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## **Alderon to re-enter market for financing in 2019**

**Project developer Alderon Iron Ore will formally kick off its financing efforts to raise capital to build the Kami project, which will produce a premium-quality iron-ore concentrate with 65.2% iron content.**

By Mariaan Webb

Located in the Labrador Trough near three producing iron-ore mines, Kami has a capital expenditure requirement of \$982.4-million, according to the September 2018 updated feasibility study, which also calculated a net present value of \$1.70-billion, at an 8% discount rate, and an internal rate of return of 24.6%.

Alderon says that it is not only the high-grade iron-ore concentrates that make Kami a rare development opportunity, but also the fact that it has its major permits in place and port and power agreements concluded.

“There is only one derisking step left, being the completion of the financing,” president and CEO Tayfun Elden states in a year-end message addressed to “friends of Alderon”.

The company is re-entering the market and pursuing financing as the premium that high-grade iron-ore demands has substantially improved the Kami project’s economics. It will focus on building capital with traditional and non-traditional sources, and will be in discussions with representatives of various banks.

“Capital markets are receptive to producing or substantially de-risked iron ore projects, such as Kami, and are starting to recognise the value of the Labrador Trough,” says Elden.

High-grade iron-ore, of the type Alderon plans to produce out of its Kami project, neared \$100/t in 2018, compared with \$65/t for the benchmark 62% iron-ore content. The company’s view is that the premium for high-grade iron-ore over the benchmark will remain in the 20% to 30% range in the coming years, as the bifurcated market becomes the norm, driven by the shift in China’s desire to curb pollution.

The projected quality of Kami concentrates with 65.2% iron grade and ultra-low levels of alumina and phosphorous is well positioned to meet the needs of Chinese steelmakers and Elden previously said that it would serve as a sweetener for the base load of lower-grade ores from Australia.

The Kami mine will operate for 23 years, producing an average of 7.84-million tonnes a year of concentrate.