



November 24, 2009

Minister Michael Gravelle  
Minister of Northern Development, Mines and Forestry  
Whitney Block  
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Toronto, Ontario  
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Dear Minister Gravelle,

On behalf of Ontario Nature, I would like to bring to your attention the rapid escalation of large-scale mineral staking and exploration activity in the Far North's James Bay lowlands, in an area referred to as the "Ring of Fire." We are greatly concerned that the claims being staked, along with subsequent exploration, is a breach of the Mining Act; contravenes sound regional planning practice; and disregards Bill 191, the draft legislation that upholds Premier Dalton McGuinty's 2008 promise to protect at least 50% of the northern boreal region. We urge you to investigate the very real possibility that some of these claims are nuisance claims, such as the claim staking submitted to create transportation corridors.

To date, mineral exploration companies appear to have staked two transportation corridors, each stretching over 200 kilometres from the Ring of Fire south to existing roads and rail lines (Figure 1). Doing so eliminates the possibility of including this land within protected areas. Claims staking also pre-empts appropriate land-use planning by First Nations and the province as intended by Bill 191.

Section 54(1) of the *Mining Act* is quite clear: a claim holder may only use lands claimed for the purposes of mining. While establishing a transportation corridor may be necessary for mining, it is not itself a mining activity. Further, building a 200-kilometre transportation corridor through a remote area is a major regional planning undertaking that requires appropriate examination and consultation before any construction takes place. Private exploration and mining companies should not be permitted to circumvent the planning and decision making process. Clearly, moving ahead with transportation corridors undermines the Premier's commitment to protect Ontario's Far North through landscape and community-based planning, as proposed in Bill 191.

A piecemeal approach to permitting industrial activities and development in the absence of land-use planning severely fragmented the southern boreal forest, damaging the integrity of a vital ecosystem. Industrial incursions - forestry, mining and hydro - have taken a toll on wide ranging mammals such as the woodland caribou and wolverine, both listed as threatened in the Endangered Species Act. Further, unfettered development on this scale thwarts the opportunity for First Nations communities to lead future planning in their homelands. In short, mining activities must be considered as part of regional and community-based land-use planning rather than proceed outside of these critical processes.

Canada Chrome, a subsidiary of KWG Resources Inc., a mineral exploration company, holds the claims in the eastern corridor of the Ring of Fire. In a media release dated September 24, 2009 (Attachment 1), Canada Chrome announced that it had engaged a railroad engineering firm to help it develop a rail corridor to the Ring of Fire.

We request that the Ministry of Northern Development, Mines and Forestry (MNDMF) launch an immediate investigation to determine if these claims are legitimate or if they constitute nuisance claims. Such an investigation must be transparent in its assessment and have a clear focus. Should they be determined nuisance claims, the claims should be immediately cancelled. Land-use planning under Bill 191 has not been undertaken in this area and must be the first step in determining future uses of the land, including mining activities and transportation networks. A meaningful

land-use planning process must thoroughly consider Aboriginal rights and values, significant ecological areas, wildlife needs, protected areas, and the potential for sustainable development, which would include a cost/benefit analysis of transportation corridors. As this process has yet to be initiated, we urge MNDMF to halt all activities in the area until the planning process has been completed.

We look forward to hearing how MNDMF intends to address the issues raised in this letter, and how the staking and exploration activities referred to will be handled with respect to the mandate of Bill 191.

Sincerely,



Caroline Schultz  
Executive Director  
Ontario Nature

c.c. Premier Dalton McGuinty,  
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Minister Donna Cansfield, Minister of Natural Resources, [dcansfield.mpp.co@liberal.ola.org](mailto:dcansfield.mpp.co@liberal.ola.org)  
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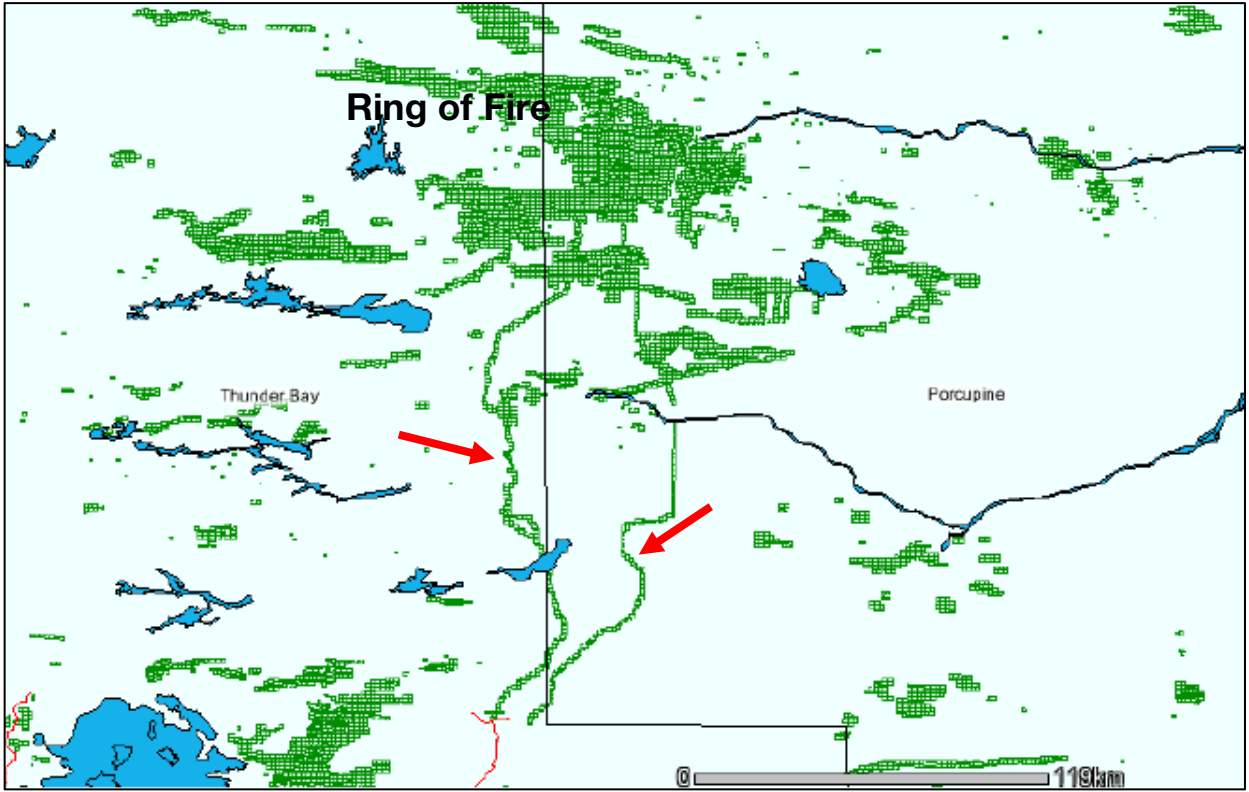


Figure 1. Screen capture image from CLAIMaps November 17, 2009.

**ATTACHMENT 1**

[http://www.kwgresources.com/news/index.php?&content\\_id=192](http://www.kwgresources.com/news/index.php?&content_id=192)

**KWG Unit Engages Railroad Engineering Firm**

September 24, 2009

Montreal, Canada - **KWG Resources Inc (TSXV: KWG)** subsidiary Canada Chrome Corporation has engaged **Krech Ojard & Associates, P.A.** of Duluth, Minnesota to provide engineering services for the construction of a new **350km (210 mi)** railroad link to the **Ring of Fire**. Krech Ojard is a railroad engineering and construction firm that has completed a number of projects with KWG's principal shareholder **Cliffs Natural Resources (NYSE: CLF) ( Paris : CLF)**. Krech Ojard has identified and field refined a proposed route and is undertaking additional surveys to determine the final alignment. A feasibility study will then be completed prior to moving into the next phases of the project

**About Cliffs Natural Resources Inc:**

Cliffs Natural Resources (NYSE: CLF) ( Paris : CLF) is an international mining and natural resources company. It is the largest producer of iron ore pellets in North America, a major supplier of direct-shipping lump and fines iron ore out of Australia and a significant producer of metallurgical coal. With core values of environmental and capital stewardship, Cliffs' colleagues across the globe endeavour to provide all stakeholders operating and financial transparency as embodied in the Global Reporting Initiative (GRI) framework. The Company is organized through three geographic business units:

The North American business unit is comprised of six iron ore mines owned or managed in Michigan , Minnesota and Eastern Canada, and two coking coal mining complexes located in West Virginia and Alabama . The Asia Pacific business unit is comprised of two iron ore mining complexes in Western Australia and a 45% economic interest in a coking and thermal coal mine in Queensland , Australia . The South American business unit includes a 30% interest in the Amapá Project, an iron ore project in the state of Amapá in Brazil . Over recent years, Cliffs has been executing a strategy designed to achieve scale in the mining industry and focused on serving the world's largest and fastest growing steel markets.

**About KWG Resources Inc:**

KWG Resources is a mineral exploration company with extensive claim holdings in the James Bay Lowlands of Northern Ontario, Canada, where important discoveries of nickel and chrome have been made recently in the *Ring of Fire*. KWG has an equal joint venture interest in a large claim block in the central part of the discovery area, with Spider Resources Inc. The joint venture is developing the *Big Daddy* chromite deposit adjacent to the *Black Thor* and *Black Label* chromite discoveries of Freewest Resources. KWG holds a 1% net smelter royalty in all three deposits and has created Canada Chrome Corporation to pursue the development of them.