sale of a substantial amount of the Corporation’s securities; price volatility of the Corporation’s securities; dilution from the future sales of Common Shares and convertible securities; availability of additional financing as and when required; and the market price and liquidity of the Common Shares.

Such factors are discussed in more detail under the heading “Risk Factors” in this Prospectus and in the documents incorporated by reference herein, including, without limitation, under the heading “Risk Factors” in the AIF.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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.

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking information contained in this Prospectus and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. These forward-looking information are made as of the date such statements are made and, except as required by applicable securities laws, the Corporation assumes no obligation to publicly update or revise any forward-looking information and readers should also carefully consider the matters discussed under the heading “Risk Factors” in this Prospectus and in the documents incorporated by reference herein.

CAUTIONARY NOTE REGARDING MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The Corporation's sole material property is the Corporation's 100% owned Shymanivske iron ore deposit located in the Dnipropetrovsk region of Ukraine (the "**Shymanivske Project**"). Unless otherwise indicated, all mineral reserve and mineral resource estimates included in this Prospectus and the documents incorporated by reference herein and therein have been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and generally accepted Canadian mining industry practice. NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in accordance with NI 43-101. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in very limited circumstances. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. The mineral resource and mineral reserve figures referred to in this Prospectus and the documents incorporated herein and therein by reference are estimates and no assurances can be given that the indicated levels of iron will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Any inaccuracy or future reduction in such estimates could have a material adverse impact on the Corporation. Reference should be made to the Corporation's technical report titled "Preliminary Economic Assessment of the Re-scoped Shymanivske Iron Ore Deposit" effective November 21, 2017 and the "(Amended) Preliminary Economic Assessment of the Re-scopes Shymanivske Iron Ore Deposit" effective November 17, 2017, with a report date of March 2, 2020 (together the "**Technical Reports**"). The Technical Reports have been filed with the Canadian securities regulatory authorities and are available for review at <http://www.sedar.com/>. Reference should be made to the full text of the Technical Reports for a complete description of assumptions, qualifications and procedures associated with the information therein.

GENERAL MATTERS

In evaluating whether or not to purchase Offered Shares pursuant to the Offering, a prospective investor should rely only on the information contained or incorporated by reference in this Prospectus. In addition, prospective investors should not rely on part of the information contained in or incorporated by reference in this Prospectus to the exclusion of the remainder. The Corporation and the Agent have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. The Corporation and the Agent are not making an offer to sell or seeking an offer to purchase the securities offered pursuant to this Prospectus in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this Prospectus is accurate only as of the date on the front of this Prospectus and that information contained in any document incorporated by reference is accurate only as of the date of that document or other date specified in that document, regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares pursuant hereto.

Unless the context otherwise requires, all references in this short form prospectus to the "Corporation", "Black Iron", "we", "us" and "our" refer to Black Iron Inc.

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The financial statements of the Corporation incorporated by reference in this Prospectus are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

References to “\$” or “C\$” in this Prospectus are to Canadian dollars, unless otherwise indicated. References to “US\$” in this Prospectus are to United States dollars. As of July 2, 2021 the Bank of Canada daily average rate of exchange for Canadian dollars and United States dollars was \$1.00 = US\$0.8095 or US\$1.00 = \$1.2353.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in each of the Provinces of Canada (except for Quebec). Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the Corporation at its registered office located at 198 Davenport Road, Toronto, Ontario, M5R 1J2, telephone 416-861-2269. These documents are also available under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed online at www.sedar.com.

The following documents, filed by the Corporation with the various securities commissions or similar authorities in each of the Provinces of Canada (except for Quebec), are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form of the Corporation dated March 24, 2021 for the financial year ended December 31, 2020 (the “**AIF**”);
- (b) the audited consolidated financial statements of the Corporation as at and for the financial years ended December 31, 2020 and 2019, together with the notes thereto and the report of the auditors thereon;
- (c) the unaudited condensed consolidated interim financial statements of the Corporation for the three months ended March 31, 2021 and 2020;
- (d) the interim management’s discussion and analysis of the Corporation for the three months ended March 31, 2021;
- (e) the management’s discussion and analysis of the Corporation for the financial years ended December 31, 2020;
- (f) the management information circular of the Corporation dated May 26, 2021 for the annual and special meeting of shareholders of the Corporation held on June 24, 2021;
- (g) the material change report of the Corporation in respect of the issuance of common share purchase warrants to Perpetual Iron LLC dated January 5, 2021; and
- (h) the “template version” of the indicative term sheet dated June 29, 2021 in respect of the Offering (the “**Original Term Sheet**”) and the “template version” of the amended indicative term sheet dated July 5, 2021 in connection with the Offering (together with the Original Term Sheet, the “**Marketing Materials**”).

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Corporation with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined under National Instrument 41-101 – *General Prospectus Requirements*) that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or amended version of, any template version of any Marketing Materials)) is deemed to be incorporated by reference into this Prospectus. However, such template version of any Marketing Materials will not form part of this Prospectus to the extent that the contents of the template version of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Wildeboer Dellelce LLP, counsel to the Corporation, and Cassels Brock & Blackwell LLP, counsel to the Agent, the Offered Shares, if issued on the date hereof, would be “qualified investments” under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) for trusts governed by registered retirement savings plans (“**RRSP**”), registered education savings plans (“**RESP**”), registered retirement income funds (“**RRIF**”), deferred profit sharing plans, registered disability savings plans (“**RDSP**”) and tax-free savings accounts (“**TFSA**”) (collectively, “**Registered Plans**”), provided that the Offered Shares are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX) or the Corporation qualifies as a “public corporation” (as defined in the Tax Act).

Notwithstanding the foregoing, if the Offered Shares are a “prohibited investment” (as defined in the Tax Act) for an RRSP, RESP, RDSP, RRIF or TFSA, the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Offered Shares will not be a prohibited investment for an RRSP, RESP, RDSP, RRIF or TFSA provided the annuitant, holder or subscriber thereof, as the case may be, (i) deals at arm’s length with the Corporation for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. In addition, the Offered Shares will not be a prohibited investment if they are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for the particular RRSP, RESP, RDSP, RRIF or TFSA. Prospective purchasers who intend to hold the Offered Shares in a Registered Plan are advised to consult their personal tax advisors.

THE CORPORATION

The Corporation was incorporated on June 29, 2010, pursuant to the provisions of the *Business Corporations Act* (Ontario) under the name “2248964 Ontario Inc.” On January 18, 2011, pursuant to articles of amendment, the Corporation changed its name to “Black Iron Inc.”

The Corporation’s head and registered office is located at 198 Davenport Road, Toronto, Ontario, M5R 1J2.

THE BUSINESS

The Corporation is an iron ore exploration and development company whose principal asset, the Shymanivske Project, is located in the Dnipropetrovsk region of Ukraine. The Corporation holds a 100% interest in a mining permit that

covers an area of approximately 2.56 square kilometers and comprises the Shymanivske Project through the Corporation's wholly owned subsidiary, Shymanivske Steel LLC.

Recent Events

On May 10, 2021, the Corporation announced that it had selected Cargill, Incorporated (“**Cargill**”) for offtake rights on the initial four million tonnes per year of production from the Shymanivske Project. It is anticipated that Cargill will extend financing of US\$75 million for construction of Shymanivske Project through a finance facility. Based on the proposal agreed to between the Corporation and Cargill (the “**Proposal**”), the offtake agreement will be for an initial term of ten years and will include a profit-sharing component whereby the Corporation will receive 100% of the 65% iron content fines benchmark price, currently ~\$230 per tonne, and share with Cargill a portion of the incremental sale price of its 3% higher (68%) iron content and low impurity magnetite product. The Corporation and Cargill are in the process of negotiating definitive binding offtake and financing agreements which reflect the Proposal, and the completion of the transactions contemplated by the Proposal remain subject to the completion of due diligence and the entering of such definitive offtake agreement and financing agreements.

Further information about the business of the Corporation and the Shymanivske Project can be found in the AIF incorporated by reference herein.

CONSOLIDATED CAPITALIZATION

Other than as disclosed in this Prospectus, since December 31, 2020 there have been no material changes in the share capital of the Corporation. See “Prior Sales”.

The Corporation is authorized to issue an unlimited number of Common Shares. As of the date hereof, there are 273,454,798 Common Shares are issued and outstanding. As of the date hereof, the Corporation also has issued and outstanding (i) Common Share purchase warrants to acquire up to an aggregate of 49,199,527 Common Shares; (ii) stock options to purchase up to an aggregate of 14,145,000 Common Shares issued to certain directors, officers, employees and consultants of the Corporation (the “**Stock Options**”) pursuant to the Corporation's stock option plan (the “**Stock Option Plan**”); and (iii) 9,066,890 deferred share Common Shares of the Corporation (the “**DSUs**”) governed by the Corporation's deferred share unit plan (the “**DSU Plan**”).

As at the date hereof, after giving effect to the Offering but without assuming the exercise of the Over-Allotment Option, there would be an aggregate of 298,454,798 Common Shares and 50,699,527 Common Share purchase warrants (including the Broker Warrants) outstanding, assuming no further exercises or issuances of convertible securities. As at the date hereof, after giving effect to the Offering, and assuming the Over-Allotment Option is exercised in full, there would be an aggregate of 302,204,798 Common Shares and 50,924,527 Common Share purchase warrants (including the Broker Warrants) outstanding, assuming no further exercises or issuances of convertible securities.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering are estimated to be approximately \$9,000,000 after deducting the Agent's Fee of \$600,000 and the expenses of the Offering, estimated to be approximately \$400,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation from the sale of the Offered Shares are estimated to be approximately \$10,410,000, after deducting the Agent's Fee of \$690,000 and the expenses of the Offering, estimated to be approximately \$400,000. See “*Plan of Distribution*”.

Principal Purposes

The estimated net proceeds (without giving effect to the exercise of the Over-Allotment Option) of the Offering, are anticipated to be used by the Corporation for the principal purposes set forth below:

Principal Purposes of Net Proceeds	
Updated Feasibility Study ⁽¹⁾	\$5,045,000
Environmental and Social Impact Assessment ⁽²⁾	\$1,500,000
Commence Military Base Relocation / Surface Rights ⁽³⁾	\$355,000
General Corporate Purposes and Working Capital	\$2,000,000
Unallocated Working Capital	\$100,000
Total	\$9,000,000⁽⁴⁾

Note:

- (1) These funds will go toward the update of a definitive Feasibility Study, as further described below.
- (2) These funds will go toward the completion of an Environmental and Social Impact Assessment, as further described below.
- (3) These funds will go toward paying for a portion of the relocation and construction of a new Ukrainian military firing range, ammunition depot and the purchase of apartments for service personnel to secure access to surface required for the Shymanivske Project, as further described below.
- (4) After deducting the Agent's Fee of \$600,000 and the estimated expenses of the Offering of \$400,000.

Matthew Simpson is the “qualified person” (as such term is defined NI 43-101) who supervised the preparation of the above use of proceeds.

If the Over-Allotment Option is exercised, any additional proceeds will be allocated to General Corporate Purposes and Working Capital. If the Offering is not fully subscribed, it is anticipated that the proceeds will be allocated first towards the updated feasibility study, then towards general corporate purposes, then towards the environmental and social impact assessment, then towards the military base relocation, and lastly towards unallocated working capital. As an example, in the event the Corporation is only able to raise aggregate gross proceeds of \$7,000,000, being 70% of the maximum proceeds to be raised under the Offering, the Corporation anticipates that it will use the net proceeds in such an event as follows: (i) \$2,680,000 towards the updated feasibility study; (ii) \$2,000,000 towards general corporation purposes and working capital; (iii) \$1,500,000 towards the environmental and social impact assessment, (iv) \$nil towards the military base relocation, and (v) \$nil towards unallocated working capital.

The Corporation has negative cash flow from operating activities and has historically incurred net losses. The Corporation determined that as at and for the financial years ended December 30, 2020 and 2019, there is substantial doubt regarding the Corporation's ability to continue as a going concern. For the year ended December 31, 2020, the Corporation incurred a net loss of US\$9,077,845, and as at December 31, 2020, reported an accumulated deficit of US\$79,555,717 and working capital of US\$1,137,466, including US\$1,665,600 in cash. As at March 31, 2021 (the date of the Corporation's most recent financial statements), the Corporation incurred a net loss of US\$686,553 and reported an accumulated deficit of US\$80,242,250 and working capital of US\$589,995, including US\$1,166,928 in cash. Management of the Corporation estimates it requires approximately \$2,000,000 of cash to fund the Corporation's recurring management and general administrative expenses excluding any exploration and evaluation activities for its operations as currently conducted over the next 12 months. This estimate assumes that the Board maintains the current operating cost structure of the Corporation, and could be impacted by the COVID-19 pandemic and other factors, and as such, management has used the foregoing conservative estimate of its cash requirements. As at May 31, 2021, the Corporation had working capital of US\$818,955, including US\$1,240,904 in cash. The Corporation expects that it could continue to fund its operations, including maintaining a core technical team in the Ukraine to progress the feasibility study update, for six months using only its foregoing available financial resources.

As the Corporation has not yet reported on the results of its operations for any financial period subsequent to March 31, 2021, the foregoing figures are based on the reasonable estimates of management of the Corporation based on information currently available. The Corporation cannot make assurances that such estimates will prove to be accurate, and actual results could differ materially from the foregoing. Accordingly, investors are cautioned not to put undue reliance on the foregoing estimates.

To the extent that the Corporation has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows and may be required to raise additional funds through the issuance of additional equity securities or through loan financing. There is no assurance that additional capital or

other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Corporation as those previously obtained, or at all. See “Risk Factors”.

The intended uses of the net proceeds of the Offering by the Corporation described in this Prospectus are consistent with the Corporation’s business objectives and strategic goals. However, the foregoing allocation of the net proceeds are estimates only. It is difficult at this time to definitively project the total funds necessary to execute the planned undertakings of the Corporation. Accordingly, while the Corporation anticipates that it will have the ability to allocate the funds available to it as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent. For these reasons, management considers it to be in the best interests of the Corporation and its shareholders to permit management a reasonable degree of flexibility as to how the funds are employed among the above uses and/or for other purposes, as the need may arise.

Business Objectives

The Corporation’s long term business objective is to initiate construction of the Shymanivske Project. However, it should be noted that the Corporation will need to successfully complete a number of key milestones prior to being able to achieve this goal, including, but not limited to, the transfer of land currently owned by Ukraine’s Central Government being used by its Ministry of Defense for location of its processing plant, waste rock and tailings; agreement to relocate Rudnichnoe village; completion of an Environmental and Social Impact Assessment; and the completion of a feasibility study. The Corporation also intends to complete several Ukrainian technical studies as are required in order to be permitted for construction. The Corporation believes that with an aggregate capital raise of \$9 million, the Corporation will be adequately funded to accomplish all of its short-term objectives over the next 12 months to further advance the Shymanivske Project towards a construction ready state.

Milestones

Updated Feasibility Study

The Corporation’s management has commenced a NI 43-101-compliant feasibility study led by Wood Plc based on the phased build approach to produce an initial planned 4Mtpa that scales to 8Mtpa of high grade 68% iron content magnetite pellet feed. Completion of a feasibility study and its subsequent independent review is an essential component to secure funding for project construction from senior bank lenders, export credit agencies and offtake providers.

Environment and Social Impact Assessment (“EISA”)

The Corporation has awarded ERM Environmental Resources Management SRL (“**ERM**”) based in Bucharest, Romania to complete the EISA. ERM will support the Corporation in the preparation of a scoping study, co-ordination of field baseline work, and completion of an EISA report, which is one of the key requirements to obtaining a construction permit for the Shymanivske Project. ERM will also provide support during the permitting procedure, including stakeholder notification, public announcements and participation in public hearings.

Commence Military Base Relocation / Surface Rights

To secure the surface rights necessary for the location of the Shymanivske Project’s processing plant, waste rock and tailings storage facility, land currently owned by Ukraine’s Central Government that is being used by its Ministry of Defense for training purposes will need to be transferred to the Corporation. More specifically, an ammunition storage facility and several firing ranges along with their associated training facilities will need to be relocated on land directly adjacent to the West of the existing facilities in part on communal land that will need to be repatriated. The Corporation signed a Memorandum of Understanding with the former Minister of Defence of Ukraine for this land to be transferred to the Corporation in exchange for the construction of new training facilities and the purchase of apartments for service personnel. The Corporation has received a proposal from Ahntech, based in California, United States, which specializes in the design and construction of military facilities in accordance with NATO standards and Ukrainian Ministry of Defense requirements, to complete the new training facility design and construction.

There is no assurance that the foregoing goals and business objectives will be achieved. The exploration, development and construction of mineral projects, and operations in the Ukraine, are subject to a number of risks and uncertainties. See “*Risk Factors*”.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agent has agreed, as agent, to conditionally offer for sale to the public on a “best-efforts basis”, without underwriter liability, and the Corporation has agreed to sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Agency Agreement, on the Closing Date, up to 25,000,000 Offered Shares at a price of \$0.40 per Offered Share, payable in cash to the Corporation against delivery of the Offered Shares, subject to compliance with all necessary legal requirements and to the conditions contained in the Agency Agreement. While the Agent has agreed to use its best efforts to sell the Offered Shares, it is not obligated to purchase any Offered Shares. The obligations of the Agent under the Agency Agreement are conditional and may be terminated at its discretion on the basis of “material change out”, “disaster out”, “breach out” and “market out” provisions in the Agency Agreement, and may also be terminated on the occurrence of certain stated events. The Agent is not obligated to purchase any Offered Shares under the Agency Agreement nor is it obligated, directly or indirectly, to advance its own funds to purchase any of the Offered Shares. There is no minimum amount of funds that must be raised under this Offering. This means that the Corporation could complete this Offering after raising only a small proportion of the Offering amount set out above.

The Corporation has granted to the Agent the Over-Allotment Option, exercisable, in whole or in part, at the Agent’s sole discretion, at any time for a period of 30 days from and including the Closing Date, to arrange for purchasers of up to 1,500,000 Offered Shares, representing up to 15% of the number of Offered Shares sold under the Offering, such Offered Shares having the same terms and conditions as the Offered Shares, to cover over-allotments, if any, and for market stabilization purposes. The issuance of the Offered Shares under the Offering and grant of the Over-Allotment Option and the distribution of the Offered Shares issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Offered Shares forming part of the Agent’s over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Agent’s Fee and the net proceeds to the Corporation (before the deduction of the expenses of the Offering, estimated to be approximately \$400,000) will be \$11,500,000, \$690,000 and \$10,810,000, respectively. The price of the Offered Shares offered hereunder was determined by arm’s length negotiation between the Corporation and the Agent with reference to the prevailing market price of the Common Shares.

In consideration for the services to be performed by the Agent, the Corporation has agreed to pay to the Agent the Agent’s Fee equal to 6.0% of the gross proceeds of the Offering. The Corporation may pay fees to certain finders in connection with offshore purchasers identified by such finders. Any such fees paid will be deducted from the Agent’s Fee. The Corporation has also agreed to issue to the Agent such number of Broker Warrants as is equal to 6.0% of the aggregate number of Offered Shares sold under the Offering. Each Broker Warrant will be exercisable to purchase one Broker Share at an exercise price of \$0.40 per Broker Share for a period of 24 months following the Closing Date. Up to \$5,000,000 of the Offering may be subject to a President’s List, upon which the Agent will be entitled to receive a cash commission equal to 3.0% of the gross proceedings of the Offering in connection with the President’s List and such number of Broker Warrants as is equal to 3.0% of the aggregate number of Offered Shares sold in connection with the President’s List. This Prospectus also qualifies the distribution of the Broker Warrants.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will take place on or about July 20, 2021, or such other date or dates as may be agreed upon by the Corporation and the Agent, in any event, on or before a date not later than 90 days after the date of the receipt for the (final) short form prospectus.

It is anticipated that the Corporation will arrange for an instant deposit of the securities issued hereunder to or for the account of the Agent with CDS or its nominee, and deposited in electronic form, on the Closing Date, against payment of the aggregate purchase price for the securities issued hereunder. A purchaser of Offered Shares, including a purchaser of Offered Shares in the United States that is a Qualified Institutional Buyer will receive only a customer

confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. A purchaser of Offered Shares in the United States that is an Accredited Investor will receive definitive physical certificates representing the Offered Shares.

The Agency Agreement also provides that the Corporation will indemnify, among others, the Agent and its affiliates and subsidiaries, and their respective directors, officers, employees, shareholders/unitholders and agents against certain liabilities and expenses or will contribute to payments that the Agent may be required to make in respect thereof.

From the Closing Date until a date that is 90 days from the Closing Date, the Corporation will not, without the prior written consent of the Agent, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible or exchangeable into Common Shares, other than (i) pursuant to the Offering, (ii) the grant or exercise of stock options and other similar issuances pursuant to the stock option plan of the Corporation and other share compensation arrangements including, for greater certainty the sale of any Common Shares issued thereunder; (iii) outstanding warrants, options or other convertible securities outstanding on the date hereof; (iv) obligations in respect of existing agreements, and (v) a bona fide arm's length acquisition.

It is a condition of closing of the Offering that each of the directors and officers of the Corporation execute a lock-up agreement to be delivered at the Closing Date, providing that, subject to certain customary exceptions, each such person agrees, among other things, to not, for a period of 90 days from the Closing Date, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, whether now owned or hereinafter acquired, directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the shareholders of the Corporation and other exclusions customary for agreements of this nature.

The Corporation has applied to list the Offered Shares and Broker Shares on the TSX. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX.

The Offering is being made concurrently in each of the Provinces of Canada (other than Quebec). In addition, the Agent may offer the Offered Shares outside of Canada, subject to compliance with the local securities law requirements in such a manner as to not require registration of the Offered Shares, or filing of a prospectus or registration statement with respect to those Offered Shares under the laws in such jurisdictions or qualification as a foreign corporation or to file a general consent to service of process in such jurisdictions.

Pursuant to rules and policy statements of certain Canadian securities regulatory authorities, the Agent may not, throughout the period of distribution under this Prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws and in connection with the Offering, the Agent may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than which would otherwise prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. Stabilizing transactions consist of bids or purchases made for the purpose of

preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. Such transactions, if commenced, may be discontinued at any time.

The Offered Shares offered hereby have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Agent has agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable U.S. federal and state securities laws, it will not offer or sell the Offered Shares at any time in the United States as part of its distribution. The Agency Agreement permits the Agent to offer for sale by the Corporation, acting through its United States broker-dealer affiliates, the Offered Shares in the United States to Qualified Institutional Buyers and Accredited Investors in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act and applicable U.S. state securities laws. Moreover, the Agency Agreement provides that the Agent will offer and sell the Offered Shares outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Shares that are offered or sold in the United States will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares in the United States. In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Offered Shares

The Corporation is authorized to issue an unlimited number of Common Shares, of which, as of the date of this Prospectus, 273,454,798 Common Shares are issued and outstanding.

The holders of Common Shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Corporation, and each Common Share confers the right to one vote at all such meetings. The holders of Common Shares are entitled to receive and participate rateably in any dividends declared by the board of directors in the Corporation. Subject to the rights of any other class of shares ranking in priority to the Common Shares, in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding up its affairs, the holders of the Common Shares are entitled to participate rateably in the distribution of the assets of the Corporation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

PRIOR SALES

For the twelve-month period prior to the date of this Prospectus, the Corporation issued the following Common Shares and securities convertible into Common Shares:

Date of Issuance	Number of Securities Issued	Securities Issued	Price Per Security / Exercise Price
July 8, 2020	1,575,329	Common Shares ⁽¹⁾	\$0.07
July 16, 2020	700,000	Common Shares ⁽²⁾	\$0.05
July 21, 2020	850,000	Common Shares ⁽³⁾	\$0.09
July 21, 2020	594,210	Common Shares ⁽⁴⁾	\$0.09
July 23, 2020	75,000	Common Shares ⁽⁴⁾	\$0.09
July 24, 2020	200,000	Common Shares ⁽⁴⁾	\$0.09

July 24, 2020	165,000	Common Shares ⁽⁴⁾	\$0.09
July 27, 2020	135,000	Common Shares ⁽⁴⁾	\$0.09
July 28, 2020	50,000	Common Shares ⁽²⁾	\$0.05
July 31, 2020	135,000	Common Shares ⁽⁴⁾	\$0.09
August 4, 2020	85,000	Common Shares ⁽⁴⁾	\$0.09
August 4, 2020	85,000	Common Shares ⁽⁴⁾	\$0.09
August 4, 2020	416,667	Common Shares ⁽³⁾	\$0.09
August 6, 2020	325,000	Common Shares ⁽³⁾	\$0.09
August 7, 2020	2,782,500	Stock Options ⁽⁵⁾	\$0.145
August 7, 2020	255,000	Common Shares ⁽⁴⁾	\$0.09
August 10, 2020	1,750,000	Common Shares ⁽³⁾	\$0.09
August 10, 2020	155,000	Common Shares ⁽⁴⁾	\$0.09
August 13, 2020	1,766,152	Common Shares ⁽³⁾	\$0.09
August 19, 2020	150,000	Common Shares ⁽⁴⁾	\$0.09
August 24, 2020	141,665	Common Shares ⁽³⁾	\$0.09
August 26, 2020	1,487,500	Common Shares ⁽³⁾	\$0.09
August 27, 2020	50,000	Common Shares ⁽⁴⁾	\$0.09
August 31, 2020	335,000	Common Shares ⁽⁴⁾	\$0.09
August 31, 2020	1,058,333	Common Shares ⁽³⁾	\$0.09
August 31, 2020	85,000	Common Shares ⁽⁴⁾	\$0.09
August 31, 2020	85,000	Common Shares ⁽⁴⁾	\$0.09
August 31, 2020	85,000	Common Shares ⁽⁴⁾	\$0.09
September 3, 2020	1,516,322	Common Shares ⁽¹⁾	\$0.14
September 29, 2020	166,666	Common Shares ⁽⁶⁾	\$0.06
September 30, 2020	101,563	DSUs ⁽⁷⁾	N/A
October 6, 2020	1,647,793	Common Shares ⁽¹⁾	\$0.10
November 9, 2020	1,793,744	Common Shares ⁽¹⁾	\$0.14
December 2, 2020	1,319,420	Common Shares ⁽¹⁾	\$0.14
December 17, 2020	5,335,311	Common Shares ⁽¹⁾	\$0.14
December 31, 2020	35,846	DSUs ⁽⁷⁾	N/A
January 4, 2021	100,000	Common Shares ⁽²⁾	\$0.11
January 15, 2021	25,000	Common Share ⁽⁸⁾	\$0.09
January 19, 2021	2,590,627	Common Shares ⁽¹⁾	\$0.18
February 5, 2021	75,000	Common Shares ⁽²⁾	\$0.06
February 5, 2021	50,000	Common Shares ⁽²⁾	\$0.10
February 9, 2021	10,000	Common Shares ⁽²⁾	\$0.10
February 9, 2021	25,000	Common Shares ⁽²⁾	\$0.06
March 29, 2021	100,000	Common Shares ⁽²⁾	\$0.11
March 31, 2021	29,726	DSUs ⁽⁷⁾	N/A
May 11, 2021	133,333	Common Shares ⁽⁶⁾	\$0.06
May 11, 2021	700,000	Common Shares ⁽²⁾	\$0.10
May 20, 2021	9,200,000	Common Shares ⁽⁶⁾	\$0.06
May 31, 2021	300,000	Common Shares ⁽²⁾	\$0.12
May 31, 2021	200,000	Common Shares ⁽²⁾	\$0.15
June 28, 2021	12,500	Common Shares ⁽²⁾	\$0.095

Notes:

- (1) Issued upon conversion for a portion of the outstanding Convertible Debenture (as herein defined). On September 18, 2019, the Corporation entered into a convertible security funding agreement (the “**Convertible Debenture**”) with Lind Global Macro Fund LP (“**Lind**”) pursuant to which the Corporation may issue to Lind convertible securities in the principal amount of up to \$11,000,000. Pursuant to the Convertible Debenture, on September 27, 2019, the Corporation issued to Lind a convertible security with face value of \$2,700,000. The Corporation issued Lind 13,081,395 warrants exercisable for a period of 48 months at of \$0.11 per Common Share. On April 24, 2020, the Corporation issued to Lind a second convertible security under the Convertible Debenture with a face value of \$498,000 and issued 3,384,991 additional warrants with an exercise price of \$0.08 per warrant and an expiry date of April 24, 2024. Lind fully converted their security into Common Shares of the Corporation as of January 19, 2021.
- (2) Issued upon exercise of Stock Options.
- (3) Issued upon exercise of March 9 Cent Warrants (as herein defined). On March 29, 2019, the Corporation completed a non-brokered private placement financing of 17,508,440 units at a price of \$0.06 per unit for gross proceeds of \$1,050,506. Each unit was comprised of one Common Share and one half of one Common Share purchase warrant, each

- whole warrant exercisable to acquire one Common Share at a price of \$0.09 for a period of three years from the date of issue (“**March 9 Cent Warrant**”). In addition, the Corporation issued 105,000 finder’s warrants which entitled the holder to purchase one Common Share at an exercise price of \$0.09 until March 29, 2022 (“**March 9 Cent Finder Warrant**”).
- (4) Issued upon exercise of April 9 Cent Warrant (as herein defined). On April 5, 2019, the Corporation completed a non-brokered private placement financing of 9,043,950 units at a price of \$0.06 per unit for gross proceeds of \$542,637. Each unit was comprised of one Common Share and one half of one Common Share purchase warrant, each whole warrant exercisable to acquire one Common Share at a price of \$0.09 for a period of three years from the date of issue (“**April 9 Cent Warrant**”).
- (5) Options to purchase Common Shares issued to certain officers, directors, employees and consultants of the Corporation.
- (6) Issued upon exercise of May 6 Cent Warrants.
- (7) DSUs granted to certain non-executive directors of the Corporation.
- (8) Issued upon exercise of March 9 Cent Finder Warrants.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX under the symbol “BKI”. The following table sets forth certain trading information for the Common Shares on the TSX for the twelve-month period prior to the date hereof.

<u>Year</u>	<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2021	July ⁽¹⁾	\$0.46	\$0.42	231,480
2021	June	\$0.50	\$0.365	5,393,560
2021	May	\$0.76	\$0.425	16,314,590
2021	April	\$0.65	\$0.33	12,684,161
2021	March	\$0.49	\$0.37	13,155,415
2021	February	\$0.39	\$0.295	10,654,016
2021	January	\$0.445	\$0.210	15,575,862
2020	December	\$0.385	\$0.15	22,543,011
2020	November	\$0.17	\$0.10	7,750,080
2020	October	\$0.14	\$0.10	4,021,229
2020	September	\$0.14	\$0.105	10,268,439
2020	August	\$0.17	\$0.115	9,851,352
2020	July	\$0.195	\$0.095	17,101,657

Source: TMXMoney.com.

(1) Reflects the trading activity for the Common Shares from July 1-2, 2021. On June 28, 2021, the last trading day on the TSX prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$0.44. On July 2, 2021, the last trading day on the TSX prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$0.44.

RISK FACTORS

An investment in the Offered Shares is subject to a number of risks which involve a high degree of uncertainty and must be considered highly speculative due to the nature of the Corporation’s business. These risks, including those described below, could have a material adverse effect upon, among other things, the future operating results, potential earnings, business prospects and condition (financial or otherwise) of the Corporation. A prospective purchaser of such securities should carefully consider the information described in this Prospectus, the documents incorporated by reference in this Prospectus, including, without limitation, the risk factors set forth under the heading “Risk Factors” in the AIF, and the information set forth under the heading “Cautionary Note Regarding Forward-Looking Information”. The risks described or incorporated by reference herein are not the only risk factors facing the Corporation and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Corporation.

Should one or more of the risks or uncertainties described below, in the AIF materialize, or should the underlying assumptions of the Corporation's business prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Completion of the Offering

The completion of the Offering is subject to receipt of approval from the TSX and all other applicable regulatory approvals, which approvals may not be obtained. The Corporation intends to apply to list the Offered Shares and Broker Shares on the TSX. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX and there can be no assurance that the TSX will provide final approval of the Offering.

Loss of Entire Investment

An investment in the Offered Shares is speculative and may result in the loss of a purchaser's entire investment. Only potential purchasers who are experienced in high-risk investments and who can withstand a complete loss of their investment should consider purchasing the Offered Shares in this Offering. Before making an investment decision, prospective purchasers of Offered Shares should consider the information contained and incorporated by reference in this Prospectus and, in particular, the risk factors set out herein and in the documents incorporated by reference herein. Readers are cautioned that such risk factors are not exhaustive.

Securing Surface Rights Necessary for the Development of Shymanivske Project

The continued development of the Shymanivske Project is dependant on the acquisition of surface rights necessary for the location of the Shymanivske Project's processing plant, waste rock and tailings storage facility, land currently owned by Ukraine's Central Government. There is no guarantee that the transfer of the surface rights in exchange for the relocation of the military base as contemplated by the Memorandum of Understanding with the Former Minister of Defence of Ukraine will be completed on the terms and timing described herein, or at all. The inability to acquire these surface rights would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Proposed Financing and Offtake Arrangement with Cargill

On May 10, 2021, the Corporation announced that it had agreed to the Proposal with Cargill for offtake rights on the initial four million tonnes per year of production from the Shymanivske Project and an anticipated US\$75 million of financing for construction of Shymanivske Project. The Proposal contemplates that the offtake agreement will be for an initial term of ten years and will include a profit-sharing component whereby the Corporation will receive 100% of the 65% iron content fines benchmark price, currently ~\$230 per tonne, and share with Cargill a portion of the incremental sale price of its 3% higher (68%) iron content and low impurity magnetite product. The Corporation and Cargill are in the process of negotiating definitive binding offtake and financing agreements which reflect the Proposal, and the completion of the transactions contemplated by the Proposal remain subject to the completion of due diligence and the entering of such definitive offtake agreement and financing agreements. There can be no assurance that the offtake and financing agreements will be entered into on terms acceptable to the Corporation or at all and, if entered into, there can be no assurance that the transactions contemplated by the Proposal will be completed as currently contemplated or at all. If the financing arrangements contemplated by the Proposal are not made available to the Corporation in due course, the Corporation will need to pursue other sources of debt financing, dispose of assets, reduce or delay expenditures or issue equity to obtain necessary funds to finance the construction of the Shymanivske Project and its continued operations. There can be no assurance that the Corporation would be able to take any of these actions on a timely basis, on terms satisfactory to the Corporation, or at all, and the inability to source such financing would have a material and adverse effect on the Corporation's business, financial condition, results of operations, cash flows and prospects.

If the Corporation enters into the financing and offtake agreements with Cargill contemplated by the Proposal, Cargill will have rights of termination in certain events, including certain breaches of the agreements by the Corporation, some of which may be outside of the Corporation's control. The Corporation does not have an internal sales team and in the event Cargill does not purchase the production (if any) from the Shymanivske Project, the Corporation may face

issues in arranging for the sale of such iron ore at similar prices, of similar quantity, or at all. As a result of relying on a single purchaser for all of the Corporation's production, the Corporation could be subject to adverse consequences if Cargill breaches its purchase commitments or terminates the agreement, which would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Additional Financing and Negative Operating Cash Flow

The continued development of the Corporation and the Shymanivske Project will require additional financing. There is no guarantee that the Corporation will be able to achieve its business objectives. The Corporation has negative cash flow from operating activities and has historically incurred net losses. The Corporation expects to fund its business objectives by way of additional offerings of equity and/or debt financing. The failure to raise or procure such additional funds could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Corporation. If additional funds are raised by offering equity securities or convertible debt, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Corporation and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Discretion Regarding the Use of Proceeds

Management will have broad discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

Sales of Substantial Amounts of the Corporation's Securities May Have an Adverse Effect on the Market Price of the Securities

Sales of substantial amounts of the Corporation's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Corporation's securities, including the Offered Shares. A decline in the market price of the Common Shares or other securities could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

The Corporation's Securities May Experience Price Volatility

There can be no assurance that an active market for the Offered Shares will be sustained after the Offering. Securities of small and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. There can be no assurance that continuing fluctuations in price will not occur. The price per Common Share may be affected by the changes to the Corporation's financial condition or results of operations. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long-term value of the Corporation.

Future Sales of Common Shares or Convertible Securities by the Corporation

The Corporation may issue additional Common Shares, warrants or other securities convertible into Common Shares in the future, which may dilute a shareholder's holding in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection

with such further issuances. The directors of the Corporation have the discretion to determine the price and the terms of issue of further issuances of Common Shares or securities convertible into Common Shares.

Difficulty in Enforcing Judgments and Effecting Service of Process on Directors and Officers

Certain directors and officers of the Corporation reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

Active Liquid Market for Common Shares

There may not be an active, liquid market for the Common Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSX. Investors may not be able to sell their Common Shares quickly or at the latest market price if trading in the Common Shares is not active.

INTERESTS OF EXPERTS

Certain legal matters relating to the issue and sale of the securities offered hereunder will be passed upon by Wildeboer Dellelce LLP, on behalf of the Corporation, and by Cassels Brock & Blackwell LLP, on behalf of the Agent. As of the date of this Prospectus, the partners and associates of Wildeboer Dellelce LLP, own, directly or indirectly, in the aggregate, less than 1% of the Common Shares. As of the date of this Prospectus, the partners and associates of Cassels Brock & Blackwell LLP own, directly or indirectly, in the aggregate, less than 1% of the issued and outstanding Common Shares.

McGovern Hurley LLP, the auditors of the Corporation, has advised the Corporation that they are independent of the Corporation within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of Ontario.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any of associate or affiliate of the Corporation.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

John Detmold, a director of the Corporation, resides outside of Canada. The person named below has appointed the following agent for service of process:

Name of Person	Name and Address of Agent
John Detmold	Black Iron Inc., 198 Davenport Road, Toronto, Ontario, M5R 1J2

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus

or any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: July 5, 2021

This amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of each of the Provinces of Canada (other than the Province of Quebec).

(Signed) "Matthew Simpson"

By: Matthew Simpson
Chief Executive Officer

(Signed) "Paul Bozoki"

By: Paul Bozoki
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) "Raymond Bruce Humphrey"

By: Raymond Bruce Humphrey
Director

(Signed) "John Detmold"

By: John Detmold
Director

CERTIFICATE OF THE AGENT

Dated: July 5, 2021

To the best of our knowledge, information and belief, this amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of each of the Provinces of Canada (other than the Province of Quebec).

CANACCORD GENUITY CORP.

(Signed) “*David Sadowski*”

By: David Sadowski
Managing Director, Investment
Banking