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The Countian Jefferson County Edition

Smelter project back on track

Wings owner denies rumors about refinery for rare earth elements

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Special Correspondent



What is Wings Enterprises owner Jim Kennedy really

planning to produce at the former PPG site in Crystal City?

That question keeps swirling as grading begins at the 242-acre development along the Mississippi River.



An artist's rendering of the 242-acre iron ore smelter development along the Mississippi River in Crystal City.

In 2007, Kennedy signed a 100-year lease with the city to build an iron ore smelter.

Concentrated ore will be transported from the Pea Ridge mine in Sullivan to the Crystal City location via an underground pipeline where it will be further refined into pure iron pellets for bulk shipment via rail and barge to customers.

However, the Missouri Coalition for the Environment has a video posted on YouTube asking whether the project is actually under construction or is it smoke and mirrors to remove

the heat from elected officials and help in the upcoming elections?

Mayor Thomas Schilly is running against Concerned Citizens for Crystal City member Jack Ginnever, an avid opponent of the smelter.

Missouri Coalition Executive Director Kathleen Logan Smith says that while grading has begun at the site, no state permits have been issued for construction.

In a rare phone interview with Kennedy, he said that he does have permits for work trailers and local permits to develop the product, but that a number of permits are required for the overall project.

"Everything is proceeding normally," Kennedy said. "Except for the financial situation that slowed us down a little bit, we're back on track. Everything is consistent with state and federal requirements."

Earlier this year, Wings paid Crystal City \$48,000 in overdue property taxes and attorney's fees.

The project requires permits from the Missouri Department of Natural Resources and from the

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On the Wings' Web site, it states that permitting and construction of the overall operation for full production was expected to take four years. However, early completion of barge and rail facilities should allow bulk shipment of iron ore from Crystal City in approximately two years, while the pellet refinement plant is finished.

In addition to the iron ore smelter, Kennedy has been pursuing other opportunities. Last year he was a presenter at the Thorium Energy Conference. Thorium is a natural occurring element that is a slightly radioactive metal and is about four times more abundant on Earth than uranium.

At the conference, Kennedy spoke on the critical and strategic failure of rare earth resources.

Rare earths are a group of elements on the periodic table that typically include yttrium, thorium and scandium. This group holds unique chemical, magnetic, electrical, luminescence and radioactive shielding characteristics. They are used in military applications such as missile systems, "smart bombs," and unmanned drones, as well as in commercial applications like the Blackberry, iPods, computer hard drives and color televisions. In addition, rare earth metals are critical to green technologies such as wind generation, hybrid vehicles and magnets.

While the U.S. uses over \$1 billion of rare earth metals annually, China produces up to 99 percent of the high value rare earth oxides for world consumption.

"China's current restrictive production, export policy and tax regime on rare earth oxides, elements and alloys is designed to restrict global supply outside of China and to lure rare earth technology dependent manufacturing facilities into China," Kennedy said in his presentation.

He calls on the U.S. to fund a domestic rare earth refinery for the production of domestic rare earth mines.

Some have speculated that Kennedy plans to use the property in Crystal City for just such a refinery.

But Kennedy says that it would not be in Crystal City.

"It's one of the most important things we could develop in the U.S.," he says. "They'll miss out on that."

Besides, conditions listed as part of the conditional use permit approved by the city in March 2009 specifically prohibit radioactive minerals on any portion of the premises leased by Wings.

However, Kennedy boasts that Pea Ridge has the highest value heavy rare earths distribution of any permitted mine in the world.

"Wings has all of the 15 distinct rare earth oxides, in addition to yttrium and thorium, or plus-15 percent of the materials America is 100 percent import dependent upon."

He is in discussions with companies regarding development, concentration and sales of rare earth oxides and is in communication with the Department of Defense and Department of Energy to develop a rare earth elemental alloy refinery at a cost of \$500-\$700 million.

Pea Ridge could be a stable rare earth producer, economically insulated from foreign monopoly pricing pressure, he writes in his 2009 corporate presentation.

Kathleen Henry of Great Rivers Environmental Law Center warns that yttrium and scandium can cause lung disease and liver damage and that thorium is slightly radioactive and can cause lung disease and pancreatic cancer.

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