

MINING BLOG

RING OF FIRE - CLIFFS AND KWG UPDATE

The noise emanating from the Ring of Fire is getting louder with the Ontario Ministry of the Attorney General's announcement of its intention to intervene in the legal battle between Cliffs Natural Resources Inc. ("Cliffs") and KWG Resources Inc. ("KWG"). Cliffs had originally sought an Order from the Ontario Mining and Lands Commission (the "Tribunal") to dispense with the consent of KWG for the granting of an easement to allow Cliffs to build a road over mining claims held by KWG. After a lengthy hearing, the Tribunal ruled against Cliffs.

Cliffs appealed the decision of the Tribunal and later determined to halt further development of its Black Thor chromite project. According to a press release of KWG, the government's motion for leave to intervene will be heard by the Ontario Divisional Court on April 28, 2014 and the hearing of the appeal has been scheduled for June 16 and 17, 2014.

It must be remembered that the Ontario government chose not to make any submissions at the original hearing. As no evidence was produced respecting whether the proposed road would produce any public benefit, the Tribunal felt that it was left with little choice but to rule that Cliffs' actions were confined to protecting its own corporate goals.

The development of a comprehensive strategy to develop the transportation infrastructure to the Ring of Fire area is a huge undertaking which will require all stakeholders to work together. In this regard, the mining industry must show a united front to overcome the more difficult challenges that lie ahead. These challenges include engaging in meaningful consultations and dialogue with the Matawa First Nations and encouraging the Federal and Ontario governments to agree on funding for the project. A good start to this process would be for Cliffs and KWG to put aside their differences, but this appears unlikely given the competitive nature of the mining industry and the adversarial nature of their relationship.

Given the government's pronouncements regarding the positive economic benefits that developing the infrastructure to the Ring of Fire area will have on the province, it is curious why the government chose not to participate at the original hearing and lead evidence regarding the public benefit of a road to the region. In hindsight, this strategy appears to have backfired. The motion to intervene may, however, be a signal that the government is now prepared to engage in the difficult process of finding a way to develop the transportation infrastructure to the Ring of Fire region.



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