

Black Iron Provides Update on Go Forward Development Plan

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TORONTO, ONTARIO--(Marketwired - Oct 30, 2017) - The following is an update on the activities [Black Iron Inc.](#) ("Black Iron" or the "Company") (TSX:BKI) is undertaking to increase shareholder value and move our flagship Shymanivske iron ore project (the "Project") forwards towards production. The following is a brief history of the Company:

- Black Iron completed a successful initial public offering in 2011 raising approximately \$36 million at \$1.40/share
- By 2014, Black Iron management completed a Bankable Feasibility Study showing great economics and reached an agreement with Metinvest to finance a sizable portion of the project construction costs
- Unfortunately, also in 2014, Russia invaded Ukraine and iron ore prices subsequently fell dramatically
- Black Iron divested Metinvest's position in January 2016 and currently owns 100% of the Project

Black Iron decided to put the Project on hold until recently, when for a number of reasons the timing looked right to create a new go forward plan to move the Project towards production. These reasons include:

- Since November 2016, benchmark 62% iron content prices markedly increased from a low of US\$37/T to hit a high of US\$95/T in February 2017 and averaged ~US\$74/T over the year to date in large part due to increased global steel demand.
- Also, interestingly, during this period, the iron content premium and corresponding penalty relative to the benchmark price materially increased as seen in the chart below.

To view the chart associated with this release, please visit the following link:
<http://media3.marketwire.com/docs/1104066.pdf>

- Historically, the premium/penalty per 1% iron above or below 62% iron was charged at US\$3 to \$4 per percent. This premium/penalty has significantly increased to the current US\$7 to \$8 per percent due to several factors including:
 1. Steel mill profitability - premiums for high grades usually rise when steel mills are profitable as the mills are seeking to increase output by using more productive raw materials.
 2. Metallurgical coal prices - high grade iron ore demand usually goes up when coking prices rise as steel mills try to reduce fuel rates by using better quality ores.
 3. Chinese environmental policy - pollution is a major issue in China forcing steel mills to curb emissions and driving a preference for high quality raw materials to help reduce emissions.

Black Iron plans to make an ultra-high grade 68% iron content product that, using today's prices, would sell for US\$42 to \$48 per tonne more than the benchmark 62% iron content product often quoted in news articles resulting in a current selling price of ~US\$105 per tonne. Ukraine direly needs successful examples of foreign direct investment to help kickstart the country's economy and Black Iron's near shovel ready project is ideal to support investment in Ukraine while providing highly favourable returns to shareholders.

The front line of conflict in Ukraine is located ~450km away from the Project site and has not geographically advanced since the invasion occurred over three years ago. During this entire period, the iron ore mines surrounding the Project continued to operate with parents going to work and kids to school as usual. It is Black Iron management's view that it is highly unlikely the front line ever further advances given Russia achieved their main objectives during the initial invasion. Major international companies are also starting to share this view that it is safe to invest again in Ukraine. For example, ArcelorMittal which owns an iron ore mine and steel mill located only 1km north of the Project recently announced their intention to invest US\$1.1 billion into their operation over the next few years.

When Black Iron completed its feasibility study in 2014, Ukraine's exchange rate was fixed at 8UAH:US\$1. As part of Ukraine's International Monetary Fund bailout provisions, the exchange rate was unpegged to the U.S. dollar and is currently sitting at ~27UAH:US\$1. Using this lower exchange rate is expected to significantly reduce Black Iron's construction cost and operating costs for the Project. In July of this year Black Iron announced that it had commissioned a new Preliminary Economic Assessment (PEA) for the Project that will be based on a much more favorable exchange rate and phased development plan starting with 4MTpa production ramping up to 8MTpa using self-generated cash to fund the expansion. The PEA is

expected to be completed in mid-fourth quarter of this year and BKI expects it to show extremely favourable economics. In addition to having favourable exchange rates and low highly skilled labour costs, Black Iron benefits from not needing to build any major infrastructure such as railways, power lines or a port as these are all in existence within very close proximity to the ore body allowing us to build the mine in a scalable manner while still achieving favourable economic returns.

As was done back in 2014, Black Iron will also be engaging firms to seek prepaid offtake and/or a joint development partner to significantly reduce the amount of equity that needs to be raised to build the mine. Additionally, we will be initiating discussions with debt finance sources including the European Bank for Reconstruction and Development (EBRD) who have committed to invest US\$350M into ArcelorMittal's iron ore mine and steel mill located beside the Shymanivske pit.

Finally, management continues to make good progress with both the city of Kryvyi Rih on the Project and also the Ministry of Defense of Ukraine to secure the surface rights necessary for the open pit, processing plant, tailings and waste rock at the Project.

Please visit the Company website (www.blackiron.com) to sign up for updates on the Project.

About Black Iron

Black Iron is an iron ore exploration and development company, advancing its 100% owned Shymanivske project located in Kryvyi Rih, Ukraine. The Shymanivske project contains a NI 43-101 compliant resource estimated to be 645.8 Mt Measured and Indicated mineral resources, consisting of 355.1 Mt Measured mineral resources grading 32.0% total iron and 19.5% magnetic iron, and Indicated mineral resources of 290.7 Mt grading 31.1% total iron and 17.9% magnetic iron, using a cut-off grade of 10% magnetic iron. Additionally, the Shymanivske project contains 188.3 Mt of Inferred mineral resources grading 30.1% total iron and 18.4% magnetic iron. Full mineral resource details can be found in the NI 43-101 compliant technical report dated January 24, 2014 titled "Feasibility Study of the Shymanivske Iron Ore Deposit for [Black Iron Inc.](#)" under the Company's profile on SEDAR at www.sedar.com. The Shymanivske project is surrounded by five other operating mines, including ArcelorMittal's iron ore complex. Please visit the Company's website at www.blackiron.com for more information.

The technical and scientific contents of this press release have been prepared under the supervision of and have been reviewed and approved by Matt Simpson, P.Eng., CEO of Black Iron, who is a Qualified Person as defined by NI 43-101.

Forward-Looking Information

This press release contains forward-looking information. Forward-looking information is based on what management believes to be reasonable assumptions, opinions and estimates of the date such statements are made based on information available to them at that time, including those factors discussed in the section entitled "Risk Factors" in the Company's annual information form for the year ended December 31, 2016 or as may be identified in the Company's public disclosure from time to time, as filed under the Company's profile on SEDAR at www.sedar.com. Forward-looking information may include, but is not limited to, statements with respect to the Shymanivske project, preparation of a PEA, expected economics forecast, timing for PEA, the Company's ability to obtain the requisite land rights for the Shymanivske project, and future plans for the Company's development. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; other risks of the mining industry and the risks described in the annual information form of the Company. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be

accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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