

Black Iron Inc.

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Black Iron raising C\$1.8 million to advance Shymanivske iron ore project through to construction

Black Iron Inc (TSE:BKI) (OTCPINK:KIRF) has announced plans to raise nearly C\$1.8 million to advance its large Shymanivske iron ore project in Ukraine.

The Toronto-based company said that the funds would be used specifically for negotiations to secure land surface rights, discussions on construction financing and general working capital.

Shymanivske's mineral resource estimate includes 646 million tons of measured and indicated mineral resources, consisting of 355 million tons of iron graded at 32% total iron in the measured category and indicated mineral resources of 290 million tons grading 31.1% total iron.

READ: Black Iron says strong interest in potential Shymanivske iron ore project investors

The developer said it is seeing strong interest from a number of steel mills and global trading companies to sign an offtake agreement for the entire initial 4 million tons of annual production in exchange for construction funding. Site visits are now on hold due to the coronavirus pandemic and subsequent negotiation is on hold too pending the opening of international borders.

Black Iron noted that benchmark 62% iron content ore continues to sell above US\$80 per ton, a much higher ceiling than the long-term US\$62 per ton used in Shymanivske's preliminary economic assessment (PEA).

The PEA estimates an after-tax unlevered internal rate of return of 34% and net present value of US\$1.4 billion using a 10% discount rate for a US\$452 million investment to construct the initial four million tons per annum plant, which is expected to produce ultra-high grade 68% iron content pellet feed.

"The strong economic returns expected to be generated by the Shymanivske project reinforce the unique investment opportunity Black Iron presents by not having to build high-cost rail, powerlines or a port, as is required with the majority of other iron ore development projects globally," the company told shareholders in a statement Friday.

Deal terms

The offering is important to ensure Black Iron has sufficient funds to complete this work as it is expected to be transformative for the company, the group said.

Under the terms of the offering, Black Iron plans to issue just over 36.5 million units priced at C\$0.05 per unit for maximum proceeds of C\$1,826,721. Each unit consists of one share and one-third of one warrant exercisable at C\$0.06 for a three-year period following the offering's closing date.

Price: 0.38

Market Cap: \$94.94 m

1 Year Share Price Graph



Share Information

Code: BKI

Listing: TSX

52 week High Low
0.445 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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The company expects to close the private placement by May 1.

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