

Minerals Industry



The value of Saskatchewan's mineral production in 2015 was approximately \$8.2 billion, the second highest in Canada.

Our Competitive Edge

- \$50 billion is being invested in capital mining projects in Saskatchewan over the next 20 years
- Saskatchewan is the largest potash producer in the world, accounting for approximately 28% of total production in 2015, and hosting almost half of the globe's potash reserves
- The province produces 100% of Canada's uranium and accounted for approximately 22% of the world's primary uranium production in 2015, second only to Kazakhstan
- Saskatchewan has a variety of other minerals including: gold, base metals, clays, coal, diamonds, platinum group metals, sodium sulphate, silica sand and rare earth elements
- High-quality, easily accessible geoscience information from the online Geological Atlas of Saskatchewan at http://economy.gov.sk.ca/geological_atlas
- Mineral dispositions can be acquired online through the Mineral Administration Registry Saskatchewan (MARS) system at <http://economy.gov.sk.ca/SaskMineralRegistry>

Sales: value of Saskatchewan's mineral production was \$8.2 billion in 2015, which according to Natural Resources Canada (NRCAN) was the second highest in the country. In 2015, Canada's leading mineral for the

value of sales was potash (valued at \$6.1 billion); all of Canada's operating potash mines are located in Saskatchewan.

Exploration Expenditures: A survey conducted by the Ministry of the Economy showed that in 2015, \$211 million was spent on exploration and development programs in Saskatchewan compared to \$216 million in 2014, \$236 million in 2013, \$325 million in 2012, and \$293 million in 2011. Exploration spending continues to be well above historic averages and it is estimated that \$224 million will be spent in 2016.

Mining Capital Expenditures: NRCAN reported that Saskatchewan continued to lead all provinces in 2014, with intended capital investments of \$4.05 billion in the mineral extraction sector, representing nearly 30% of national expenditures.

Technology: Saskatchewan mines feature leading-edge technology, developed and manufactured in the province such as: continuously running machinery, remote-controlled underground mining equipment, artificial ground freezing and state-of-the-art tailings management facilities.



Workforce: Saskatchewan has a well-trained, reliable, productive workforce with the longest tenure and one of the highest percentages of workers under the age of 24 of any province in Canada.

Mineral Wealth

Potash: significant capacity expansion to existing mines is underway, and the first new mine in 40 years is under construction.

Exceptionally large, high-quality deposits; low production costs and a favourable regulatory regime have resulted in the world's largest potash industry. By conservative estimates, Saskatchewan could supply world potash demand at current levels for several hundred years.

In 2015, Saskatchewan produced over 11 million tonnes of K_2O with a sales value of \$6.1 billion. The Saskatchewan potash industry is planning on spending \$13.5 billion to nearly double productive capacity at existing mines. 'Greenfield' development includes a new potash mine under construction by Germany's K+S Potash Canada; other companies new to the province's potash industry include BHP Billiton, Yancoal, JSC Acron and Rio Tinto, which are evaluating projects for new mine development.

About 45% of Saskatchewan potash exports go to the United States; most of the remaining exports are sold to the Pacific Rim and Latin America. Saskatchewan offshore sales are made through Canpotex, a marketing company owned by Saskatchewan potash producers. Markets in Asia and Latin America have significant growth potential.

Uranium: high exploration levels (\$1.5 billion spent on hundreds of projects from 2003 to 2015), significant new discoveries, advanced exploration projects, and the new Cigar Lake Mine, which commenced production in 2014.

The Athabasca Basin of northern Saskatchewan has the largest high-grade uranium deposits in the world. The province is the globe's second-largest primary uranium producer, and home to the world's largest uranium mine. Recognized as a stable, long-term source of uranium, there remains strong potential for new discoveries and investment opportunities in uranium exploration projects. In 2015, Saskatchewan produced nearly 35 million pounds of U_3O_8 .

Diamonds: extensive exploration and evaluation in one of the world's largest diamond-bearing kimberlite fields, and new discoveries in other parts of the province.

Saskatchewan's Fort à la Corne area has one of the world's largest kimberlite fields, with the surface area of some kimberlites exceeding 200 hectares; and the Star-Orion South project alone is estimated to contain more than 34 million carats.

A recent discovery of diamond-bearing kimberlite in north-central Saskatchewan has reinvigorated grassroots diamond exploration on the exposed Pre-Cambrian shield. Unlike many other jurisdictions, areas of diamond potential are close to infrastructure.

Gold: one mining operation, and large underexplored areas with high gold potential. Exploration expenditures have focused on the La Ronge Greenstone Belt and north of Lake Athabasca. The Seabee Operation produced over 75,000 ounces of gold in 2015, a record annual production.

Coal: third-largest producer in Canada with annual production of about 10 million tonnes of thermal coal or lignite, and resources in excess of 5 billion tonnes.

Other Industrial Minerals: production of bentonite, clays, salt, silica sand, sodium, and potassium sulphate. Mineralized brines, kaolin and building stone potential.

Base Metals: copper and zinc are currently produced by Hudbay Mining from the Saskatchewan part of the Callinan ore body at Creighton/Flin Flon. There is currently one advanced stage project, and potential exists in several other parts of the province.

The Investment Climate

- According to the Fraser Institute's 2015 Survey of Mining Companies, which evaluates 109 jurisdictions, Saskatchewan's mining investment attractiveness ranks 1st in Canada and 2nd worldwide
- High standards for environment, sustainable development and safety
- World-class research and development, led by the universities of Saskatchewan and Regina, the Saskatchewan Research Council, the International Minerals Innovation Institute and the Canadian Light Source synchrotron
- One of the world's largest exploration sample processing labs, with expertise in uranium and diamonds
- Central location with excellent transportation services to North American and offshore markets
- A list of companies with exploration and development projects that would consider investment proposals can be found at http://economy.gov.sk.ca/investment_opportunities

The Bottom Line

Mineral Investment Encouraged

- Firm commitment to enhance and sustain industry competitiveness
- High-quality, extensive and easily accessible geoscience information, including online mineral deposit models can be found at <http://economy.gov.sk.ca/geopub>

Lower Business Taxes

- No corporate capital tax on new capital investment
- 12% corporate income tax rate
- No payroll tax
- No health insurance premiums
- 5% provincial sales tax, the lowest of the nine provinces that have a sales tax
- Up to 15% personal income tax rate, fourth lowest in Canada

Tax Credits

- 10% mineral exploration tax credit for Saskatchewan residents
- 10% provincial income tax credit for scientific research and development expenditures
- Fuel tax rebate for mineral exploration

Royalty Framework

- Competitive royalty regimes, including 10 year royalty holidays for new gold and base metal mines

For more information, contact:

Gary Delaney, PhD, P.Geol.
Chief Geologist
Saskatchewan Ministry of the Economy
11th Floor, 1945 Hamilton Street
Regina SK S4P 2C8
Phone: (306) 787-1160
Email: Gary.Delaney@gov.sk.ca

Jason Berenyi, P.Geol.
Assistant Chief Geologist
Minerals and Northern Geology
Saskatchewan Ministry of the Economy
11th Floor, 1945 Hamilton Street
Regina SK S4P 2C8
Phone: (306) 787-2579
Email: Jason.Berenyi@gov.sk.ca