



Q & A

Mining... GREAT for Saskatchewan

WHAT IS THE ECONOMIC IMPACT OF MINING IN SASKATCHEWAN?

Mining is GREAT for Saskatchewan. It is the province's third largest industry and a significant contributor to the provincial economy spending over \$3 billion annually on wages, goods and services, and generating over \$1 billion annually to the provincial government revenue through royalties and taxes. Mining has been identified as one of the key growth sectors for the Saskatchewan economy.

In 2012 the mineral industry in Saskatchewan contributed \$860 M to the provincial and federal governments directly in royalties and taxes. This does not include the personal income taxes of employees or taxes collected by municipalities.

In 2008, mining (direct, indirect, and induced) accounted for \$7.7 billion in GDP or 12% of the total provincial economy.

From 2008 – 2028, the Saskatchewan mineral industry will invest over \$50 billion in expansions and new mines. This translates to new investments of \$6 M a day. During this period, mining will generate a further \$28 billion in provincial revenues or \$1.4 billion per year, for a total of over \$50 billion and mining will contribute an additional \$9.5 billion per year to provincial GDP.

HOW MANY JOBS DOES SASKATCHEWAN'S MINING CREATE?

The mining industry creates direct and indirect employment for about 30,500 people in the province which translates into 6% of total employment or almost 1 in every 16 jobs. A large percentage of these people live and work in rural or northern Saskatchewan. The average weekly salary of an employee in the mining industry is almost twice that of the average weekly salary of Saskatchewan residents.

From 2008 – 2028 mining employment (direct, indirect and induced) will see its contribution rise to 17% of total employment or almost 1 in 5 jobs. Mining will generate over 286,000 person years of direct employment in construction in operational activity.

HOW DOES SASKATCHEWAN MINING COMPARE TO THAT IN OTHER PROVINCES?

Saskatchewan is a leading mineral producer in Canada. In 2008, Saskatchewan was Canada's leading mineral producing jurisdiction with production valued at over \$9.7 billion. In 2013 Saskatchewan

mineral production was valued at \$7.2 billion, the second highest in Canada, accounting for 16% of Canada's mineral output.

HOW DOES SASKATCHEWAN MINING RANK INTERNATIONALLY?

Saskatchewan is a prominent player in the global mining picture contributing to Canada being the world's largest producer of both potash and second largest producer of uranium. Canada produces about one-third of the world's potash supply with most of that production originating in Saskatchewan. Saskatchewan is also Canada's only uranium producer accounting for 16% of world production. With extensive reserves of both these commodities Saskatchewan will continue to dominate world markets for many years to come.

WHAT IS THE VALUE OF MINERAL SALES IN SASKATCHEWAN?

The total value of mineral sales from Saskatchewan in 2013 was \$7.2 billion. Potash continued to be Canada's leading mineral by value of mineral production in 2013 at \$6.1 billion; Uranium was also one of Canada's leading minerals by value of production in 2013 at \$0.77 M.

Saskatchewan produces over 90% of Canadian potash production with one additional potash mine in New Brunswick.

Saskatchewan produces 100% of Canada's primary uranium, representing 16% of the world's production. This is a decrease from 2005 when Saskatchewan production represented 28% of global production, however this percentage is expected to increase significantly with the onset of production from the Cigar Lake uranium mine.

Other mineral sales include coal, gold, salt, silica sand and sodium sulphate.

WHAT IS THE FUTURE OF MINING IN SASKATCHEWAN?

Mining has a bright future in the province. Not only will we continue to dominate world potash and uranium markets for many years to come but Saskatchewan also has tremendous untapped mineral resource potential - for example the new uranium deposits along the SW margin of the Athabasca Basin, the



diamond fields east of Prince Albert that have the potential to add another world class mining camp to our stable of resources and the newly identified diamond-bearing kimberlite field near Pelican Narrow. There is also potential for additional gold and base metal production and for new commodities such as rare earth elements, and other minerals recovered from brines.

WHAT IS THE ROLE OF MINERAL EXPLORATION IN SASKATCHEWAN MINING?

Exploration is the key to sustainability of the mining industry – it is often referred to as the research and development of the industry as exploration finds new deposits to replace those that are being mined. Given the long lead times between an initial discovery and mining (10-20 years on average) it is critical to maintain active exploration programs in the province. In the past 5 years, over \$1.25 billion has been invested in mineral exploration in Saskatchewan, primarily for potash and uranium.

In 2014, statistics from Natural Resources Canada indicate Saskatchewan exploration expenditures are anticipated to be around \$194.5 M. This represents approximately 9.2% of all Canadian exploration expenditures which are expected to be \$2.1 billion.

In 2014, Saskatchewan exploration and deposit appraisal expenditures represent 9.2% of the total \$2.1 billion in Canadian expenditures. Ontario, British Columbia and Quebec remain the top Canadian destinations for exploration and deposit appraisal capital accounting for 67% of expenditures.

2013 exploration expenditures in Saskatchewan, as collected by Saskatchewan Energy and Resources, were \$297 million including \$153.5 M for potash, \$122M for uranium, \$9.9 M for base metals; \$7.5 M for gold, and \$4.1 M for diamonds.

HOW MUCH SASKATCHEWAN LAND IS USED FOR MINING?

Despite its significant economic impact, in total mining only occupies 0.1% of the total landmass of the province, an area smaller than the city of Saskatoon.

HAS MINING BECOME ENVIRONMENTALLY SENSITIVE AND RESPONSIBLE?

Environmental stewardship is important to the mining industry and environmental practitioners are an important part of the workforce at all mine sites. Each year, the Saskatchewan mining industry devotes considerable resources and millions of dollars to reduce its environmental footprint, including activities such as site monitoring, prevention and mitigation of environmental impacts, decommissioning and reclamation and ongoing research efforts. Mining companies must now have an approved reclamation plan and financial assurance in place before they are given a license to operate.

IS MINING A SAFE INDUSTRY?

Mining is one of the safest industries in the province, and for the past 17 years, has averaged less than one Lost Time Accident (LTA) for every 200,000 hours worked.

The Saskatchewan mining industry is a safe industry. WCB statistics illustrate that the mining sector has a lower time lost injury rate than the provincial average, including lower than either the health or government worker sectors. This is reflected in the higher 2014 "all industry rate code" payroll premiums of \$1.51 compared to \$0.67 for open pit, \$1.10 for underground softrock and \$1.23 for underground hardrock mine operations. Similarly, time loss claims for "all classes" are higher, at 2.5% compared to 1.27% for open pit, 1.05% for underground, 0.80% for underground potash and 0.68% for solution mines.

Safety training at Saskatchewan mine sites is continuous with new workers having an extensive safety training orientation of between 32 and 40 hours supplemented by ongoing safety training. There are over 130 designated safety professionals working at the mine sites.

HOW DOES MINING AFFECT EACH OF US IN SASKATCHEWAN?

Mining provides an economic foundation for all of Saskatchewan residents – northern, rural and urban. Mining companies in Saskatchewan directly contribute on average approximately \$1 billion in revenue annually to the provincial government. These revenues support government programs and services such as health care, education and infrastructure development. Globally, the mining companies in Saskatchewan are feeding and fueling the world. Potash is used as a fertilizer to improve crop quality and quantity to feed the world's growing population on a decreasing area of arable land, and uranium is providing a source of non-GHG emitting energy to countries all over the world. Closer to home, coal mined from southern Saskatchewan provides almost 50% of the base power load for Saskatchewan's electrical energy. Virtually everything around us from computers, jewelry, cars, windows, cellphones, wall board, cosmetics, medical treatments, vitamins, toothpaste all contain components of minerals. We have a saying in the industry, "if it can't be grown it was probably mined". The benefits and products from mining surround us every day.

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