

# **Wings Enterprises**

## **Iron Ore Mining**

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**Fe3o4**

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**Mag.Fe**

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February 24, 2006

Mr. Tom Stehn  
MODOT - District Engineer  
P.O. Box 220  
Willow Springs, MO 65793

Mr. Stehn,

Wings Enterprises is working to reopen the Pea Ridge Mine in Washington County, Missouri. The mine went bankrupt in 2001 for a number of reasons, including the logistical disadvantage related to inland shipping cost in a purely commodity-based market. In order for the mine to reopen the logistics obstacle must be overcome. Wings Enterprises is currently evaluating slurry pipeline technology to combat this economic and logistical problem. The estimated cost of reopening the mine is well over \$150,000,000, making the economic viability of this investment questionable unless this transportation cost issue can be resolved.

Over the last 40 years slurry pipeline technology has evolved into a dependable, low per-ton cost alternative to truck haulage or rail (please see attached PSI information). With the addition of a slurry pipeline the Pea Ridge Mine would become economically viable for the life of the deposit (based on estimated production cost and historical pricing); with access to U.S. and Asian markets.

Wings Enterprises is evaluating two River Plant sites as a drying and shipping (barge shipment) location based on the pipeline slurry system. Crystal City and the Doe Run Herculaneum property both have industrial river acreage available and have indicated a willingness to cooperate with this venture.

Wings Enterprises intends to build the pipeline cross country in the most direct route to the river. The intended path would require easements (or outright purchases) across approximately 11 private land holdings from the eastern edge of the mine to State Hwy A (Washington County) and along State Hwy H (Jefferson County) to Hwy 110, across Hwy 55 and into Crystal City (or Doe Run). Wings Enterprises is looking for help from MODOT in acquiring necessary easements related to state highways along this path. Crystal City has verbally committed to aiding in acquisition of any easements necessary to establish the processing plant in their city, as they are motivated to bring in new jobs.

This project is supported by the Missouri Department of Natural Resources and the Department of Economic Development. Considering the state, regional and national economic benefit and expanded employment opportunities, this project merits consideration.

Wings Enterprises is currently discussing a 2 million ton per year supply agreement with a Chinese steel mill. The feasibility of an agreement of this scale hinges on the logistical and pricing advantages a pipeline system would ensure. The pipeline would also allow the Pea Ridge Mine to supply the U.S. markets far into the future based on historic commodity pricing. However, without the pipeline system the U.S. market economics are marginal and the Chinese market is impossible. At this point, the future development of the Pea Ridge Mine will be contingent on the development of a pipeline system.

Please provide us the opportunity to present this proposal to MODOT sometime in the near future. The Pea Ridge Iron Ore mine is the largest and purest magnetite deposit in North America (see attached DNR letter). Missouri would greatly benefit from the development of this resource.

Thank you for your consideration in this matter.

Sincerely,

James C. Kennedy  
President, Wings Enterprise

Cc: Bruce Merdek, MODOT