

Wading in

TAYFUN ELDEM IS BACK. In January of 2018, Alderon Iron Ore Corp. announced the reappointment of its former president and CEO. Eldem stepped down from the job in the summer of 2015 when iron ore prices collapsed and Alderon downsized its staff. But the market has turned around, and that's why Eldem is back looking to get Alderon's prized asset—the Kami iron ore deposit near Wabush, Labrador—to the finish line and turn it into a mine.

Natural Resources Magazine: What has changed in the iron ore market that brought you back?

TAYFUN ELDEM: Iron ore prices have stabilized. More importantly there has been a substantial shift in the market, driven by China's desire to curb pollution, towards premium products with higher iron content and low levels of deleterious materials. This has led to an almost two-tier market. There is almost a 40 per cent premium price being paid for the higher-grade product. Considering the high grade [of iron ore] that will come out of Kami, it really improves its economics substantially and allows us to re-enter the market and pursue financing.

NRM: What makes the iron ore that will be mined at Kami a premium product?

TE: What makes the Kami product a premium one is the concentrate has a high iron grade: 65.2–65.5 per cent iron compared to the lion's share of production on the seaborne market, which is in the 61–62 per cent range. And it has extremely low levels of deleterious materials. High levels of deleterious materials are things steel makers frown upon.

NRM: Iron producers are scrambling to adjust their business strategies in response to this market shift towards premium iron ore. Has Alderon had to change its strategy?

TE: We haven't shifted our strategy because that has been our central case all along. It's the market that's coming around in its thinking and aligning itself more with what will come out at Kami.



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Tayfun Eldem, President and CEO of Alderon Iron Ore Corp.

NRM: What are you going to be focusing on over the next few months to advance this project?

TE: We released an updated feasibility study on Kami in September. Starting in the New Year we're going to be formalizing our project financing efforts and we'll be going to investors and raising the capital required to build the project. It is fully permitted. There is only one de-risking step and that is the financing. It's a big step. But that's the only one left.

NRM: Are you getting a better reception from the investment community regarding Kami now compared to a few years ago because market conditions have improved?

TE: Yes. But it is slow. When the shine came off iron ore in 2014-2015, investors walked away from the iron ore market in general. That interest is coming back slowly. The second thing is the broader investor community isn't quite understanding the differentiation in different products and shifting preferences of the consumer. Back in 2014-2015, the spread between benchmark and high-grade iron ores was in the single digits. That spread has grown tremendously in recent years. But the broader investment community hasn't wrapped its mind around it. It's taking a bit of time for the market to understand it.

NRM: Is Alderon open to partnering with another company on the Kami project?

TE: We're open to every option. We are a publicly-traded company. We have a responsibility to maximize shareholder value. If that comes in the form of building the Kami project on its own, we'll do that. If that comes in the form of us partnering with someone else with deeper pockets, we'll consider that, too. |nrm

FEEDBACK

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