

IOC enters the Moss Pit

Development could extend the life of Wabush 3 mine by a half a century

The Iron Ore Company has opened a new pit at the Wabush 3 iron ore mine in Labrador.

The company announced the official opening of its Moss Pit in late September. It cost the company \$79 million and will be fully integrated into IOC's overall operations at the mine site in Labrador City. That's a plus because it will utilize maintenance, ore delivery, processing and tailings management facilities as well as other aspects of the company's infrastructure and activities in the region. IOC says first ore from the Moss Pit is expected in the third quarter of 2018.

The opening of the pit comes after a rocky spring for IOC and Wabush 3. A two-month-old strike by members of the United Steelworkers Union at the mine was finally put to bed in late May when 79 per cent of union members voted in favour of a new contract that included pension increases and a higher cap on medical coverage.

The pit took 15 months to complete and 70 people were employed on the project. It's named after Dr. A.E. Moss. He played a leading role in the initial exploration and development of the mining operations in Labrador City that IOC now runs. Moss also helped cut the Smokey



IOC president Clayton Walker (left) helps Premier Dwight Ball cut the ribbon to open the Moss Pit. Photo courtesy IOC

Mountain ski hill near the Wabush 3 mine. As part of this development, new chair lifts are being installed at the ski hill and it will be opened this season.

The opening of the pit is a big day for the Labrador City area and IOC. Wabush Mines has endured plenty of ups and downs in recent years: the collapse of iron ore prices in 2015, the shelving of the Wabush 3 expansion, and frequent labour disputes between the union and IOC. But IOC president and CEO Clayton Walker, who replaced Kelly Sanders in November of 2016, has presided over a calmer period at the mine.

"Not only will the Moss Pit extend the life of our operations, it will play an important role in ramping up our production levels and increasing our competitiveness in the global market at a time when our product is in high demand and securing significant premiums," Walker said in a Sept. 25 press release.

Is the Pieridae terminal the real deal?

Why one expert has his doubts about LNG export ambitions on the East Coast

It's fair to say Dulles Wang is skeptical about the chances of Pieridae Energy Canada building a liquefied natural gas export terminal in Nova Scotia. "Wood Mackenzie remains cautious about this project," says Wood Mackenzie's research director for Americas gas research.

That cautiousness comes despite some positive steps made by the Calgary-based company to advance its Goldboro LNG project in 2018. In late August, Pieridae announced it had struck a deal to buy Ikkuma Resources Corp., thereby acquiring approximately 100 million cubic feet per day of natural gas.



Will tankers like this one be seen in Nova Scotia? Photo from Getty Images

Getting access to the natural gas it needs to feed into its liquefaction facility is one of the major challenges Pieridae must overcome to get the project built. The Ikkuma production, plus reserves it can exploit in the future, is a good start—but not nearly enough to meet the facility's needs.

"The purchase of Ikkuma begins the final steps to reaching the final investment decision, which along with our partners will ensure Canada has the opportunity to export its resources to international markets," Pieridae CEO Alfred Sorensen said in a press release announcing the deal.

But whether those resources are exported via Goldboro LNG remains to be seen. The terminal would ship 10 million tonnes of LNG annually and could cost between US\$7-10 billion to build. However, Wang says it still needs to secure more natural gas to meet the needs of the proposed terminal. It also must find pipeline space to get the gas to the Goldboro site.

Another problem for Pieridae is Western Canadian producers may not be as keen to send additional gas to the East Coast as they were a year ago. Wang says over the past six-to-eight months there has been "tremendous momentum" with Shell's LNG Canada project after it was delayed in 2016. The massive \$40-billion project would export as much as 26 million tonnes of LNG to Asia. If built, it gives producers a much closer option to export their natural gas than Goldboro LNG. |nrm

FEEDBACK

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