

March 8, 2010

ATIKOKAN PROGRESS



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Atikokan-Orillia-Orono, Ontario Capital of the Delta

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Frustration over roadblocks to use of Steep Rock site apparent

by Jessica Smith

“The Premier has to know that we’re here, that we’re hurting and that we need that plant.”

Councillor Marlene Davidson’s words at Council’s committee-of-the-whole meeting a week ago were a sentiment echoed by members of the public who expressed frustration with what was seen as a tepid provincial response to Bending Lake Iron Group’s (BLIG) request for use of the Steep Rock mine site.

Just that day, company president Henry Wetelainen said MNR officials had advised him it would be at least a year before the land could be accessed by his company.

Referring to BLIG’s plans and recent investment announcement for two iron nugget production facilities at the old Steep Rock mine site, Coun. Davidson added Premier Dalton McGuinty needed to support this project as he has publicly supported the recent Ring of Fire mineral exploration activity in the Hudson Bay lowlands.

“Henry (Wetelainen) has been working at this for four or five years. I think it’s time we made a little more noise here in Atikokan. We’ve done it before, we can do it again.”

Wetelainen updated Council and members of the public at the request of Mayor Dennis Brown, and said the people of Atikokan and the region had to lobby all levels of government to see the project come to fruition.

He reiterated the need for the provincial government to speed up land lease approval so the company can begin construction of the facilities and eventually use the Hogarth Pit for tailings and rehabilitate the site. (MPP Bill Mauro said two weeks ago he is coordinating a meeting between Minister of Natural Resources Linda Jeffrey, Wetelainen and Mayor Dennis Brown in the “not too distant future.”) Wetelainen said he would like to begin construction immediately while simultaneously starting an environmental assessment for the Hogarth Pit, but said a year delay was frustrating in the light of the investment he had already secured.

Over the past three years “I’ve briefed every politician on this,” said Wetelainen, who said he had had discussions with three different ministers of natural resources, two ministers of mines, two Steep Rock Rehabilitation managers, and two district MNR managers in that time.

“It’s not as if they have just heard about this yesterday. I don’t like to make this a political issue, but I think it’s time to shake the tree. As northern Ontarians, I don’t think we get a lot of respect from Queen’s Park. If we don’t have industry here, who is going to pay taxes so we can build roads and keep our hospitals

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Long delays “unacceptable” – Northwest needs to speak with one voice for this project

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going? I think we have to take a proactive role and push projects forward when we get them.”

He said the project should be attractive to not only the region but also both provincial and federal governments, considering the taxes it would generate: Once operating, two Atikokan refineries would pay \$70 million per year in taxes, and over \$2.5 billion in the first 35 years. That does not include the federal income taxes employees would pay and the taxes on purchases the project would generate, he added. The project would involve a \$700 million investment with another \$200 million spend developing the Bending Lake deposit, 80 km north of town.

Wetelainen announced a month ago the company had secured a \$335 million loan guarantee and accessed equity financing to complete the construction of two plants. “What do I tell my financiers: Wait around two years and maybe we’ll be able to go ahead?”

Councillor Bud Dickson asked if Wetelainen had been aware of the timeline of procedures in place for Steep Rock site approval prior to pursuing the investment.

“I thought it would move quicker,” she said.

He said that while he was prepared to conduct a year-long environmental assessment as soon as he had access to the land, he said he did not understand why the MNR – which oversees the Steep Rock rehabilitation project – needed a year to determine whether to release the land, and then possibly call for proposals from interested proponents. Minister of Northern Development, Mines and Forestry Michael Gravelle stated two weeks ago there were at least two other proponents interested in the site; one of them is Brett Resources who supports BLIG’s project and is planning to collaborate on tailings disposal and water treatment. (The other interested proponent is likely Cassandra Enterprises, a company aiming to use pit water to generate peak electricity.)

Bringing pressure

Wetelainen acknowledged his investment announcement “kind of took the government by surprise,” because governments are used to dealing with publicly traded junior mining companies who raise capital to move through the stages of project development. As a small private company, BLIG is actually looking to build plants for producing iron concentrate from the US while it brings its Bending Lake deposit into production.

Concern was raised that there wasn’t an Atikokan representative on the Steep Rock rehabilitation committee, and Brown reported that he and AEDC executive director Garry McKinnon had recently reminded the Fort Frances District manager of the ministry’s obligation to ensure Atikokan was represented on that committee.

Councillor Dickson said the town and region would benefit from 700 projected construction jobs over five years and over 300 full-time positions in Atikokan and Bending Lake (near Ignace) for at least 35 years. He said currently 75% of Atikokan’s workforce was employed by some form of government agency, a drastic change from the booming industry seen here when he was growing up in the 1960’s.

“I think we should hold government’s feet to the fire.” – Vic Prokopchuk

Several AEDC board members were in attendance and supported putting more pressure on governments to speed up the approval process. “I think we should hold government’s feet to the

fire.” said Vic Prokopchuk, adding that although there had been good support from local MPPs, “obviously we are not ringing the right bells.”

Ken Sawchuk agreed, and congratulated Wetelainen for his tenacity on the project. “To me it is totally unacceptable how long this has dragged on.” he said adding that the MNR had 20 years to work on the rehabilitation of the Steep Rock site. (BLIG is proposing to treat its tailings and return the water – which currently contains harmful sediments from iron mining in the 1970’s – to drinking water quality and put it back into the Seine River watershed and international waters.)

Sawchuk suggested mayors across the region put pressure on the province. “There are jobs waiting in the wings and for some reason government seems to be stymieing this and I think that is totally unacceptable.”

As part of lobbying efforts, Wetelainen was to meet with thunder Bay mayor Lynn Peterson at his office in the city last Tuesday and is continuing to meet with potential customers, suppliers and contractors, some of who had dealt with Steep Rock Mines decades ago, he said.

A Thunder Bay electricians union is developing a strategy to lobby on BLIG’s behalf, he said, adding “these are the kind of things that build energy around the project,” and that Atikokan and northwestern Ontario residents can help by sending letters of support for the project to Premier Dalton McGuinty.

He said his proposed facilities would be a “carbon copy” of Mesabi Nugget in Hoyt Lakes, MN, the first commercial-scale facility in North America to use the ITmK34 iron-making process (see story, page 9). Mesabi is a partnership of Kobe Steel, one of Japan’s leading steel producers and US company Steel Dynamics. Kobe owns the ITmK3 patent and is making it available to BLIG for its project, said Wetelainen.

These iron nuggets can be used to make steel using electric arc furnaces, a type of steel making that is less costly than the traditional technology and now comprises 60% of the world’s steel market. As worldwide steel production continues to grow, so does the demand for iron, particularly for merchant pig iron, he said.

“They need more of what we can produce in this town.” Wetelainen added that BLIG would like to partner with an electric arc furnace operator and would also look to build a co-gen station at the site to further reduce power costs.

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