

Black Iron Announces Convertible Security Funding And Provides Land & Construction Funding Update

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TORONTO, September 18, 2019 - [Black Iron Inc.](#) ("Black Iron") or the "Company") (TSX:BKI) reports it has executed a convertible security funding agreement (the "Agreement") with Lind Global Macro Fund LP ("Lind") pursuant to which Black Iron may issue to Lind convertible securities in the principal amount of up to CAD\$11 million.

Under the terms of the Agreement, Lind will make an initial investment of CAD\$2.25 million less a commitment fee of CAD\$78,750, in exchange for a convertible security (the "First Convertible Security") with a principal amount of CAD\$2.7 million (the "Face Value" or "Principal") representing a principal amount of CAD\$2.25 million and a pre-paid interest amount of CAD\$450,000. The First Convertible Security will be repaid by Black Iron through the issuance of common shares at pre-agreed conversion limits to Lind over a 24-month period. Lind will have the option to convert up to 1/20th of the Face Value per month at a price equal to 85% of Black Iron's five-day volume weighted average share price ("VWAP") immediately prior to each time Lind notifies Black Iron of its intent to convert. Lind will be restricted from selling any Black Iron shares it receives in connection with the First Convertible Security for a period of four months and a day from the date of issuance of the First Convertible Security and is prohibited from short selling Black Iron's shares during the term of the Agreement.

The Agreement also includes an option, subject to Black Iron having repaid a minimum of 75% of the First Convertible Security and the mutual agreement of Black Iron and Lind, for an additional investment by Lind of up to CAD\$9 million (CAD\$7.5 million funded amount) in exchange for a convertible security with similar terms to the First Convertible Security.

Black Iron has the option to buy-back the outstanding convertible securities in cash at any time with no penalty. If Black Iron exercises the buy back option, Lind will have the option to convert a maximum of 33% of the outstanding face value of the convertible securities amount into Black Iron shares.

"Lind's investment puts Black Iron in a strong financial position while current positive discussions with investors for project construction financing and Ukraine's Government to secure land are on ongoing. There is currently a major disconnect between Black Iron's current market cap of US\$11 million (CAD\$14 million) and the after tax net present value of its Shymanivske project of US\$1,662 million as outlined in the Company's Preliminary Economic Assessment. With so many positive discussions currently occurring, given the 24-month term of the First Convertible Security and that the conversion price is linked to Black Iron's share price over this period, I believe this financing will be less dilutive to shareholders than a traditional equity raise as it provides a good amount of time to make announcements that I expect will increase Black Iron's share price. Further, having an option to increase Lind's investment by an additional CAD\$7.5 million on short notice is important to ensure any payments required to secure land can be made with less market risk;" said Matt Simpson, CEO of Black Iron.

Phillip Valliere, Managing Director at The Lind Partners stated "We have been following Black Iron for several years and now is the right time for us to invest due to positive macros - stronger iron ore prices, favorable new Ukraine majority government and substantial new foreign direct investment into Ukrainian iron ore - and Black Iron gaining traction with key development initiatives like construction financing and land acquisition. We look forward to seeing where this investment will take them."

As part of the First Convertible Security financing, Black Iron will issue Lind 13,081,395 warrants exercisable for a term of 48 months at an exercise price of \$0.11 per share. The number of warrants issued is equal to 50% of the Funded Amount divided by the 20-day VWAP of Black Iron's shares as traded on the Toronto Stock Exchange. Lind can increase the face value of the First Convertible Security by an additional CAD\$1.25 million during the 24-month agreement term by funding Black Iron an additional CAD\$1.25 million

less a closing fee of CAD\$43,750.

The First Convertible Security is to be secured by a general security agreement from the Company and a pledge of the shares of its wholly-owned Cypriot subsidiary.

Closing of the First Convertible Security is expected to occur on or about October 2, 2019, subject to customary closing conditions.

Project Update

Substantial progress is being made on the two main areas of management focus to increase shareholder value being: 1) securing financing for project construction and 2) securing essential land rights for the Shymanivske project. Expressions of interest have and continue to be received from mainly European banks and export credit agencies to provide debt funding for construction of the project. The two Asia based construction companies that expressed an interest to invest US\$50 million of equity during project construction are visiting the project site the week of September 23rd as part of their due diligence. Black Iron's CEO is meeting with the CEO of a large Middle East headquartered steel company that has expressed serious interest to invest equity for project construction alongside Glencore. Finally, new potential large equity investors for project construction have initiated due diligence reviews on the project.

Ukraine appointed newly elected Ministers to its Cabinet on August 29, 2019 and the key Ministers for Black Iron's project including the Prime Minister, Minister of Defence, Minister of Economy and Minister of Foreign Affairs have all been briefed on Black Iron and are supportive. In person meetings between Black Iron's CEO, VP Government Relations and key senior Ukraine Government officials are being scheduled for the week of September 23rd to discuss formalizing the transfer of a ~1500 ha parcel of land owned by Ukraine's Central Government, that is currently being used by the Ministry of Defense, for Black Iron to locate its future iron ore concentrator, tailings and waste rock piles.

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 mineral resource estimated to be 646 Mt Measured and Indicated mineral resources, consisting of 355 Mt Measured mineral resources grading 32.0% total iron and 19.5% magnetic iron, and Indicated mineral resources of 290 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 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 entitled "Preliminary Economic Assessment of the Re-scoped Shymanivske Iron Ore Deposit" effective November 21, 2017 (the "PEA" or "Preliminary Economic Assessment") 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.

About The Lind Partners

The Lind Partners is an institutional fund manager and leading provider of growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind targets high growth sectors such as mining, oil & gas, technology, biotech and clean-tech. Founded in 2011, Lind has a multi-faceted investment strategy: direct investments of new capital (\$1 to \$20 million initial investment); participation in syndicated equity placements; and on-market trades. Lind has completed over 70 direct investments for more than \$850 million in total value and has an established reputation as a flexible and supportive capital partner to investee companies.

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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. Forward-looking information may include, but is not limited to, statements with respect to the Company's ability to develop the Shymanivske project, the Company's ability to issue the First Convertible Security and/or subsequent convertible securities under the Agreement, the Company's ability to raise adequate capital, the Company's ability to secure the requisite land rights and the Company's future plans. 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", "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. The Company notes that mineral resources that are not mineral reserves do not have demonstrated economic viability.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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