

Saskatchewan:
A Global Critical
Minerals Hub

2023 SMA MinExplo Expo

Discovering the Next Generation of Mines

November 9, 2023
Prince Albert

Uranium

Potash

SASKATCHEWAN MINING ASSOCIATION

We help keep the lights on, keep food on the table and provide the raw materials used in the technology people throughout the world need and use every day.

Official Mission Statement:

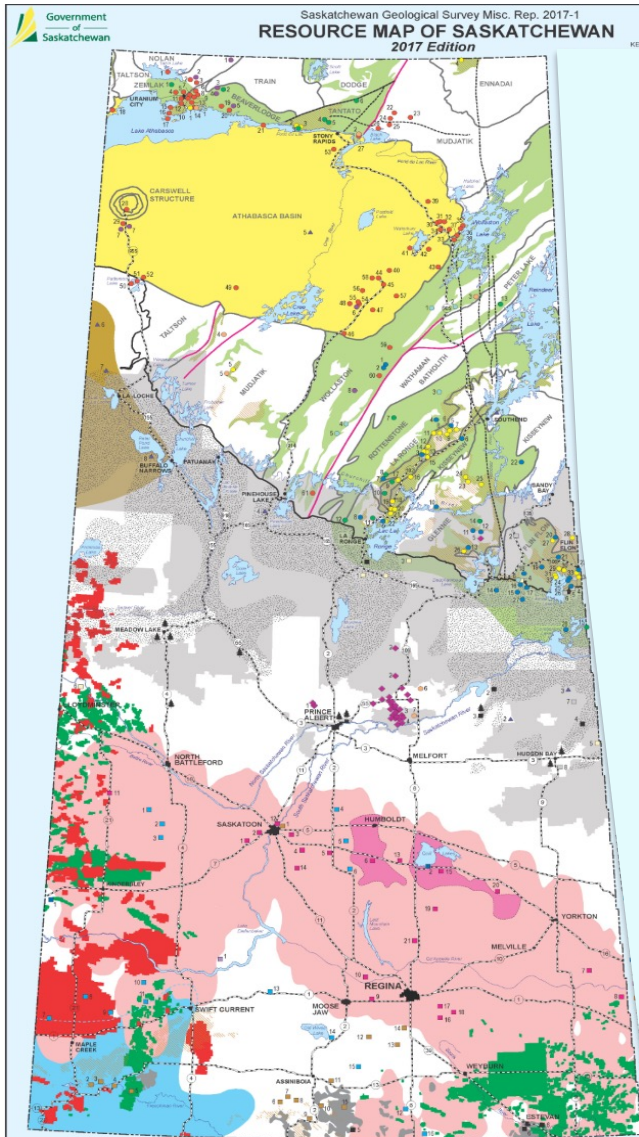
Advance a safe, sustainable & globally competitive exploration and mining industry in Saskatchewan that benefits all residents of the province

- Over 40 Member companies including producers and exploration companies with projects or operations in Saskatchewan
 - Nutrien, The Mosaic Company, Cameco, Orano, Westmoreland Coal, SSR Mining, K+S Potash Canada, HudBay Minerals, BHP, Denison Mines, Rio Tinto, Star Diamonds, Purepoint Uranium, UEC, 92 Energy, Murchison Minerals, Baselode, NexGen Energy, Foran Mining and more exploration companies.
- **Roles:** Advocacy & Outreach (Government; Public (Education); Member)

Voice of the Saskatchewan mining and exploration industry.

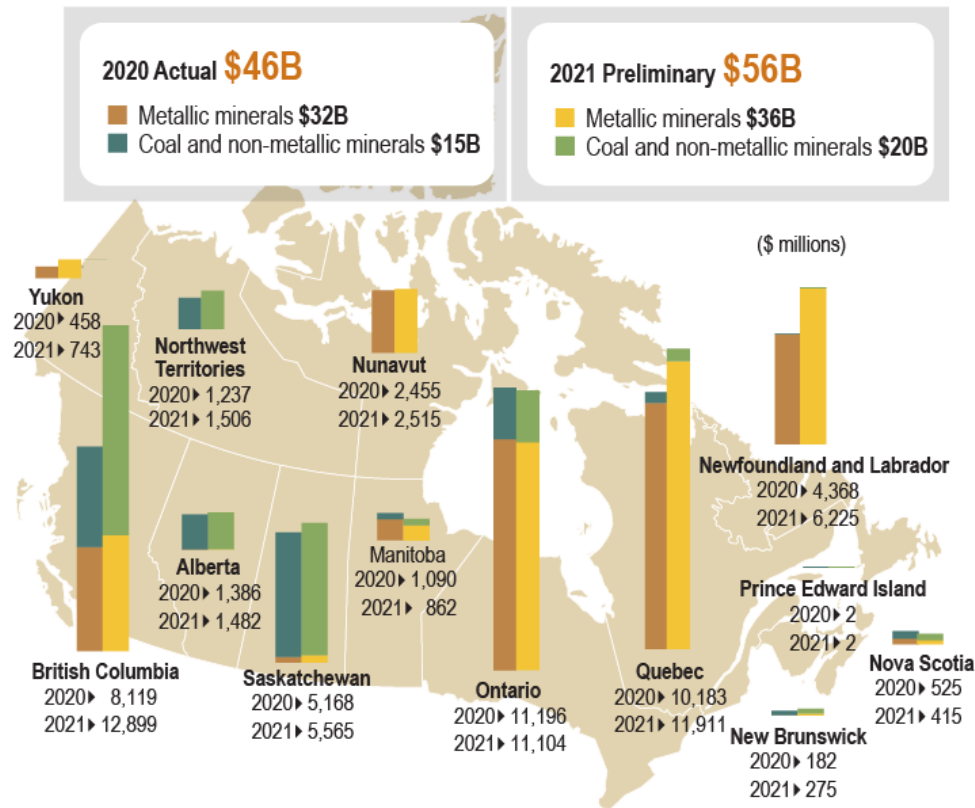


Saskatchewan Exploration and Mining



- Diversity of Saskatchewan's geology provides an advantage for discovery of world class deposits
 - ✓ Potash
 - ✓ Uranium
 - ✓ Diamonds
 - ✓ Coal
 - ✓ Potential for REE, Chromite, Battery and Base metals of Ni, Co, Cu, Zn
- In the last five years, the Fraser Institute has ranked Saskatchewan's global investment attraction ranging between #1 and #11
- The ranking is based on Saskatchewan's geological attractiveness and government policies

2020-21 CANADIAN MINERAL PRODUCTION



- Saskatchewan #1 mineral producer in Canada in 2022 as a result of very robust potash commodity price and production (\$18 B in sales)
- Saskatchewan ranked behind Quebec, Ontario and BC in value of mineral production in 2020-21
- Fundamental difference in mineral commodity basket represents an opportunity for Saskatchewan exploration to grow; have the geological framework

Saskatchewan - Global Mining Powerhouse



- World's #1 producer of potash & #2 in uranium (33% & 13%)
- In 2022 Saskatchewan ranked #1 in Canada for value of mineral production (\$19 B)
- > 20 producing mine facilities:
 - Currently produce potash, uranium, coal, gold, silver, sodium sulfate, salt
 - Minerals sector accounts for ~16% of provincial GDP.
 - Mining has a consistently high level of public support from Saskatchewan residents (91%)

2021 Saskatchewan Mining Benefits

Payroll

>\$1.1 BILLION

From exploration through operations and export, SK companies **support jobs** in every part of the province.



SK mining operations paid more than **\$1.1 billion** to employees in 2021.

Employment

> 26,250



For every **direct job** in the SK mining industry, there are at least **two jobs** in the mining supply and service sector.



Taxes

>\$2 BILLION

In 2021 SK mining companies contributed over **\$2 billion** in provincial, federal and municipal taxes, creating government revenue for health care, education and infrastructure development.

12%
of SK GDP

The SK mining sector represents **12%** of the province's Gross Domestic Product (total value of goods and services produced).



Value of Mineral Sales

\$8.6 BILLION

In 2021 the value of mineral sales from SK mining operations were **\$8.6 billion**.



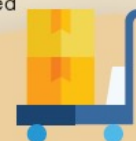
Top 5 markets

SK Potash	SK Uranium
United States	United Kingdom
Brazil	United States
China	Germany
Indonesia	Netherlands
India	Romania

Procurement

> \$2.2 BILLION

In 2021 SK mining companies purchased **\$2.2 billion** of their total goods and services from Saskatchewan suppliers.



Community

> \$20.2 MILLION

In 2021 SK mining operations made over **\$20.2 million** in social and community contributions.



Indigenous Business

> \$368 MILLION

In 2021 Saskatchewan mining operations purchased **\$368 million** of goods and services from Indigenous-owned businesses.



SMA
Saskatchewan
Mining Association

Uranium Mining Sector Benefits 2022

Since 1991, northern mining operations have paid **\$8 Billion** to northern employees and northern goods and service suppliers

ECONOMIC CONTRIBUTIONS

FINANCIAL

CONTRIBUTION TO PROVINCIAL GDP:
\$576.8 Million

(Source: Statistics Canada)

TAXES:
\$181 Million

(Federal, Provincial and Local)



COMMUNITY INVESTMENT

\$4.8 Million

Including local organizations, Indigenous partnerships and scholarships.



PROCUREMENT

\$639 Million

total value procured from all suppliers.

\$448 Million

goods and services procured from Saskatchewan businesses.



\$226 Million

services procured from Saskatchewan Indigenous businesses.

EMPLOYMENT

Uranium mining employs Saskatchewan residents and is indirectly responsible for many more jobs and careers.



JOBS
2,381

Saskatchewan employees including contractors

1,930

Northern site employees and contractors

49% of northern workers are residents of Saskatchewan's north



SALARIES

\$289 Million

total payroll

\$109,720

2022 national average salary of employees in Saskatchewan mining industry - 50% higher than average annual earnings of Saskatchewan workers.

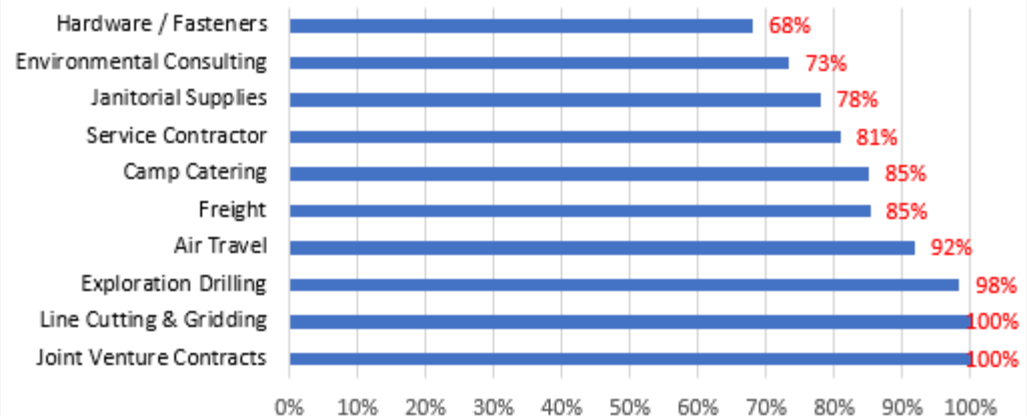
SAFETY

Mining is one of the safest industries in Saskatchewan, and in Canada.

Lost Time Injuries per 1 million hours worked: 2.6



Top 10 goods and services provided to mine sites by businesses with northern employees - by percentage



2020 Data (source: Government of Saskatchewan)

Statistics have been compiled from information provided by Saskatchewan's two producing uranium mining companies, Canadian Nuclear Laboratories, Committee of Saskatchewan Legislators and Statistics Canada. All numbers are from 2020.



saskmining.ca
@SaskMiningAssoc



SMA
Saskatchewan
Mining Association

2022 Data (source: SMA Member Survey - Uranium)

EXPLORATION: The R&D of Mining

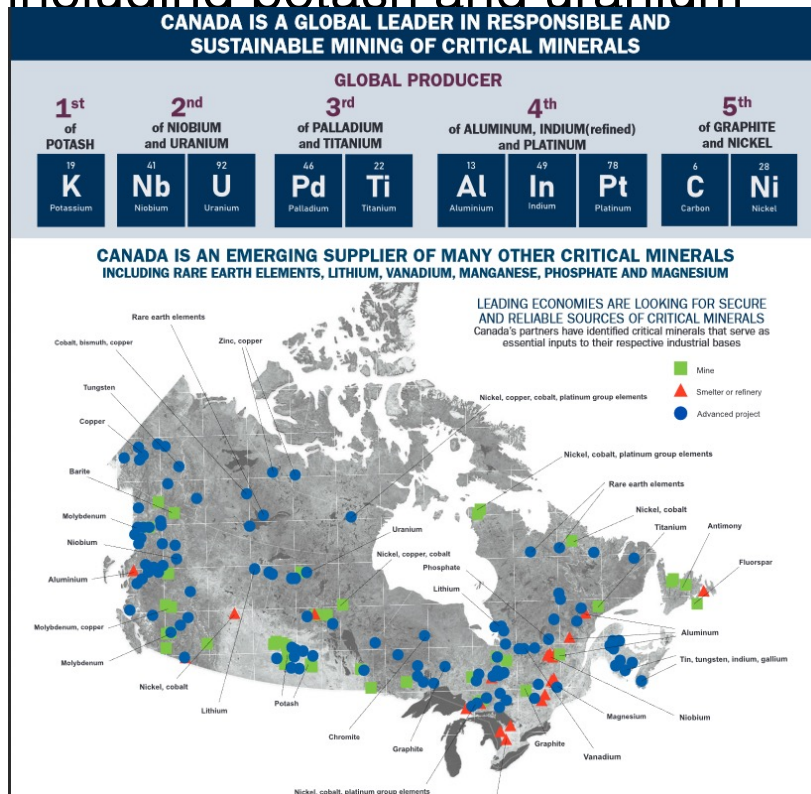
Investing today for the future:
>\$200 M average annual investment



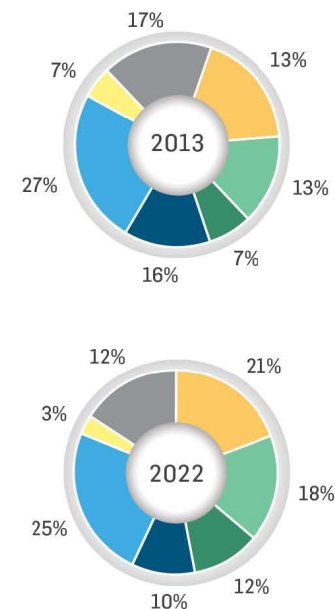
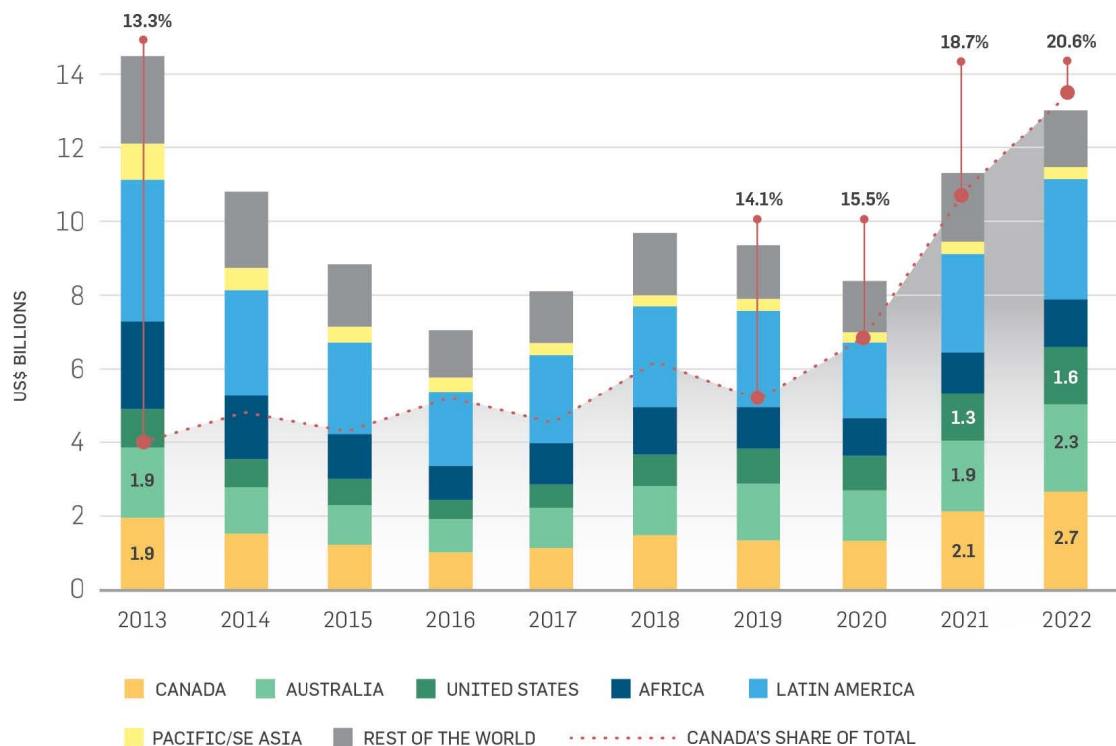
Emerging Opportunities – Critical Minerals

Critical Minerals, Electrification & Battery Minerals, REE, Diamonds

Saskatchewan has 22 of Canada's 31 critical minerals, including potash and uranium



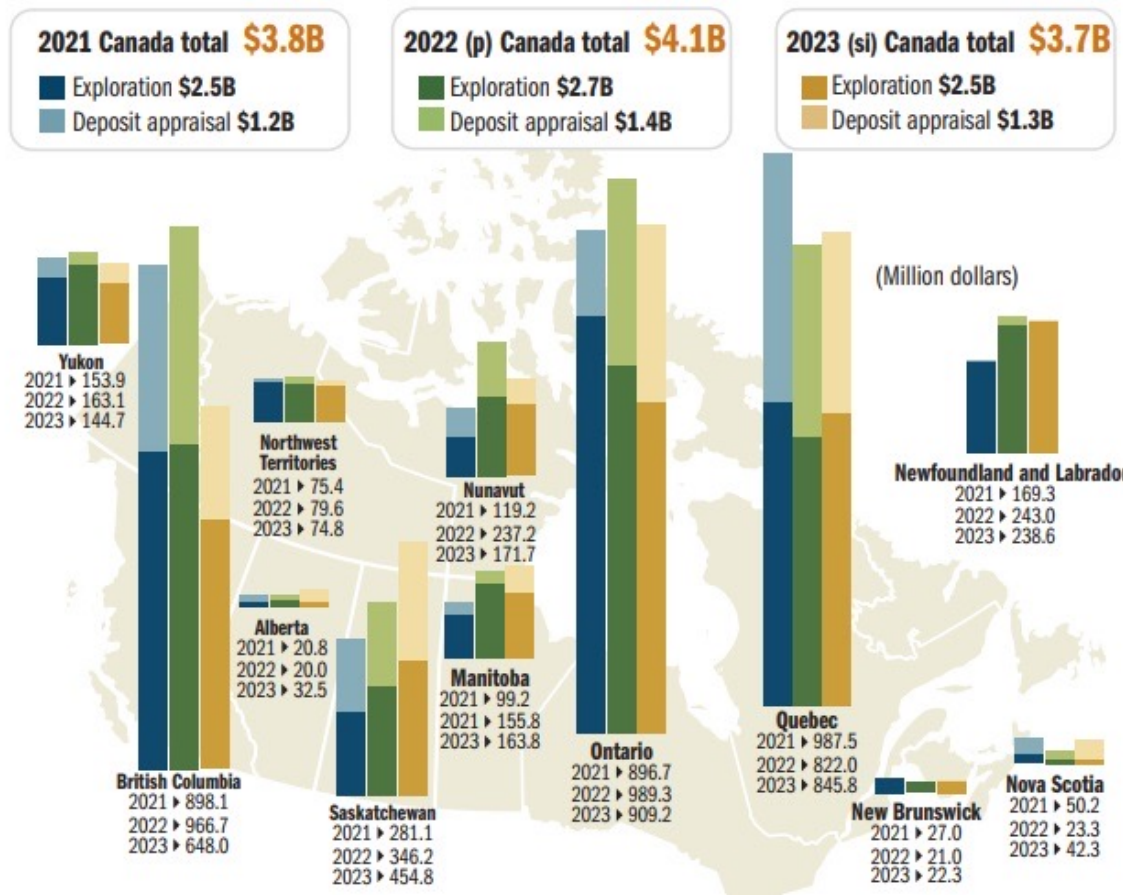
Global Mineral Exploration Expenditures 2022



- Canada's share of global exploration expenditures has increased from 13% in 2013 to 21% in 2022
- Key competitors for global attraction are Latin America and Australia

Source: PDAC

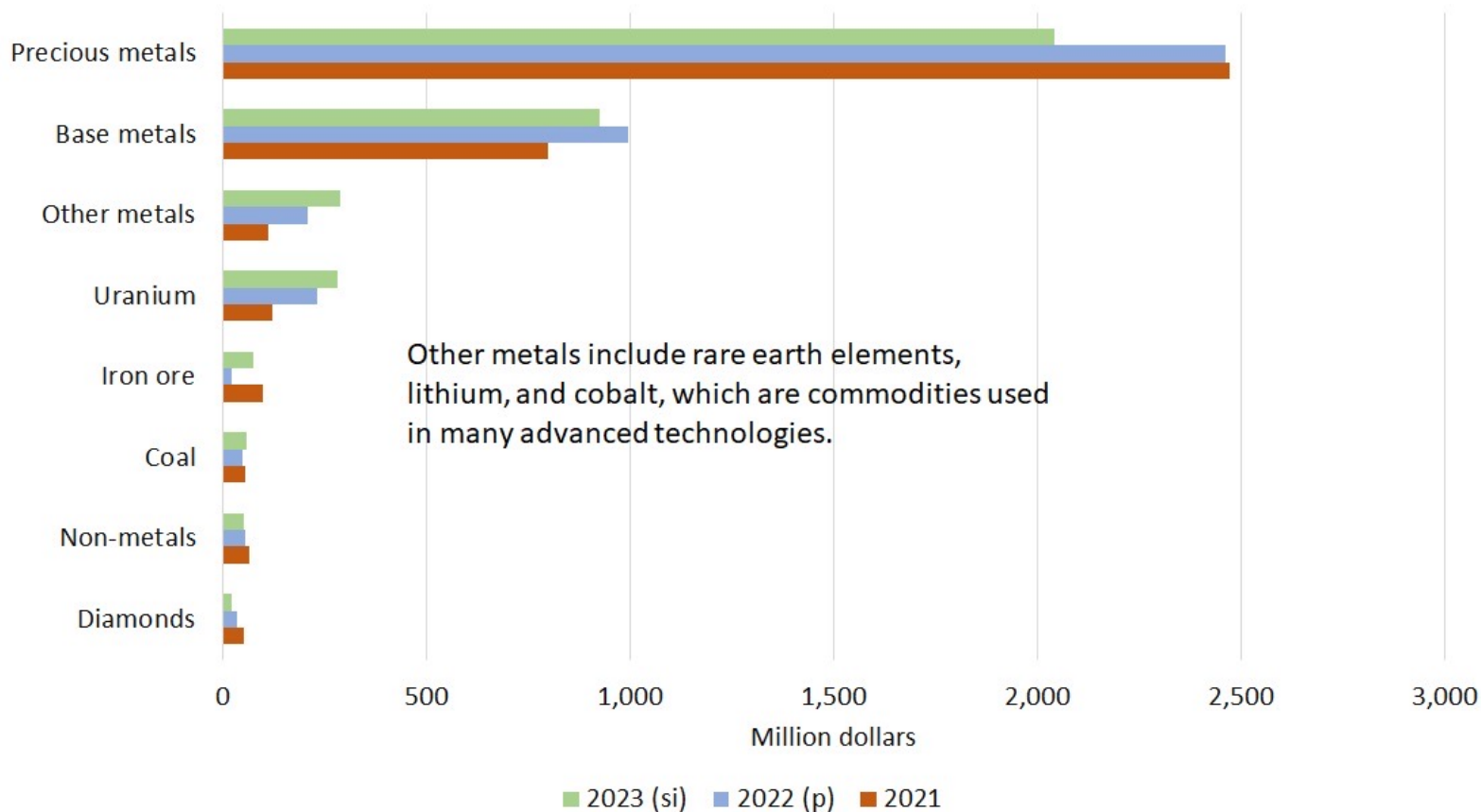
Canadian Mineral Exploration 2021-23



- Overall, Canadian Exploration spending anticipated to decrease in 2023 but remain relatively high reflecting strong commodity prices in minerals related to electric vehicles, uranium and Russian invasion in Ukraine
- Significant increase in diamond drilling
- In 2022 junior exploration companies accounted for **76%** of active projects
- SK spending up 31% in 2023 compared to 2022 (\$454.8 B)

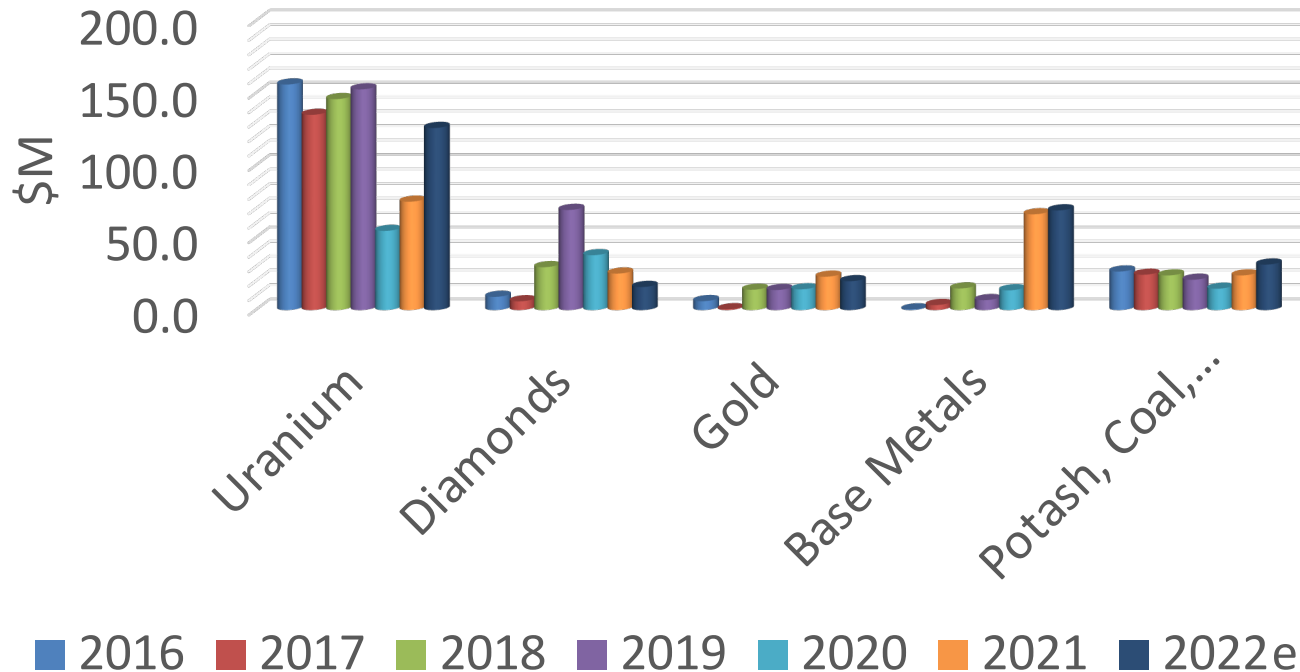
Canadian Mineral Exploration investment by commodity

2021-23



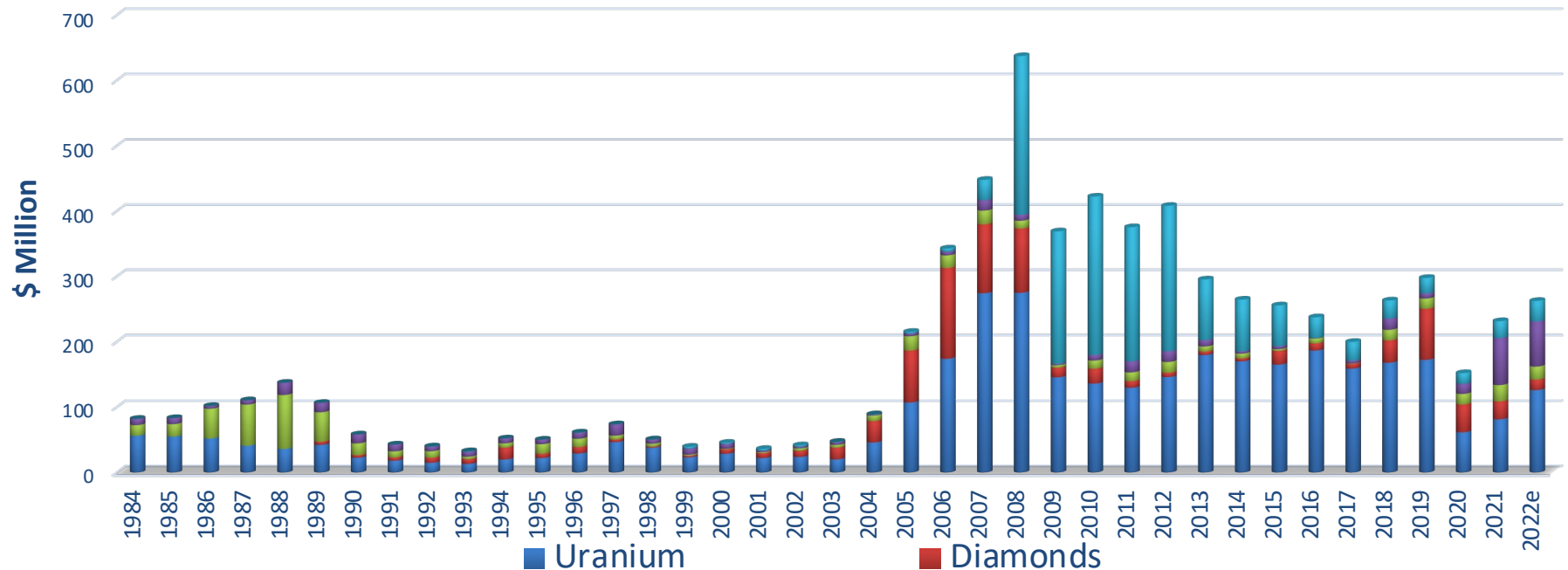
- Precious Metals (61%); Base metals (23%) Uranium (6%);

Saskatchewan Mineral Exploration Investment by Commodity (2016 - 2022)

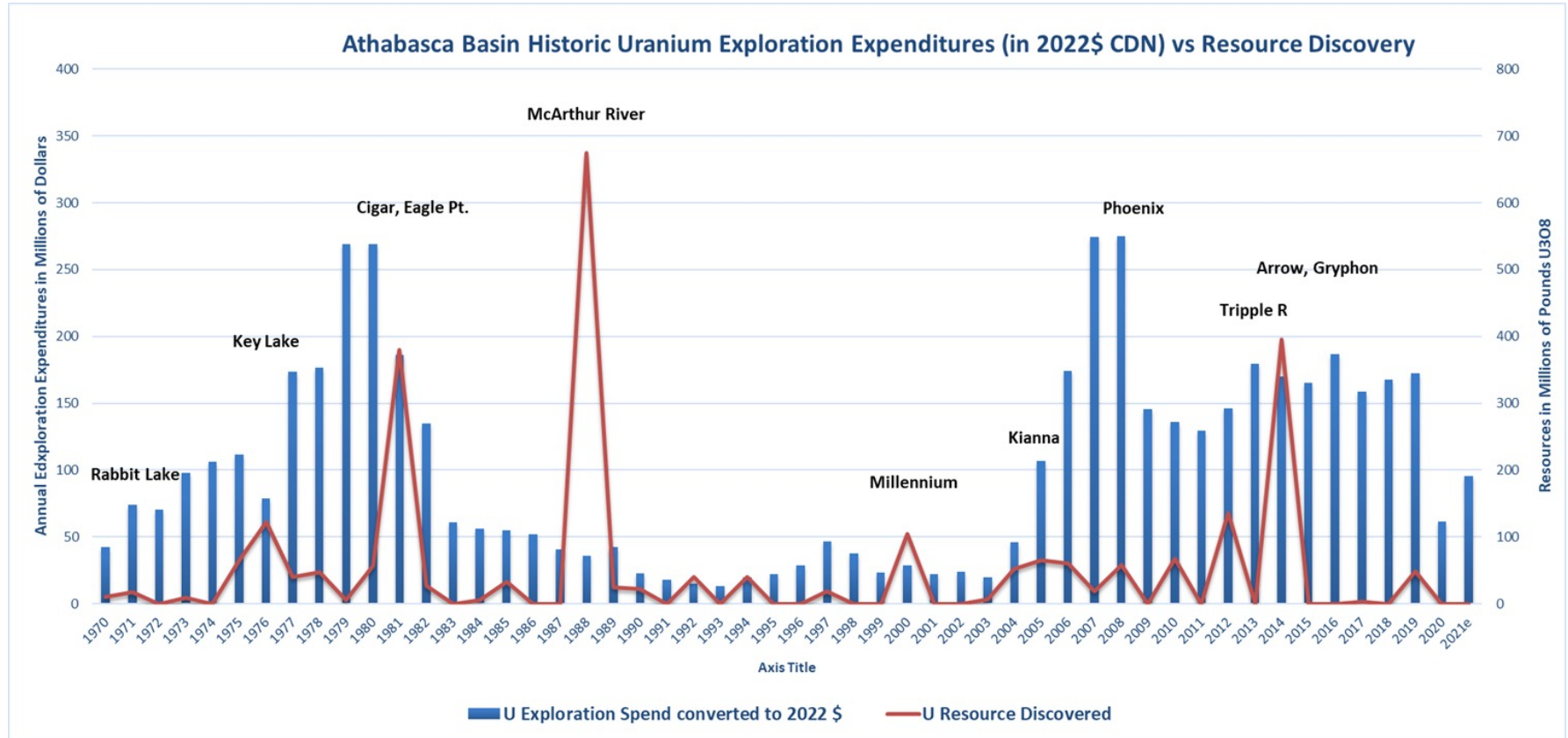


- ❖ In 2022, exploration investment in Saskatchewan was surveyed by Energy and Resources to be **\$194.9.4M**
- ❖ \$179 M related to uranium, diamonds, gold, base metals (ie require MOE permits)
- ❖ “Junior exploration companies” raise funds through capital markets >60% of total exploration spend ie approximately \$95 M – by flow through and private placements

Saskatchewan Exploration Cycles & Spend by Commodity (1984 – 2022; 2022\$CDN)



Timing of Expenditure vs Discovery

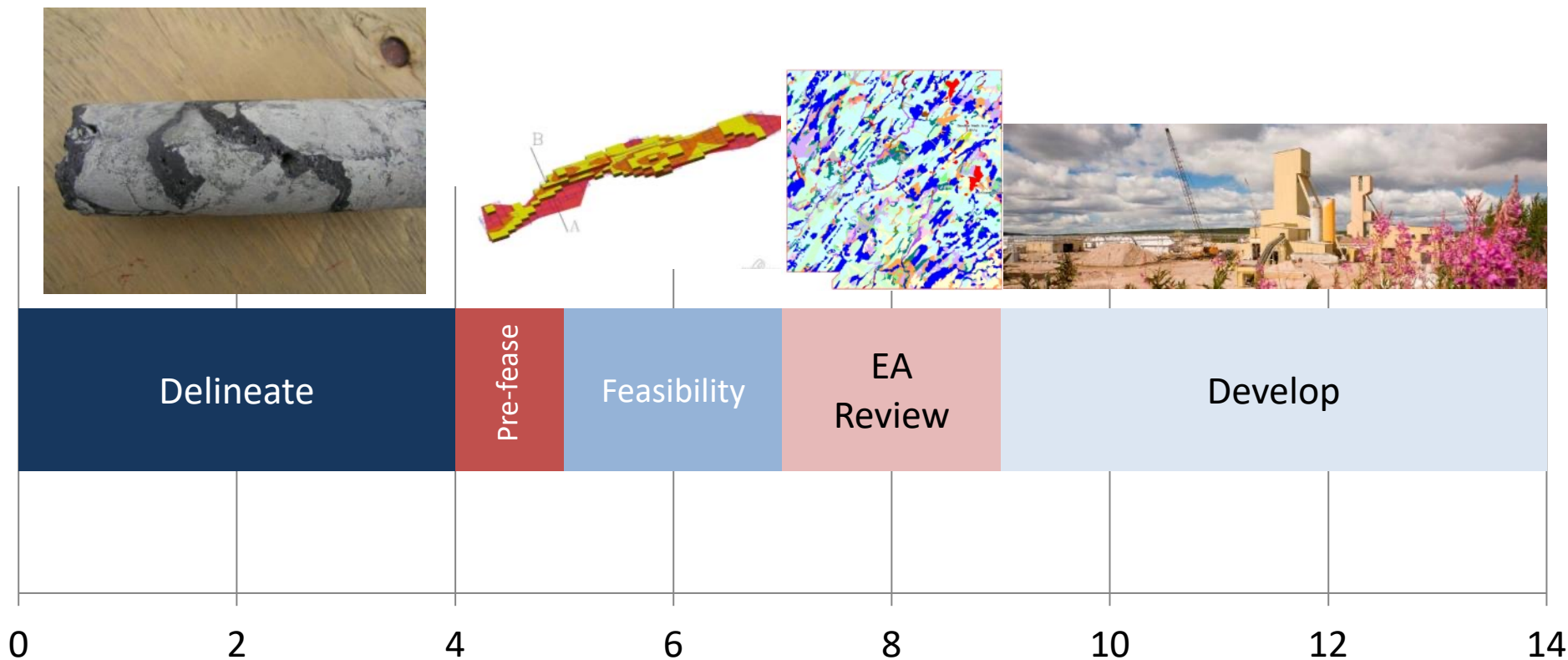


Exploration Sequence

1. Concept/idea generation
2. Project selection – on-line claim staking
3. Remote sensing and airborne geophysical surveys
4. Geological mapping and sampling
5. Survey design (ground grid, GPS, linecutting)
6. Ground geophysics and integration
7. Diamond drilling and discovery \$\$\$
8. Core logging and compilation
9. Surface Reclamation
10. Scientific research, integration and model refinement, interpretation

Exploration, Development to Production Timeline

Time Lag to Production – Continuous Spending with No Revenue



From recognition of discovery to production ± 15 years

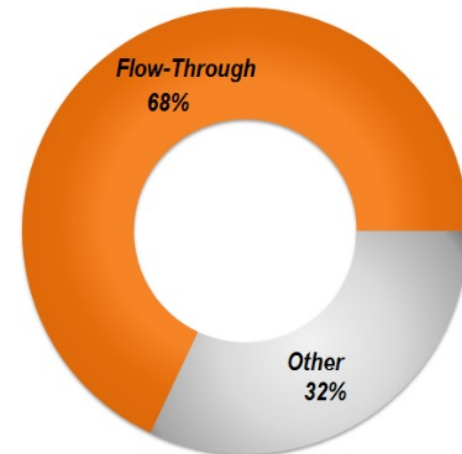
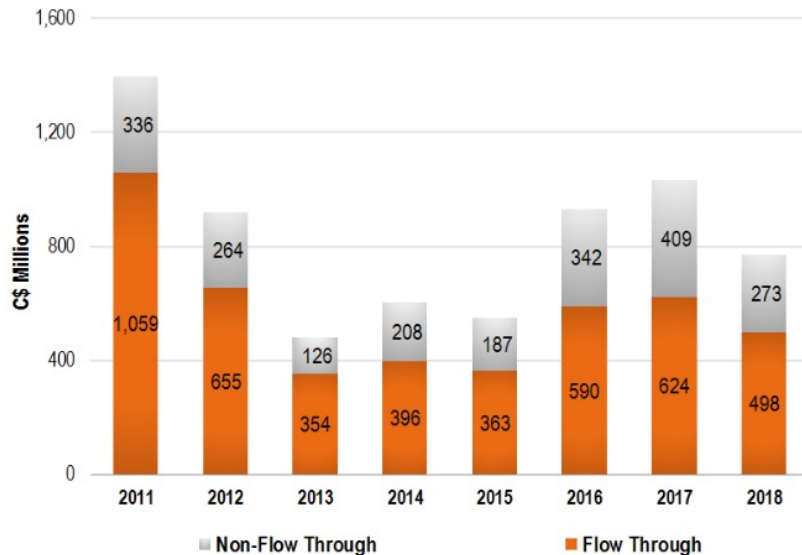
Exploration & Commodity Cycles: e.g. Uranium



- Commodity cycle and prices are important factors in exploration level
- Commodity cycles may be countercyclical; uranium high; gold low
- Junior companies are nimble and will explore for what they can raise money on and where they can spend it; capital is mobile

Flow Through Share Financing in Canada – what is it and why does it matter?

CANADIAN EXPLORATION FINANCING (2011-2018)

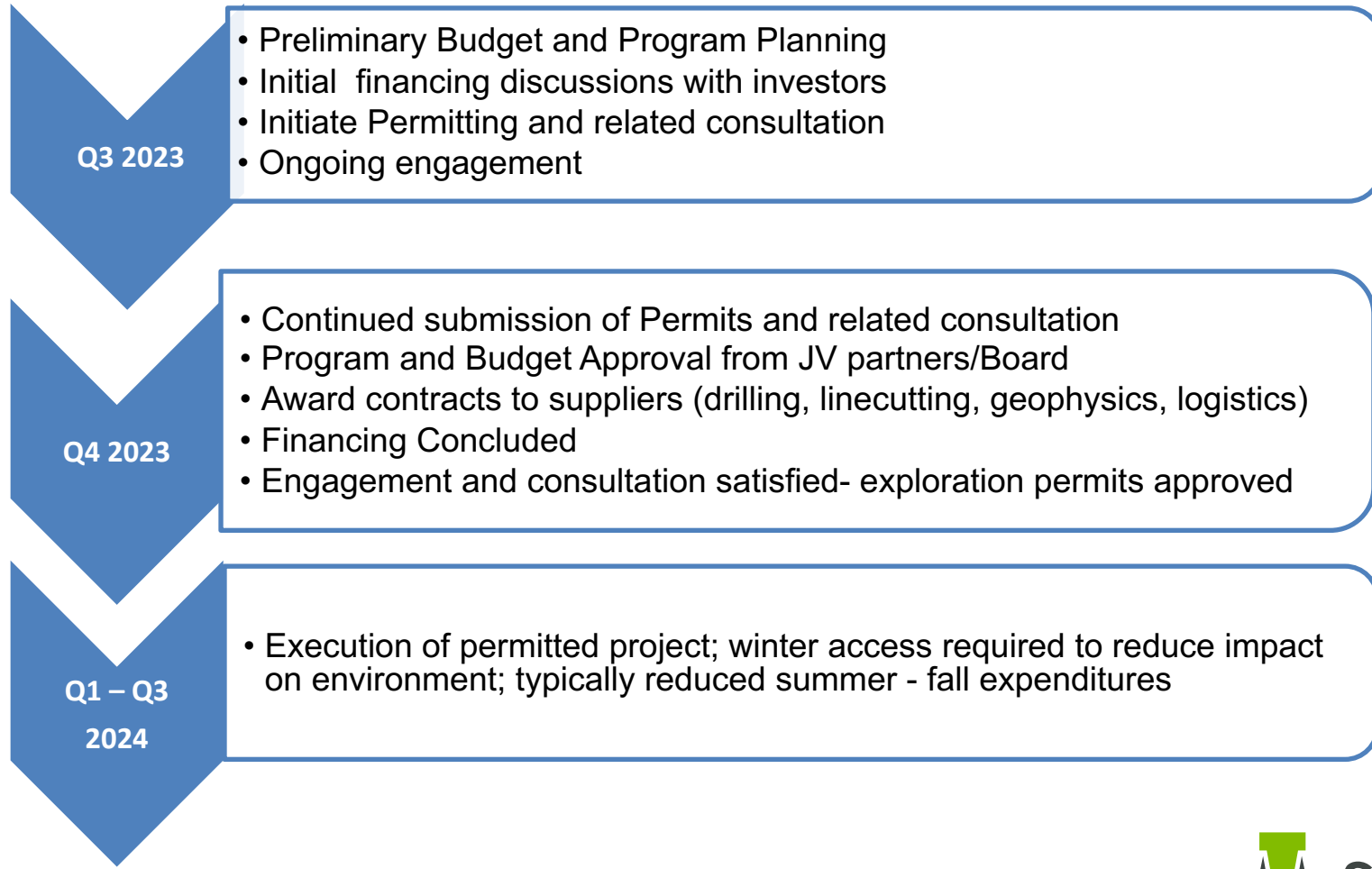


- Mineral exploration is a **high risk venture**
- **Flow Through Shares (FTS)** are a tool to incent investors - the purchaser of these shares can claim a tax deduction equal to the amount invested if company “flows through” investment
- **Junior exploration companies** use FTS to finance their programs
- FTS financing contributes over **65%** of the funds raised on Canadian stock exchanges for exploration across the country

Flow Through Share Financing in Canada – what is it and why does it matter for investment?

- **FTS** are used by junior companies to raise financing as they have ***NO revenue stream*** from production.
- FTS financing has **CRA constraints** on; **where** you spend the money, **what** you spend it on and **when** you spend the money
 - **Where** – targeted regions (Canada, Province, area within province)
 - **What** – direct “in the ground expenditures”; not overhead or “soft” costs
 - **When** - Any FTS financing raised from Jan 1 – Dec 31, 2022 **must** be spent by Dec 31, 2023 or tax credit doesn’t flow through to investor – loss of trust
- The vast majority of FTS financing is raised in **Q4**
- Symbiotic relationship between junior and senior companies. Junior companies take on the highest risk, early stage projects; JV or bought out by seniors
- Important relationship between junior companies and investors – ability to advance a program is key to investor confidence. Conversely, when a company is not able to conduct their program, it **negatively affects their reputation** in the investment community and jeopardizes the company’s ability to raise future financing.
- Inability to execute a program due to permit delays **impacts the province’s reputation** as a reliable and predictable jurisdiction to invest in.
- Structural financing issues with FTS and permit timelines
- Relationship between permitting timelines to exploration financing cycles (30 – 90 day window)

Exploration, Financing & Permitting Cycle: 30 – 90 days a necessity



Exploration Permit Timelines

2020-21: Permitting delays resulted in loss of investment.

- **>\$34M** in lost investment of approved and budgeted programs in 2020-21 as permits not issued in time.

Permitting time frames

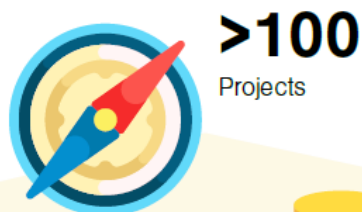
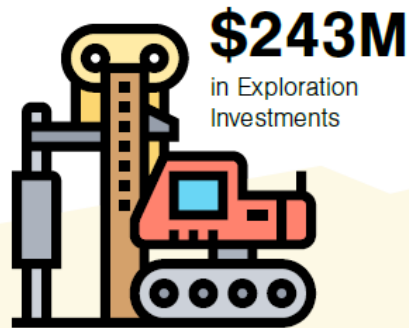
- 2007 - 30 to 45 days
- 2010 - 30 to 60 days
- 2021
 - 31% of permits 90 to 120 days
 - 50% of permits >120 days
- 2022
 - Quebec anticipates 60 days;
 - BC anticipates 45 – 60 days
 - SK ->80 days



SMA
Saskatchewan
Mining Association

Mineral Exploration Investment Ecosystem

Based on survey of 2019 Exploration Expenditures



Employment



>1000

Direct Full and
Part-time Employees



\$33M

Direct Payroll



>1900

Indirect Contractors

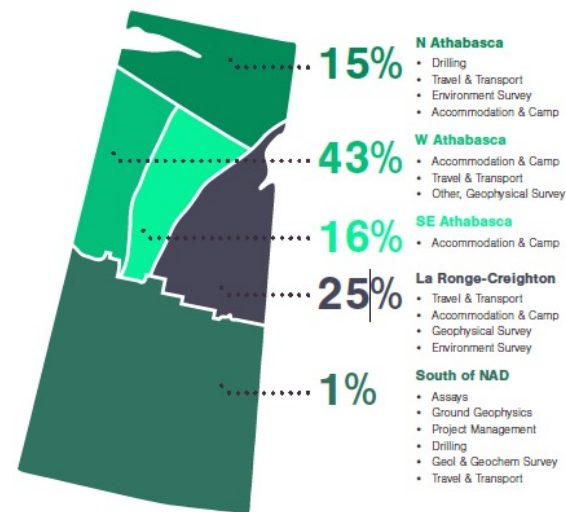
Community Engagement



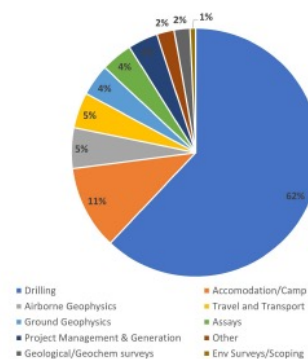
\$10.4M
Related Expenditures



Exploration Investment by Region



Mineral Exploration Spend by Activity



Key Activities and Suppliers

>120
Different Businesses



36
From Northern SK



On average, exploration programs contract 11 different suppliers per project.



Thank You

1500 - 2002 Victoria Avenue
Regina, SK S4P 0R7

Phone 306-757-9505
Fax 306-569-1085



SMA
*Saskatchewan
Mining Association*