

Black Iron Selects Cargill As Ukraine High-Grade Iron Ore Offtake Purchaser With a US\$75M Finance Facility

10.05.2021 | [DGAP](#)

BLACK IRON SELECTS CARGILL AS UKRAINE HIGH-GRADE IRON ORE OFFTAKE PURCHASER WITH A US\$75M FINANCE FACILITY

For Immediate Release

TORONTO, ON, May 10, 2021 - [Black Iron Inc.](#) ("Black Iron" or the "Company") (TSX: BKI)(OTC PINK:BKIRF)(FWB:BI) is pleased to announce that it has selected Cargill, Incorporated ("Cargill") for offtake rights on the initial four million tonnes of production from its Shymanivske iron ore project (the "Project") and a US\$75 million finance facility to be used for Project construction.

Subject to completion of due diligence and successful conclusion of negotiations, Cargill will offtake the production and financing of US\$75 million for the construction of the Project through a finance facility. Drawdown on this funding will be subject to certain conditions being met, as is customary for this type of transaction, mainly related to the Project being fully permitted and financed for construction. Black Iron and Cargill will now start work on definitive binding offtake and financing agreements that reflect the Proposal. Based on the proposal agreed between Black Iron and Cargill (the "Proposal"), the offtake agreement is for an initial term of ten years and will include a profit-sharing component which will align the interests of both parties and generate a strong interdependent relationship of benefit to both parties. On the profit share, Black Iron will receive 100% of the 65% iron content fines benchmark price, currently ~\$230 per tonne, and share with Cargill a portion of the incremental value of its 3% higher (68%) iron content and low impurity magnetite product.

Cargill's metals business ("Cargill Metals") focuses on iron ore and steel trading. Connecting iron ore miners around the world with steel mills and steel end users in key markets, Cargill Metals trades over ~50 million tonnes of iron ore per year and is a strategic investor of a number of mining operations in North America and Northern Europe.

Black Iron and Cargill Metals agree that, as the world is becoming more environmentally conscious it will naturally turn to a higher iron content and in forms such as pellets/pellet feed that reduce emissions in the production of steel.

Black Iron's planned 68% iron content magnetite pellet feed is in the top 4% of global production by iron content and is expected to reduce emissions generated in the production of steel by an estimated 30% as compared to the more commonly produced iron content hematite fines. It is envisaged that the high-quality product from the Shymanivske iron ore project will attract a premium price in a variety of markets.

Black Iron's CEO Matt Simpson stated: "Black Iron received several offtake and investment proposals and chose Cargill's proposal striking the optimal balance of investment quantum, structure and shared vision on the increasing demand for high-grade ore as the global ferrous industry is shifting to become greener. Cargill brings tremendous value not only in strengthening the project funding with a US\$75 million financing facility but, more importantly, its global network and local footprints, unique industry insight and successful experience in the technical marketing of high-grade ore to customers around the world."

"We are very pleased to help finance Black Iron's Shymanivske Project," Lee Kirk, Managing Director, Cargill Metals said. "Our relationship with Black Iron would be an excellent fit with Cargill Metals' growth strategy to develop a high-grade and low-carbon iron ore portfolio, to help customers navigate the environmental and carbon challenges and opportunities ahead, and to support sustainability efforts and low carbon ambitions of the ferrous industry."

Cargill has operated in Ukraine since 1991 with offices in several cities to support its more than 500 in-country employees.

main Ukraine businesses are in the agricultural sector and include a deep-sea vessel terminal at Port Yuzhny close to the Black Sea. Black Iron plans to use it to ship its iron ore.

The selection of Cargill as Black Iron's preferred offtake purchaser has triggered the following activities to bring the Project to a fully financed state for construction:

- Update of the Project's feasibility study will commence upon receipt and review of proposals already requested.
- Selection and negotiation of binding terms with the preferred engineering, procurement and construction contractor will commence. Black Iron plans to invest ~US\$65 million in the Project.
- Commencement of third-party due diligence with a consortium of major international financial institutions on binding arrangements for senior debt, US\$100 million royalty investment and political risk insurance.

The above activities will be supported by the outputs from the environmental impact assessment and Ukraine land transfer, both currently ongoing which were previously announced.

About Black Iron

Black Iron is an iron ore exploration and development company, advancing its 100% owned Shymanivske project located in the Rih, Ukraine. The Shymanivske project contains a NI 43-101 compliant mineral resource estimated to be 646 Mt Measured 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 1.0% magnetic iron. Additionally, the 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 "(Amended) Preliminary Economic Assessment of the Re-scoped Shymanivske Iron Ore Deposit" effective November 21, 2017 (the "PEA") 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. The PEA is preliminary in nature, and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have a demonstrated economic viability. Please visit the Company's website at www.blackiron.com for more information.

About Cargill

Cargill's 155,000 employees across 70 countries work relentlessly to achieve our purpose of nourishing the world in a safe, responsible, and sustainable way. Every day, we connect farmers with markets, customers with ingredients, and people with the food they need to thrive. We combine 155 years of experience with new technologies and insights to serve as a trusted partner for food, agriculture, financial and industrial customers in more than 125 countries. Side-by-side, we are building a stronger, sustainable future for agriculture.

About Cargill Metals

Headquartered in Singapore, Cargill's metals business provides value-add services and solutions along the global ferroalloy supply chain. Combining over 150 years track record of risk management in global commodities markets with more than 40 years of insights in the ferrous industry, we provide our customers the support they need to thrive. We connect iron ore miners around the world with steel mills in key markets and provide a broad range of services from technical marketing to customized risk management solutions along the supply chain including to end users of steel.

With around 130 dedicated experts, an established global network and hubs in China, Singapore, U.K. and Vietnam to serve our customers, Cargill operates across over 25 ports and more than 50 warehouses globally, providing physical and financial services to over 2,500 customers in 40 countries. Each year we move around 50 million tons of physical iron ore and 6 million tons of physical steel globally. For more information, visit Cargill Metals Supply Chain or Cargill.com.

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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 financial viability of the Shymanivske project (the "Project"), the Proposal and the offtake agreement to be negotiated between Cargill and the Company, the price of iron ore, the demand for iron ore, the Company's ability to obtain adequate financing, including offtake financing, the process to be followed to obtain offtake financing, updating of the Project's feasibility study, engagement of engineering, procurement and construction contractors, third-party due diligence with senior debt providers, the Company's ability to acquire the requisite land for Project construction, the Company's ability to develop the Project, the ceasefire of conflict in Ukraine 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" 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. The Company notes that mineral resources that are not mineral reserves do not have demonstrated economic viability.

All information contained in this news release with respect to Cargill was supplied by Cargill for inclusion hereon and the Company has relied on the accuracy of such information without independent verification.

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