

Thunder Bay miner waits on land tenure approval

Bending Lake Iron may soon have access to Steep Rock pit

By: Ian Ross

Published on: 6/11/2010 11:45:28 AM

Bending Lake Iron president Henry Wetelainen shows core sample to Thunder Bay Chamber of Commerce president Harold Wilson. (Photo by Ian Ross)



Jay Mackie has the kind of go-go attitude you'd expect from a mine manager with 40 years in the business.

His company is drilling off a large iron deposit this summer that could single-handedly revive northwestern Ontario's iron ore industry and put Aboriginal people to work for the next 50 years.

However, "waiting on the government" for land lease approval to begin constructing an iron processing plant at the abandoned Steep Rock Mine has become a source of extreme frustration for the vice-president of Bending Lake Iron Group.

"The big problem is access to the site," said Mackie. "It's been sitting there for 30-plus years and nothing has been done to it or with it."

The Aboriginal-owned Thunder Bay company has big plans to mine iron ore near Ignace and process it into merchant pig iron at the abandoned brownfield site, just north of Atikokan. The 5,200-hectare property has nearby rail and road access, power lines and natural gas pipelines.

"It's kind of sad when people have come forward to request usage that all of a sudden it's an issue," said Mackie.

Their deposit, intersected by Highway 622 southwest of Ignace, is a banded iron formation with the potential for 400 million tons. The strategy is crush the ore and transport it in slurry form down an 80-kilometre-long pipeline to Atikokan where a processing site would be set up at the former Steep Rock mine.

The company wants to install two iron nugget production units using technology known as the I-T Mark Three developed by Kobe Steel of Japan. They would ship high-quality nuggets of 97 per cent iron to American steel companies with electric arc furnaces.

The Steep Rock Mine was a lake drained during the Second World War to access iron ore. To stop the flow of water into the lake, a major network of dams and tunnels was built to divert the Seine River.

The open pit mine operated for more than 40 years until it closed in 1977. When the mining company walked away, the Crown and the Ministry of Natural Resources (MNR) took over the property.

Allan Willcocks, the MNR's regional director in Thunder Bay, said the province has spent close to \$7 million over the years to fix up and maintain between 30 and 40 dams. Multiple pits are slowly filling with water, and that could impact the area's watershed.

"There is a large degree of sensitivity here," said Willcocks.

A land management plan now underway is assessing what's going on with the site's hydrology. Steep Rock has always been a "conundrum" for the government, which has struggled to figure out what to do with it.

"All of a sudden this brownfield place is so interesting to people, which is so interesting to me," said Willcocks.

He said the MNR is not trying to throw up roadblocks, but as stewards of Ontario Crown lands, there are no shortcuts through the environmental hoops.

"The government won't give the responsibility of this site to some group unless we're completely sure the environmental issues are dealt with."

A management plan could take two years but Willcocks hinted there could be a political announcement by late May or June that could resolve all the environmental issues. Until then, all parties have agreed to a media blackout.

"We feel we're moving in the right direction," said Bending Lake Iron president Henry Wetelainen about their discussions with the MNR.

Since other companies also wanting access to Steep Rock have come forward, Willcocks told them to work together and come up with a "synergized approach that would help us." Bending Lake Iron is doing just that through a joint proposal to the MNR with gold miner Brett Resources and Cassandra Power, a renewable energy company.

Brett wants to use a pit for tailings basin for its Hammond Reef gold mine project. Cassandra wants to use a pit as a reservoir to store and pump water to generate power. Bending Lake Iron also intends to generate their own power and store tailings.

"If there's a highest and best use (for the site) it doesn't take rocket science to figure out that it would be to do something that was similarly done there before," said Mackie.

Bending Lake Iron's project, valued at almost \$900 million, would create about 700 construction jobs over a two-year period as well as 330 permanent jobs. The company has a \$335-million loan guarantee for the first of two iron processing units.

Wetelainen said getting permitted access would allow them to complete financing and allow them to begin construction next year.

"For us, we want to know yes or no, then we would look at alternative sites right away," said Wetelainen.

It could mean changing plans at Bending Lake and piping slurry to a greenfield site between Dryden and Ignace.

With scrap iron in short supply and prices volatile, Wetelainen said their merchant pig project has the potential to get very big, very quickly with prices at \$500 per ton in early May and some reports predicting \$700 by summer.

Many American steel companies have approached them looking to buy into the project or take some of the production.

"We've got all kinds of companies coming at us right now with all kinds of deals. We're exploring all the options and it's a good place to be in."

"Our goal is to build an iron ore company in northwestern Ontario, not just (in Atikokan) but other sites too in redeveloping the iron ore resource and build manufacturing too."

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