

DESIGN BUILD



The drill rigs in the McFauld's Lake swamps could be cleared to make way for an open pit mine by 2015 with Cliffs Natural Resources acquisition of Freewest Resources' Big Daddy chrome deposit. PHOTO SUPPLIED

Groundbreaking move

Cliffs Natural Resources' mine plans could open up Ontario's Far North

By IAN ROSS
Northern Ontario Business

A major U.S. iron ore producer's massive plans to develop a high-grade chromite mine in the remote Ring of Fire exploration camp of the James Bay Lowlands could monumentally open up Ontario's Far North to further resource development.

Cliffs Natural Resources intends to develop the flagship Big Daddy deposit at McFauld's Lake into an \$800 million (US) mine project by 2015.

The Cleveland, Ohio-based mining giant was in a bidding war in early December with Toronto's Noront Resources to win control of Freewest Resources' three premium chromite and base metal properties in the geographically-isolated swamps of

Northern Ontario.

Cliffs has even bigger plans to build a 350-kilometre long rail spur to ship chromite ore from McFauld's across the boreal forest to proposed processing facilities in northwestern Ontario.

The railway link would tie into the Canadian National Railway at Nakina.

The entire price tag of the mine, rail and processing projects is estimated at \$1.5 billion.

"What's about to happen is the development frontier of the province is going to move north from Timmins and Cochrane up to the Ring of Fire," said Frank Smeenck, president and CEO of KWG Resources, which is a partner with Freewest Resources and Spider Resources in the Big Daddy project.

Cliffs has a 19.9 per cent stake in KWG, which is in

charge of the project's transportation study.

Cliffs has plans to develop an \$800 million (US) open pit mine and mineral processing unit to establish North America's only ferrochrome production operation. It would be North America's first chromite mine.

Ferrochrome is a key ingredient in the making of stainless steel. Because chrome is considered a strategic mineral, the world supply is limited and 80 per cent is controlled by South Africa, Turkey, Finland and Kazakhstan.

Though early in the planning stages, Cliffs aims to produce one to two million tonnes of chromite ore a year, and process that into 400,000 to 800,000 tonnes of ferrochrome.

A formal study of the Freewest deposits starts

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Rail spur could open up North

Cleveland miner has aggressive plans for McFauld's Lake deposit

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in early 2010 with completion sometime by mid-year. The company said it will compare to an NI 43-101 technical report. After a three-year environmental permitting process, Cliffs anticipates starting commercial production in 2015.

The mine project also includes plans for a smelter and electric arc furnaces.

"The swamp at McFauld's Lake is no place for a smelter," said Smeenk.

The City of Thunder Bay and the rural Municipality of Greenstone are the front-runners to host these manufacturing facilities. Though no final site decisions have been made, access to large amounts of power will be a necessity.

Economic development officials in both municipalities declined comment.

"Greenstone and Thunder Bay have been quick off the mark," said Smeenk. "They've been all over us for many weeks and months."

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FRANK SMEENK,
KWG PRESIDENT/CEO

Engineering for this rail corridor has been underway for months ever since KWG's subsidiary, Canada Chrome Corp., hired railway engineers Krech Djard & Associates of Duluth, Minn. to identify and survey a proposed route to McFauld's Lake.

Smeenk said the rail spur will tie in with the Canadian National Railway (CN) junction at Nakina, 320 kilometres northeast of Thunder Bay.

CN declined to comment on their role in the project planning.

"We had a series of meetings with CN to talk about how smart was it to tear up the Kinghorn line," laughed Smeenk. CN stopped traffic on that line in 2005 and began tearing up track and ties last summer.

"We're in communication with them again. They've come back wanting to know how they can help."

West of Nakina, at Exton, there is a large rail siding at the site of a former lumber mill. Smeenk said that is an option for a possible smelter site.

Cliffs officials said in late November the electric arc furnaces would be placed on the north shore of Lake Superior, in the Thunder Bay area.

Smeenk said there are no guarantees any processing will located on a Lake Superior port, but there may be a marine element since smelters need coking coal.

As part of their route planning, KWG staked claims along the proposed corridor to protect the railroad and also secure known areas of aggregate that will supply material to build the track bed. The company also plans to actively explore beneath the overburden, which is mostly granite, but also contains glacial till.

Smeenk said the claims were also staked in advance of the provisions of the Ontario government's Far North Act, which

aims to set aside 50 per cent of the boreal forest for conservation purposes.

There will also be major environmental issues to deal with as the railroad would cross the Albany, Attawapiskat and Little Current rivers, plus dozens of tributaries.

If the track was installed, Smeenk is "completely convinced" other Ring of Fire mining companies will take advantage of it. "There's going to be lots of traffic."

Smeenk said the McFauld's Lake discoveries could result in many chromite and nickel mines on the scale of Timmins, Kirkland Lake, Noranda and Val-d'Or-sized mining camps.

Cliffs spokeswoman Christine Dresch said their cost structure has not yet been determined. However, since 75 per cent of the world's chromite is produced at or below 60 cents (US) per pound, "we should be on the lower end of the cost curve."

Dresch said the seam heights of the open pit operation exceed comparable deposits.

Ontario Prospector Association executive director Garry Clark said the project would have a sweeping regional impact, similar in scale to former Steep Rock mine at Atikokan or the opening of the highway to the Red Lake gold camp.

"I think it's one of these things that puts us on the map worldwide."

The addition of rail should improve the economics for dozens of junior miners with base metal properties operating within an 80-kilometre radius of the track. New access into this area should open up untapped areas between Nakina and McFauld's Lake for exploration.

It should also benefit pro-development First Nation communities like Marten Falls and Webeque which have engaged and have supplied exploration companies for years, he added.

"It's going to be a big boon for their communities."

Smeenk was scheduled to make a presentation in Thunder Bay with provincial Natural Resources and Northern Development ministries in early December. He suggested some federal project financing for the rail infrastructure might be available.

Minister of Northern Development, Mines and Forests Michael Gravelle said it's premature to speak about providing government infrastructure funding since the Aboriginal consultation process needs to be respected.

"From the government's perspective, we take our duty to consult very seriously and are working with a number of First Nations as well."

But he's excited about the "intensity of interest" in the Ring of Fire with Cliffs' purchase of the Freewest package.

"It's unquestionably an exciting development and the economic opportunities are potentially enormous and I can't help but be excited about this."

"I want to make sure the proper process and consultation takes place, and we'll be involved in whatever way we can to move that forward."

KWG has appointed Bob Middleton as their director of aboriginal and regulatory affairs to meet with directly affected First Nation communities such as Marten Falls, Aroland, Fort Hope and Webeque.

"The only way this is going to work on the timetables suggested is if the population of First Nations in Ontario become advocates of it, and I think they will," said Smeenk. ♣

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