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Wetelainen seeks funding, environmental approvals for spring processing start

The Bending Lake Iron Ore Group (BLIG) hopes to begin construction of a 'merchant pig iron' processing facility at the Steep Rock mine site next spring, pending government approval and sufficient investment capital.

BLIG president Henry Wetelainen met with MNR area supervisor Janice Bingham, Steep Rock mine site rehabilitation team leader Dave Laderoute and Ministry of Environment and Northern Development and Mines reps here a few weeks ago to submit proposals for government approval.

"Once the government decides if we will be able to utilize the site, we will then be raising the money to actually build our pig iron facility – about a \$300 million expenditure – and that will commence as soon as permitting is done," said Wetelainen.

The company is also half-way through a year-long environmental baseline assessment of the project.

He estimates construction of a production-ready facility would take about two and a half years, and that the company would process iron concentrate from the U.S. for an additional three and a half years until the Bending Lake iron deposit is brought into production.

While the company has yet to complete a modern mineral resource estimate of the deposit, plans are in the works to be conducting one this year which would complement a recent independent technical report of the deposit and a third party preliminary evaluation of both the deposit and the potential industrial site. Two previous resource estimate – one conducted by Steep Rock Iron Mines in the mid-1970s – were reviewed by Behre Dolbear, a New York-based consulting firm, and indicated a reserve of at least 250 million tonnes (MT) of iron at a grade of 25-30%, and an estimated 61.5 MT at 70% concentrate, with significant room to expand that resource with further proving up.

Fladgate Consulting's independent technical report, which included drilling new holes, relogging old core, and digitizing of core to create a 3-D model, recommends an additional 10-12 month exploration and development program of at least \$750,000 to prove the resource.

The Dolbear review estimates that with pig iron prices of \$400 per tonne, the mine would be viable. (Recently trading between \$350-370 per tonne, prices reached as high as \$1,100 per tonne last year.)

Long-term plans include the construction of a second processing facility at the Steep Rock site, and combined, annual production is projected at 1.2 million tonnes, at a production cost of \$200 per tonne.

“Our total expenditure in Atikokan most likely will exceed about \$600 - \$700 million US, which is a fairly large expenditure.”

The mine has projected gross revenue of \$17 billion over its lifetime. “We will be producing revenue in excess of \$480 million per year when fully functional,” said Wetelainen. The review also indicated at least a 30 year mine life, and could be extended as much as 60 years, he added.

300 FT Jobs

If the Steep Rock facility is approved, BLIG, a private company of which Wetelainen is a majority shareholder, will work to secure investment capital for the site. The company has already begun working on that front: BLIG was one of three mining companies to present to the Chinese trade consulate two weeks ago in Thunder Bay. (China and India are the world’s largest emerging markets for steel).

The private company will produce merchant pig iron using a new technology (termed Iron Making Technology Mark Three or ITMK3) that Wetelainen says produces low toxic emissions, and has been developed in Silver Bay, Minnesota by both the state and a consortium of steel producers. (It is through one of those producers, Kobe Steel, that the patented ITMK# technology is available for the Atikokan site, said Wetelainen.) “You’re basically making steel in a closed environment with about 150 foot diameter rotary furnace and produce merchant pig iron in about 10 minutes.”

‘Merchant pig iron’ refers to an old method of casting blast furnace iron into molds in sand beds, where the molds resembled a row of suckling pigs.

The proposed Atikokan facility will produce ITMK3 nuggets that are essentially pure iron and carbon, and will be possibly the second such commercial merchant pig iron production facility in North America.

Wetelainen said this process produces pellets of about 97% iron concentrate “that can go directly to small grey foundries, electric arc furnace operators, and blast furnace operators” for steel production. “It’s a product that can be sold to the Great Lakes Basin – that’s our market area.”

Wetelainen said he chose the Steep Rock site for the processing facility because of its existing setup including the Hogarth Pit which could hold four Bending Lake mine tailings. “By tailings, we mean basically sandstone and rock.”

Dolbear's feasibility review contained nine categories of risk for the project: seven low, one moderate, and one moderate-low risk, said Wetelainen.

The highest level area of risk was the ITMK3 technology, which Wetelainen said would be mitigated by the fact that Steel Dynamics is ready to put a ITMK3 500,000 tonne per year plant into production in Minnesota in September, which "will really move that risk down," he said. Wetelainen said there are currently no commercial production facilities on this continent: North America imports 7,000,000 tonnes (more than one-third of the world production of merchant pig iron) from Brazil and Russia.

Wetelainen projects that combined, the mine and processing sites would create 600 construction jobs and 300 full-time positions long term. Also on the go for the company this summer is being host to the field training component of a 15-week Confederation College prospecting training program at the Bending Lake field camp in August. The course was initiated to address the skills shortage in the mineral exploration industry.