



Frank Smeenk, president-CEO, KWG Resources.

Frank Smeenk

A vision for the Ring of Fire

by Northern Ontario Business staff

Call them the little chromite mouse that roared.

Cliffs Natural Resources has grabbed the Ring of Fire spotlight over the last five years, but it's been the strategic and shrewd moves of KWG Resources-CEO Frank Smeenk that's now placed the Toronto-based junior miner at centre stage.

While the company's scheme for a low-cost model to develop the rich mineral deposits in the remote James Bay region was either deemed not credible or totally ignored at Queen's Park, KWG has emerged with possibly the only solution to develop the mineral deposits in the Far North and establish Ontario as a global leader in chromite production.

The company has the only viable and secured route to haul potentially millions of tonnes of chromite ore out of Ontario's Far North for perhaps many generations to come.

The legwork they did back in 2009 to use mining claims to stake a 328-kilometre-long corridor for a future railroad was done out of practical necessity, but it's had wider ramifications.

"Getting stranded deposits to market is a movie I've seen a few times before in Canada," said Smeenk, a lawyer by training with close to 27 years in the resource industry. "It was the obvious thing to do."

The area has no transportation infrastructure to speak of.

KWG's staked corridor runs almost entirely atop a glacial esker, a long gravel ridge that's the only elevated and dry ground out of the James Bay swamps to the Canadian National Railway's main line near Nakina.

That ground was coveted by Cliffs who duked it out with KWG at an Ontario Mining and Lands Commissioner hearing last year. Cliffs sought an easement to run a road up KWG's route to access its Black Thor deposit.

The tribunal's ruling in KWG's favour surprised many, including senior Northern Development and Mines officials, but not to Smeenk who relied on historical precedent in Ontario's mining history and the tools made available for developers within Ontario's own Mining Act.

Moe Lavigne, KWG's exploration and development vice-president, gives all the credit to his boss for realizing that ore stuck in the middle of the James Bay lowlands is worthless unless it can be hauled to market.

"He was the first person to really wrap his mind around this. This is the nature of Frank Smeenk: he thinks way ahead of everybody. He thinks long term and he committed the dollars to securing that route."

Armed with \$18 million after selling its smelter royalty interests in three chromite deposits in the Ring, KWG had substantial working capital that enabled the company to finance many of its studies and initiatives.

Ironically, it was Smeenk who invited Cliffs into Ontario as an investment partner after cold-calling them in 2009. The corridor was staked with the Ohio mining giant's blessing.

Timing was critical since the McGuinty government was primed to pass the Far North Act in 2010, a murky piece of legislation that proposed protecting roughly half of the northern Boreal forest for conservation.

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Confederation College would like to congratulate the five Northern Leaders.

Frank Smeenck

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The opportunity to develop these historic discoveries was too good for Smeenck to pass up.

"You can count on one hand the number of times the human race has discovered mineral deposits that will last two centuries. That's what we have here."

KWG has a 30/70 stake in a joint venture with Cliffs on the Big Daddy deposit and holds a major interest in the Black Horse deposit with Bold Ventures.

They've game-planned a scenario on how to transport and process all Ring of Fire ore under the auspices of a federally-run inland port authority and to use the provincially-owned Ontario Northland Railway to haul it out.

Instead of buying high-priced Ontario electricity to power a ferrochrome refinery, KWG is conducting its own metallurgical testing in Sudbury to evaluate the feasibility of a natural gas-powered mill using a new chromite reduction method.

"We're going to use the asset to achieve its highest and best use."

In evaluating the province's role in the Ring, Smeenck remains irked that Queen's Park has shown favouritism to Cliffs in agreeing to negotiate a favourable power rate for a refinery and subsidize its project with taxpayer dollars to build infrastructure. "For the government to make

such decisions with my money is the offensive part," said Smeenck. "Every other electrical user in Ontario would cry foul and run to Queen's Park to get the same rate."

Now with the province's creation of a Ring of Fire development corporation, Smeenck feels his company's development proposal finally has an audience with government decision-makers.

"I think Ontario is realizing the value of the elegant scheme we've come up with to develop the Ring of Fire. We're getting some traction and we're sharing information with them."

While KWG's relationship with Cliffs is less than collegial, Smeenck said he's struck up a solid relationship with his Ring of Fire neighbour, Noront Resources, and its new boss, Alan Coutts, whose company has two nickel and chromite deposits.

Their regular conversations have revolved around a possible collaboration on Noront's proposal for an east-west road into the James Bay region and its possible use to transport construction materials.

"I think you'll see things move along. We'll be working together more intimately step-by-step in these developments." ■

www.norontresources.com

CESO congratulates Board Member Glenn Nolan

On being celebrated as one of Northern Ontario's top leaders by Northern Ontario Business magazine



CESO is helping Canada's First Nations to build the skills they need to create and take full advantage of economic opportunities, whether it's through improving community governance, developing strategies for natural resource development, or strengthening local businesses."

-- Glenn Nolan, vice president of Aboriginal Affairs, Noront Resources; president of the Prospectors and Developers Association of Canada; and CESO board member



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CESO acknowledges financial support from Aboriginal Affairs and Northern Development Canada.

Premier's award winners announced



Five regional winners have received 2013 Premier's Awards for Agri-Food Innovation Excellence. The awards are given out annually to recognize contributions to the success of Ontario's agri-food sector.

Northern Ontario's winners include Thompson's Maple Products of Hilton Beach (outside Sault Ste. Marie), which produces maple syrup products from a sugar bush with 20,000 trees. Owner Doug Thompson developed a wireless remote monitoring system that reports the status of each line to his computer or smartphone every few minutes. The new system has increased Thompson's income, boosted production and reduced the number of staff repairing lines from five to two.

The Manitoulin Streams Improvement Association, based in Manitoulin Island, was lauded for its work on waterway protection. Since 2001, the organization has worked with landowners, businesses, schools and governments to restore coldwater streams on the Island that have been impacted by farming. Work includes planting 23,887 trees to reduce erosion, installing more than 3,000 metres of fencing to prevent livestock from contaminating water, decommissioning two dams and setting up livestock watering systems.

Boreal Berry Farm & Winery of Warren outside Sudbury was recognized for its work bringing the haskap berry

to the North. Owners Greg and Mira Melien have cultivated the berry—a cold-weather variety that's a cross between a blueberry and raspberry—on 20 acres of their land. From the crops, they produce juice, wine, jams, jellies, wine gums and syrups.

The True North Community Co-operative of Thunder Bay was acknowledged for its co-operative model that supports small-scale farmers and promotes the sale of regionally sourced foods. The co-op currently has more than 700 members and has spawned an offshoot in Fort Albany First Nation.

The Golden Beef Producer Cooperative of Val Gagné, located in the Districts of Timiskaming and Cochrane, has developed a custom-built online traceability system to track abattoir data, which helps members determine the optimal slaughter weight to maximize yield and profits for their foraged beef. They can also monitor processing costs and use that information to set appropriate retail prices.

A total of 50 regional agri-food innovation awards are being announced across the province. Since 2007, a total of 325 producers, processors and agri-food organizations have received a Premier's Award for Agri-Food Innovation Excellence. Ontario's agri-food sector contributes approximately \$34 billion to the province's economy and supports more than 740,000 jobs across Ontario.

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