

## Rockex advances island iron ore deposits in Ontario

BY TRISH SAYWELL

The iron ore deposits on Eagle Island, Fish Island and Wolf Island at the southwestern end of Lake St. Joseph in northwestern Ontario were first detected at the turn of the century by employees of the Hudson's Bay Company, long before they were looked at by steel-makers Stelco, Dofasco and Algoma Steel in the late 1960s and early 1970s.

The three steel companies agreed to advance development of the deposits in late 1978 as feedstock for their steel mills. But their plans were shelved and the claims reverted to the Crown after Algoma fell into arrears and underwent an insolvency restructuring.

Pierre Gagne, an owner of a heavy construction company in Thunder Bay who was aware of the claims, staked them in 2006 and created **Rockex Mining** (RXM-T), where he is chairman and the largest shareholder.

Since then the junior has been drilling the deposits and acquiring more land in the area, about 100 km north-east of Sioux Lookout and 80 km south-west of Pickle Lake.

Eagle Island — irregularly shaped, varying in width and about 3 km long — has a National Instrument 43-101 compliant resource of 590 million tonnes grading 29% iron in the indicated category and inferred resources of 415 million tonnes averaging 29% iron.

"It's a similar grade to a lot of the other companies up in the Labrador Trough, so it's a good grade," Donald Sheldon, Rockex's CEO, says in a telephone interview.

Rockex's other projects in the area have historic or non-compliant resources. Sheldon says Fish Island is

believed to have a historic resource of about 250 million tons of 33% iron. The company's other two projects, Doran Lake and East Soule's Bay, are believed to have historic resources of 200 million tons grading 28% iron and 250 million tons of 28% iron, respectively.

In February Rockex released results from four holes of an 18-hole program exceeding 9,000 metres. Highlights include 248 metres (estimated true width) grading 29.2% iron on Fish Island, and 262 metres of 27.74% iron, 150 metres of 21.56% iron, 150 metres of 20.59% iron and 56 metres of 24.27% iron (all estimated true widths) on Eagle Island. In November Rockex released a 524-metre intercept from Eagle Island of 29.93% iron at 495 metres estimated true width.

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### *Rockex will likely build a berm shelf if the deposits become mines.*

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The challenge of mining on an island like Eagle, where some of the deposit is on the island and some of it extends under the lake, is similar to the difficulties that **Rio Tinto** (RIO-N) initially faced mining the Diavik diamond deposit in Nunavut, Sheldon says. Rio Tinto had to build a berm around Diavik in a system that Rockex would likely mimic in northern Ontario if the deposits advance to mines.

Sheldon says engineering firms have already calculated that an open-pit design on Eagle Island would allow the company to mine between 180 million

tonnes and 190 million tonnes of material without the open pit coming within 50 metres of the lake.

"If Rockex mined 20 to 25 million tonnes of mineralization a year — which is typical of some of the iron mines in Minnesota — that would allow Rockex somewhere between seven to nine years of mine life without even coming close to the lake," he continues. And during that time the company could build dykes around the island.

"What Rockex would be able to do while mining is take the waste rock from the west side of the mineralized zone and use it to create dykes in the lake so we don't have to put that money into capital expenditure before mining," he explains, adding that he expects the strip ratio would be "very low" because the main zone is up to 400 metres in width and doesn't

pinch. Instead, it gets wider at depth.

Sheldon adds that the area has the necessary infrastructure to proceed with a mining operation, including the Canadian National Railway line 80 km south of the property, hydro lines that run along the north side of Lake St. Joseph and a TransCanada gas line 170 km south. There is also an airport nearby at Sioux Lookout.

Sheldon says Rockex must prove up historic resources at Fish Island and Soule's Bay East and drill off Eagle Island before advancing toward a production decision. He expects to complete a

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preliminary economic assessment later this year and a feasibility study by the end of 2013. If everything goes smoothly, he says he wouldn't rule out a start-up date in late 2017.

"The project is early stage in one sense and not in another," he continues.

"It is early stage in that Rockex is a relatively new company — it has been a public company for just over a year — but it's not early stage in the sense that these are historic deposits. We're not out there looking for a deposit. We know we've got them, and it's just a question

of moving them forward and de-risking each of them as we move them along towards a production decision."

At presstime Rockex traded at 30¢ a share within a 52-week range of 26.5¢–98¢ per share. The junior has 47.3 million shares outstanding.