

# Bending Lake News

Stakeholders Update: The Path to Making Iron

Vol.1 June 2009

## Step By Step Guide to Ironmaking

### Reviving the Iron Industry

**A**tikokan was built on the promise of a future with iron ore. Proponents of the Bending Lake iron project want to see the old Steep Rock site revitalized and producing jobs and money for the northwest.

The iron industry has evolved into a new *greener* era as a result of environmental and economical considerations. Environmental reasons that make it desirable to use iron ore concentrates *directly without* agglomeration and coal *directly without* coking to make iron.

To increase efficiencies new developments allow steelmakers to use more environmentally friendly hot metal production processes. The Bending Lake Iron Group Limited (BLIG) is working with Midrex/Kobe Steel to bring an ITmk3® (Ironmaking Technology Mark Three) process to have the iron industry back on-line in northwestern Ontario.

The strategy includes reducing green pellets of ore/coal mixtures in air atmosphere in a rotary hearth furnace to produce iron nuggets of 96% to 98% iron content using non-coking coals with low emissions.

The technology has proven effective at the 50,000 ton per year Demonstration Plant run by the Northshore Mining Company and now being developed into a full-scale plant with a capacity of 0.3 to 0.5 Mt/yr at Hoyt Lakes, MN. It now must pass muster with Canadian lawmakers and financiers.

Phase two of the Bending Lake strategy continues to be lead by Jay R. Mackie, Project Manager, Mohammed A. Khan - Technical Services Supervisor, Henry Wetelainen - President

with various key consultants especially, Behre Dolbear Inc., Fladgate Exploration, SGS Minerals Services and DST Consulting Engineers.

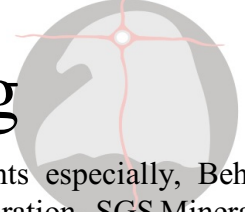
### Iron is a Strategic Metal

**I**ron is not a precious metal or a critical metal, but it is a strategic metal. It is used to make steel for bridges, buildings, cars, airplanes, containers and appliances. With rising oil and energy prices domestic iron becomes a commodity with excellent growth potential.

The current economical realities and environmental priorities will affect where and how iron is extracted and at the price determined by the major players in the free market economy with greater certainty. The Bending Lake deposit has plenty of economically accessible iron ore that can be mined and milled for the Great Lakes basin market.

In recent months, higher oil prices mean the world economy can no longer rely on lower trade barriers and new technologies like the Internet to cheaply move goods and services from the developing nations to the markets of the developed world. While liberalization and technology make the world smaller, rising transport prices mean natural resources need to be accessed locally to keep companies competitive.

It's been reported that Chinese steel exports to the United States are falling by more than 20 per cent year after year. China's costs have risen because Chinese producers have to bring in their iron ore from faraway places such as Australia and Brazil, then ship the finished steel to the United States. As a result, U.S. steel producers actually have an advantage over Chinese rivals. Then there



is the carbon footprint to transport those products half way around the world. The strategic nature of iron will remain integral to our consumer society. There is no cheaper material from which to build the structure of cars and other durable items. The price of steel will remain a cornerstone that portends the health of the North American economy.

## Historical Trade Relations

Until as recently as 100 years ago, the fur trade defined the economy of Ontario's northwest. To-day a remnant of that life remains at the Fort William Historical Park. Ojibway Keeshigan and an annual PowWow provide venues for demonstrations that show how the two worlds unite and how both are enriched from the experience.

The Interpretive Centre shows the Hudson Bay Company to be grand designers and keepers of a trade network that continues to-day. To Aboriginal people, trade provides a common ground of understanding that allows us to pursue our unique characteristics with minimal conflict.

Trade goods were the alphabet letters of the language that broke the barriers between the Europeans and the Native Canadians.

The Métis have accepted either through politics or family institutions to co-opt both Aboriginal and European heritage and mold a new reality. The most successful strategy is both symbolic and practical: the exchange of goods and services to the benefit of all.

Again change for a better future requires using accepted wisdom, inventing solutions, some predictable and some astonishingly creative. Together we must adopt strategies to compel the forces of change to respect our humanness and allow us all to find a way to meet government legislation, community pressures and corporate responsibility standards and build a better future for mineral development for all the peoples of the Province of Ontario.

## The Mother of Invention

Josephine Cone is approaching her 96<sup>th</sup> birthday. She was born along the shores of a lake much like Bending. As a child she was part of a large extended family that fished, trapped and practiced Ojibway culture since time immemorial. In the late 1950's, Josephine staked some of the Bending Lake claims.

Her toughness and fortitude shown while running prospecting camps in search of precious metals are still appreciated. Her incredible stories of life in a different age, raising capital, travelling mostly on foot and by canoe, living under the stars, fishing for one's supper in hopes of maintaining the mining claims that would lead to a better tomorrow.

Over the years, she did eke out a living in the industry but with the high costs to maintain claims, the Bending Lake mining claims were lost over time. Josephine still maintains that some of the claims were lost honestly, while others were taken by hook and by crook.

To-day, her grandson, Henry Wetelainen Jr. Is following in her footsteps. He has re-assembled the 49 Bending Lake claims and purchased or optioned several others in the area, so that he may continue her legacy.

"Knowing which way to turn gives you self confidence. Taking a chance and going the opposite way gives you a chance to see what you are made of." Bob Perks

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**Bending Lake**  
Iron Group Limited

## Mallette Drilling

Mallette Drilling was commissioned by BLIG to complete more than 2355 metres of drilling to confirm historical data on drill core and assay results to prove the Bending Lake ore body holds a reserve of about 250 million tons of magnetite.

Mallette completed the drilling program in a timely manner and within the approved budget of \$300,000. Our Project Team would recommend this drill company to others as they proved to be honest and reliable and we look forward to working with them again in the future. Mallette Drilling Inc. provided a high level of service and made a significant contribution to the success of our drill program.

## Fladgate Qualifying Report

Fladgate Exploration Consulting Corporation ("Fladgate") was engaged by Bending Lake Iron Group Limited. ("Bending") to review the Bending Lake Property (the "Property") and prepare an Independent Technical Report compliant with National Instrument 43-101, companion policy NI 43-101CP and Form 43-101F.

The drill core extracted from the property from the 1950's through the 1970's was re-logged, re-split and sent to SGS Minerals Services for assaying. Supplementary holes drilled during the 2008 drill program were also processed.

Next, all data logged at the BLIG core facility will be digitized into GEMCOM, a 3D modeling package, with the 3D model displaying all logged data.

The Bending Lake Property currently does not contain NI 43-101 compliant mineral resources or reserves. All mineral resource and reserve estimates quoted in the report met the technical standards of the day and were achieved by two separate parties.

The historical estimates are not current and do not meet NI 43-101 Definition Standards. Further work must be completed to classify the historical

estimate as current mineral resources or reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration.

Fladgate recommends an exploration and development program estimated to cost a minimum CAD\$750,000 and requiring approximately 10 to 12 months to complete. The objective of the program will be to evaluate and confirm the Bending Lake Property's mineral potential, 3D geological modeling, prepare initial NI 43-101 compliant mineral resource estimates, follow up infill diamond drilling if required, prepare NI 43-101 compliant mineral resource/reserve estimates and prepare an NI 43-101 compliant preliminary economic assessment. SGS Lakefield Research Limited has been retained to perform metallurgical and grade analysis of the samples taken from the historic and current drill core.

"It is the professional opinion of Fladgate that, by applying exploration methods suitable for iron ore deposits, there is excellent opportunity for the estimation of NI 43-101 compliant iron resources on the Property". (Fladgate, "Independent Technical Report, Executive Summary", Nov 2008)

## SGS Minerals Services

SGS Minerals Services was commissioned to run various tests on the ~2500 (iron ore) samples. For engineering purposes, XRF tests (total iron) were performed on the samples before any of the specific metallurgical/milling analysis were done. Wet and dry specific gravity tests were also completed on the uncrushed core. Various other metallurgical and milling analyses were run on several meshes to test the dry screen analysis of the mill feed, size analysis (single wet screen analysis) for particle sizing, trace element chemistry and DTC fraction for Carbon, Mn, phosphorus, sulfur, and alkali and possible others. For the purposes of the resource calculation blanks, standards and duplicates were inserted as part of the QAQC program for sampling purposes.

## Behre Dolbear Evaluation

Last year, Behre Dolbear and Company, Inc. was retained to complete an independent third-party assessment of the Bending Lake project and a valuation of the Bending Lake deposit. Specifically, they carried out a three-part study; a preliminary review of the project, a valuation of the iron deposit, the drill core, associated intellectual property and a preliminary scoping analysis for the project.

The extensive report included numerous findings, such as "Based on market related transactions, the value of the iron deposit is \$33.6 million. Based on the income approach, the value is \$30.7 million at \$350 per tonne pig iron, increasing to \$212.9 million at \$400 per tonne, and increasing about \$180 million for each additional \$50 increment in pig iron price, to \$748.9 million at \$550 per tonne".

Weighting the approaches at 75% by market approach and at 25% by income approach at \$400 per tonne pig iron leads to a value for the deposit of \$78.4 million. The general level of risk associated with the Bending Lake Project is considered to be low to moderate.

## DST Environmental Engineering

Kyle Stanfield is leading the DST team to perform the environmental baseline assessment and steer the Bending Lake iron project through permitting and applications to bring the Midrex Technologies / Kobe Steel ITmk3® ironmaking technology and value-added manufacturing facility to northwestern Ontario.

Deliverables to date include the initiation of the baseline work, final draft of the Project Definition and engagement of agency consultations.

## Discovering Mineral Prospects

In August of 2009, Bending Lake Iron Group Ltd will be delivering a prospector training program on behalf of Confederation College. The course was initiated in response to skills shortages in the mineral exploration industry. It will provide a professional approach to entering the industry and additional training on how to start a viable business venture based on the acquired skills.

The 15 week course includes an academic learning process based out of Thunder Bay, combined with hands-on field training carried out through a practical learning process based out at Bending Lake's field camp located on Highway 622, southwest of Ignace, ON. Skilled professionals will lead each session and the course will provide certification in all safety related aspects of mineral exploration.

Learners will experience personal and inspiring stories of overcoming setbacks through conviction, initiative and networking.

Interested individuals may contact Confederation College, Bending Lake and your local Service Canada Representative, Aboriginal Job Centre, Training Adjustment Board or Labour Union for financial support. Find out how to take control and become champions in your personal and professional lives.

### Upcoming Meetings - June 2009

1. 17 June 09 - Government Stakeholders, Thunder Bay, ON
2. 18 June 09 - Wabigoon First Nation, Wabigoon FN, ON
3. 24 June 09 - Chinese Consulate, Thunder Bay, ON
4. 29 June 09 - Lac Seul FN, Thunder Bay, ON