

## MINERALS INDUSTRY

### *Our Competitive Edge*

- \$43 billion to be invested in capital mining projects in Saskatchewan over the next 20 years
- Saskatchewan is the largest potash producer in the world, typically accounting for 30% of total production, and hosting half of the globe's potash reserves
- The province is the world's second largest uranium producer, supplying 18% of the world's production in 2010
- Saskatchewan has a variety of other minerals including: gold, base metals, clays, coal, diamonds, platinum group metals, rare earth elements, silica sand and sodium sulphate

**Sales** – value of mineral production in 2010 was approximately \$6.9 billion – the second highest in Canada – up from \$4.6 billion in 2009

**Exploration Expenditures** in 2010 were an estimated \$320 million. An all-time high of \$474 million, involving over 250 projects, was set in 2008

**Policy** – Saskatchewan was rated the world's third best jurisdiction for 'encourages investment' in the Fraser Institute Annual Survey of Mining Companies 2010/2011.

**Technology** – Saskatchewan mines feature leading-edge technology, developed and manufactured in Saskatchewan such as: continuous mining equipment used in the potash industry; remote-controlled underground mining equipment and state-of-the-art tailings management facilities for uranium production

**Workforce** – Saskatchewan has a well-trained, reliable, productive workforce with the highest percentage of workers under the age of 24 of any province in Canada

### *Mineral Wealth*

- In 2010, Saskatchewan's exports increased by 10.4% to \$24.2 billion; more than half – 56.3% (\$13.6 billion) – was due to mining and oil & gas exports
- Potash: dramatic capacity expansion underway
- Uranium: high exploration levels, significant new discoveries; advanced exploration projects and new mines in development
- Diamonds: extensive exploration and evaluation in one of the world's largest diamond-bearing kimberlite fields has led to extensive exploration and evaluation
- Gold: two new mines opened in 2011, bringing the number of Saskatchewan gold mines to three, with another currently in development
- Copper, zinc, lead, platinum group metals and nickel potential
- Rare earth elements: one advanced plus several early stage exploration projects
- Commercial production of sodium sulphate, peat and silica sand
- Industrial minerals with potential for commercial development include: calcium and magnesium brines, gypsum, graphite, silica sand and clays, peat, building stone, limestone and salt
- Coal: third-largest producer in Canada with resources in excess of 10 billion tonnes



## **Potash**

Exceptionally large, high quality deposits and low production costs result in the world's largest potash industry. Typically accounting for 30% of the world's trade in potash, Saskatchewan contains one-half of the known global reserves. By conservative estimates, Saskatchewan could supply world demand at current levels for several hundred years.

In 2010, Saskatchewan produced 9.1 million tonnes of K<sub>2</sub>O with a sales value of more than \$5.3 billion. In response to anticipated demand, the Saskatchewan potash industry is planning to spend \$13 billion to increase productive capacity by 90%. Several companies new to the province's potash industry – BHP Billiton, Vale, K+S – are planning new 'greenfield' mines.

Saskatchewan offshore sales are made through Canpotex, a marketing company owned by the Saskatchewan potash industry. Canpotex has received many export awards thanks to its record of first-class, dependable service. 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. Markets in Latin America and Asia have significant growth potential.

## **Uranium**

Accounting for 18% of primary global production in 2010, Saskatchewan is the world's second largest uranium producer and home to the world's largest uranium mine. Recognized as a stable, long-term source of uranium, there is still strong potential for new discoveries in Saskatchewan's Athabasca Basin. Natural Resources Canada's forecast for uranium production in 2010 is 26 million pounds with exports valued at more than \$750 million.

## **Diamonds**

Saskatchewan's Fort à la Corne area has one of the world's largest kimberlite fields – the surface area of some kimberlites exceeds 200 hectares. The Star-Orion Kimberlite project is in the final stage of full feasibility. Unlike many other jurisdictions, diamond exploration areas in Saskatchewan are usually well-served with infrastructure including road and power.

## **Gold**

While gold has been produced in Saskatchewan since the early 1900s, there are still large underexplored areas with high gold potential. Exploration expenditures have focused on the La Ronge Greenstone belt and north of Lake Athabasca. Cumulative gold production from Claude Resources' Seabee mine is approaching one million ounces. Golden Band Resources and Claude Resources both opened new mines in 2011; other gold projects are in development.

## **Industrial Minerals**

In addition to potash, Saskatchewan produces coal, bentonite, clays, salt, silica sand, sodium and potassium sulphate. Brines, kaolin and building stones show potential.

## ***The Investment Climate***

- World-class research and development led by the Universities of Saskatchewan and Regina, the Saskatchewan Research Council and the Canadian Light Source synchrotron
- One of the world's largest exploration sample processing labs – expertise in uranium and diamonds
- Central location with excellent transportation services to North American and offshore markets
- High standards for environment, sustainable development and safety
- A list of companies with exploration and development projects can be found at [www.er.gov.sk.ca/investment\\_opportunities](http://www.er.gov.sk.ca/investment_opportunities)

## *The Bottom Line*

### **Mineral Sector Encouraged**

- Firm commitment to enhance and sustain industry competitiveness
- Current, extensive and accurate geoscience information, e.g., the Saskatchewan Research Council ([www.src.sk.ca](http://www.src.sk.ca)) operates specialized laboratories to provide quick, confidential mineral exploration services, including one of the largest commercial diamond laboratories in the world, identified by De Beers as its external lab of choice

### **Lower Business Taxes**

- No corporate capital tax on new capital investment
- Corporate income tax rate reduced to 12%
- No payroll tax
- No health insurance premiums
- 5% provincial sales tax is the lowest of the nine provinces that have a sales tax
- Top marginal rate for personal income tax (15%), third lowest in Canada

### **Tax Credits**

- 10% mineral exploration tax credit
- 15% 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

## *Want to know more? Contact:*

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Visit the Saskatchewan Ministry of Energy and Resources' website at [www.er.gov.sk.ca](http://www.er.gov.sk.ca) to learn about Saskatchewan's mineral industry. Information on business development and investment attraction is available on the Enterprise Saskatchewan website at [www.enterprisesaskatchewan.ca](http://www.enterprisesaskatchewan.ca)

**Disclaimer:** The information in this document is accurate as of August 2011; however, the Government of Saskatchewan accepts no liability for any actions taken as a result of the information contained herein.