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Could northwestern iron come back to life?

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Bending Lake Iron Group wants to develop a northwestern Ontario iron deposit and process the ore into merchant pig iron.

A Thunder Bay junior miner wants to revive the iron ore industry in northwestern Ontario.

Bending Lake Iron Group has a bold plan to develop an iron ore deposit and introduce a revolutionary technology that concentrates iron in the field to make merchant pig iron.

Company president Henry Wetelainen said the leading edge technology imported from Japan for use on the Minnesota iron range has the potential to change the North American iron industry.

He has a potentially massive magnetite iron ore deposit southwest of Ignace. The Bending Lake deposit is a nine-kilometre block of patented land that has been worked over by many prospectors and companies for years.

The company is looking at the economic potential of the iron deposit and plans to continue an exploration program to upgrade its ore resource reserve estimate this winter.

Highway 622 cuts through the end of the deposit which has a total ore reserve of 249 millions tons grading at 32 per cent.

Armed with plenty of historical data, the company plans to expand the resource farther north this winter, which has the potential for 400 million tons, and to the southwest.

"We think we can get close to a billion tons out of that area," Wetelainen predicts.

With $4.4 million raised last year, the company is conducting baseline environmental work, applying for a permit for an open pit and plans to raise more funds towards commissioning a commercial scale pig iron processing plant by the third quarter of 2011.

The project's linchpin is the technology that Wetalainen is trumpeting as capable of producing a high quality value-added iron product that can meet customers exacting demands.

The technology, known as I-T Mark Three, was developed by Kobe Steel of Japan and has been advanced to Bending Lake Iron through an agreement with Midrex, Kobe's North American agent.

The process makes high quality nuggets, with low moisture content, which are 97 per cent pure iron and three per cent carbon.

That means handling and shipping less waste material and generating more productivity out of a blast furnace.

Wetelainen is also hawking northwestern Ontario's competitive advantages including its reasonable cost of labour, excess rail and energy capacity and the proximity to the U.S. market.

"We'll be able to blow away the competition."

In their strategy, the ore would be transported as slurry down an 88-kilometre long pipeline to Atikokan where the processing facility would be set up at the former Steep Rock iron mine.

The product could then be railed by Canadian National straight to U.S. and Canadian clients with just-in-time delivery.

Building the plant would create 700 construction jobs. Once in operation, there will be 220 full-time jobs at a processing site and 125 to 130 at the mine.

This winter will be spent raising money to build this technology, expected to cost in excess of $300 million.

Their projected annual production of pig iron is 1.2 million tons with production costs of between $200 and $250 per ton.

Wetelainen expects his company could net about $5 billion at a $400-per-ton pace over the 35-year life of the mine.

"It could go through the roof as pig iron goes up in price."

Despite the slump in the North American steel industry, he said there is an appetite for this product.

Millions of tons of off-shore merchant pig iron arrives annually in North American from Brazil and Russia and is barged up the Mississippi River from New Orleans to customers in America's Midwest.

Wetelainen is targeting three steel-related markets including small foundries, steel "mini-mills" with electric arc furnaces and large integrated steel producers with blast furnaces, like Essar Steel, which has a mill in Sault Ste. Marie and is building another in northern Minnesota.

Their investors search has included discussions with Essar.

Ideally, he would like to hook up with an electric arc operator to take the hot product straight out of the Atikokan processor and directly into a furnace to make semi-finished steel products.

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