

Black Iron Inc.

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Black Iron says it's making good progress arranging construction financing for Ukraine project

Black Iron Inc (TSE:BKI) (OTCMKTS:BKIRF) continues to advance its Shymanivske project in Ukraine and revealed it has received expressions of interest from European banks and export credit agencies to provide between US\$250 and US\$300 million of debt to construct the mine.

As is typical for this sort of development, Black Iron reckons around US\$175 million, or 40%, to fund building the site, will come from equity, while the balance, around US\$261 million (60%) will be debt.

The first phase of construction, to produce four million tonnes per year of 68% iron content pellet feed, is estimated to cost a total of US\$436 million.

READ: Black Iron to acquire Ukraine government land to advance Shymanivske project

"It is great to see such strong interest from well known, highly regarded, providers of debt financing for project construction," said Black Iron CEO Matt Simpson.

"The indicative interest rates, grace period prior to starting repayment and loan duration in the expressions of interest received by the company are very competitive," he added.

Last month, the firm said it had struck an agreement with Ukraine's government to acquire a key parcel of land being used by the Ministry of Defense for Black Iron's future processing plant, tailings and waste rock stockpile.

Simpson said this was an "important milestone that both anchor offtake and debt investors have been waiting to see".

"The company is currently negotiating binding terms for the land transfer, including the compensation amount, and expect this to conclude following a binding product sale (i.e. offtake) agreement as a portion of the funds invested by the offtake company will be used to cover the land transfer costs. Now that an MOU on land transfer has been reached, we look forward to commercial negotiations for project construction financing being accelerated."

Offtake deal

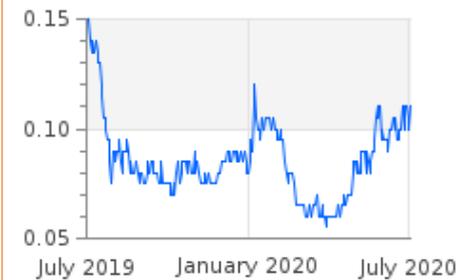
The majority of the required equity to build the site is anticipated to come from offtake by a large trading company and/or steel mill that is interested to purchase the pellet feed on a long-term contract at a slight discount to market price in exchange for making both a prepayment and acquiring ownership in the Shymanivske project, noted the firm.

"Additionally, there are two Asia based construction companies that have conducted site visits and expressed serious interest to invest up to US\$50 million of equity in kind in exchange for being awarded the construction contract," noted the firm in Monday's statement.

Price: 0.11

Market Cap: \$25.16 m

1 Year Share Price Graph



Share Information

Code: BKI

Listing: TSX

52 week	High	Low
	0.16	0.05

Sector: General mining & base metals

Website: www.blackiron.com

Company Synopsis:

Black Iron (TSX:BKI,OTC:BKIRF,FWB:BIN) is developing an iron ore mine ranked as having the highest financial return and lowest cost development project globally by market intelligence firms Wood MacKenzie and CRU. Exceptional skilled labor and infrastructure access along with the very high 68% iron content purity of its final product differentiates Black Iron.

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Black Iron also said it was likely that the anchor equity and offtake investor will be announced first, followed by an updated feasibility study and environmental impact assessment upon which the debt financing can be secured to allow for construction start around the end of next year.

Shymanivske boasts an NI 43-101 compliant mineral estimated to have 646 Million tonnes (Mt) of higher confidence measured and indicated resources.

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