

Mining... GREAT for Saskatchewan!

An Overview of the SASKATCHEWAN MINING INDUSTRY

Mining Supply Chain Forum

April 14, 2010

P.L. Schwann, Executive Director, SMA





Mining Investment



- Between 2008 - 2012, mining companies in SK will invest over **\$10 B** in projects
- In the next 20 years, mining companies in SK will invest over **\$43 B** in new projects

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What is the value of a mine to suppliers?



- Model mine with annual revenues of \$270 M with 480 employees creates 1,103 jobs in mining supply firms. (OMA)
- \$1 B of investment by the mining and primary metals sector has an impact of \$1.3 Billion on the Canadian supplier industries

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SMA Survey said ...

2008 Impacts

Mining * accounted for:

- **\$7.7 billion** in GDP (12%) of the total provincial economy.
- **30,500 jobs** or 6% of total employment or almost **1 in every 16 jobs**.
- Labour **income** impact of **\$1.5 B**
- **\$1.1B** to government revenue (5 yr average)

*Mining – direct, indirect and induced

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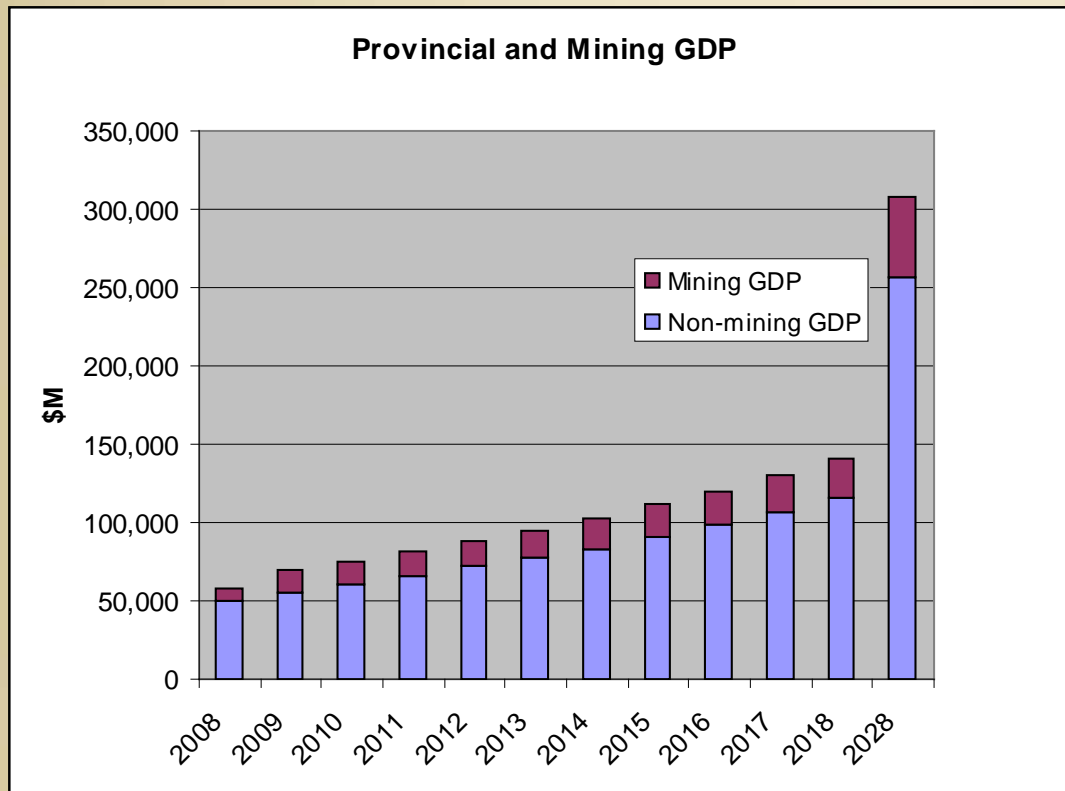
20 Year Impacts (2009 – 2028)

The mining industry is poised to **add**:

- On average almost **32,000** new jobs per year (construction and operations) to the Saskatchewan economy.
- On average **\$9.5 billion per year** to the provincial GDP. (representing 17 - 10%)
- A further \$28 billion in provincial revenues or **\$1.4 billion per year**. (\$50.2 B total)
- All of these impacts are **incremental to existing** mining activity.



Mining Contribution to GDP



- From 2009 to 2028, proposed industry expansion plans will see mining's contribution to provincial GDP increase to the 17 to 20% range.

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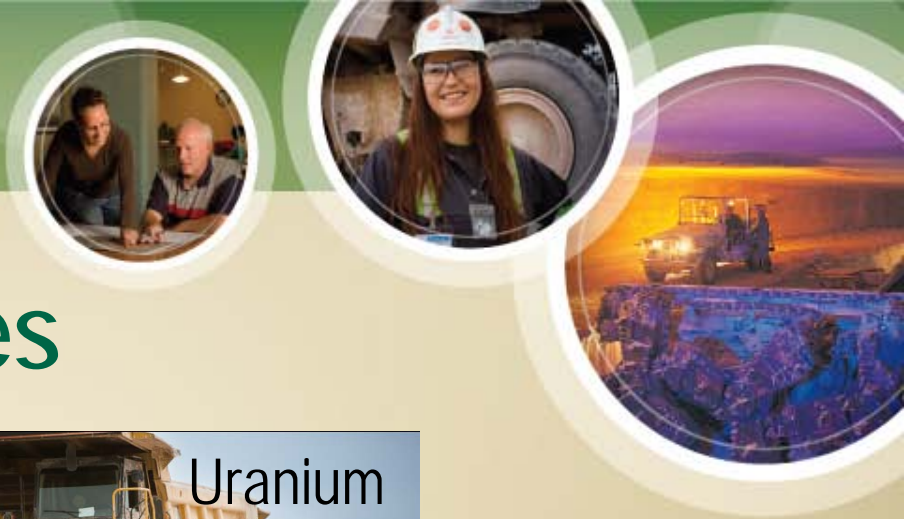


SK Companies are Global Leaders



- Historically, world's leading producers of potash (33%) & uranium (22%)
- Canada's #1 mineral producer (by value) in 2008 (\$9.7 B); #4 in 2009 (\$5.0B)

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Diversity of Resources

Precious, Base and RE Metals



Diamonds



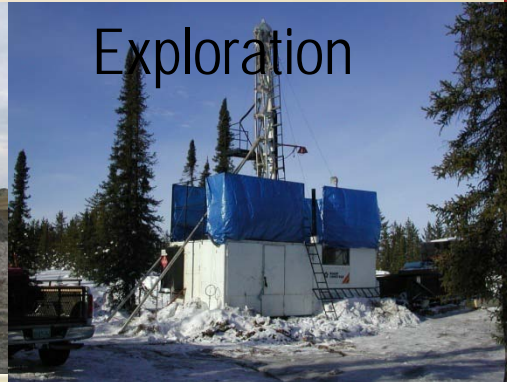
Coal



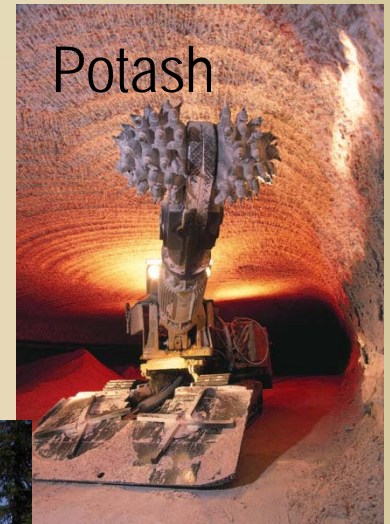
Uranium



Industrial



Exploration

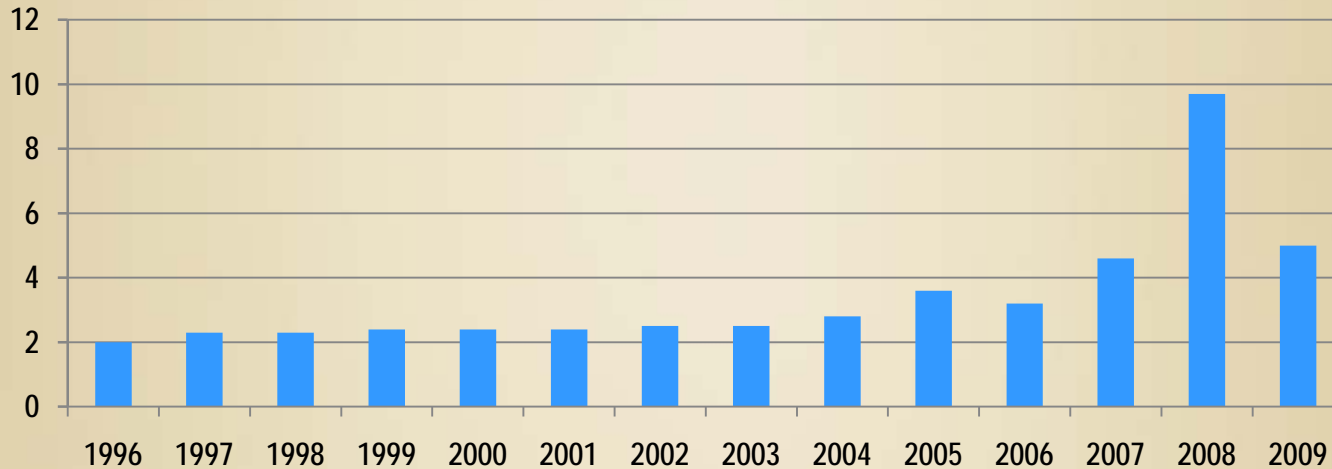


Potash



VALUE OF MINERAL PRODUCTION

Value of Sales (\$B)



**2008 Value of Sales record \$9.7 Billion;
2009 Value of Sales \$5.0 Billion**

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POTASH

Saskatchewan companies are the world's largest producers (31%); 95% of Canada's production.

- 10 producing mines
 - (8 underground and 2 solution)
- 3 producing companies:
 - PotashCorp (5) Mosaic (4) Agrium (1)
- Existing annual capacity of 23 M t KCl
- 2008 production 16 M t KCl
- 2008 value of sales ~ \$8.3 B



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POTASH MINES

COMPANY	MINE	2008 Production (M t KCI)	Expansion Capital Costs (announced)	Expansion (t KCI)
Agrium	Vanscoy	1.76	\$83 M	310,000
Mosaic	Esterhazy (K1 & K2)	4.10	\$1.73 B	2,900,000
	Colonsay	1.4	\$530 M	1,300,000
	Belle Plaine	2.2	\$970 M	2,000,000
PotashCorp	Lanigan	2.14	\$410 M	1,500,000
	Rocanville	2.83	\$2.8 B	2,450,000
	Allan	1.09	\$350 M	1,400,000
	Cory	0.42	\$1.1 B	2,200,000
	Patience	0.28	\$110 M	360,000



POTASH DEMAND



- Globally - more people require more and better quality food from a decreasing arable land base
- Increasing global demand forecast at 3 – 4% per year (2 M t KCl = 1 SK mine)
- \$8.4B in announced expansion and debottlenecking operations will add 15.4 M tonnes KCl additional capacity for a total capacity of 36.3 M t KCl (75% increase over 2004 capacity)

POTASH PIPELINE Greenfield



- BHP Billiton
 - Jansen Project – additional \$240 M capital expenditure for Definition Study
 - Acquisition of Athabasca Potash
- Potash One – Legacy Project
- Karnalyte Resources – Wynyard Project

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URANIUM



- 100% of Canadian production;
- In 2009, world's #2 producer;
 - 20% of world's Uranium ; 26 M lb U3O8
 - Kazakhstan (26%); Australia (16%)
- Currently 3 operating mines
 - McArthur River/Key (72% - 18.7 lb);
Eagle Point/Rabbit Lake (14%) ; Sue B
& E/McClean (14%)
- > 25 years production at current rates
plus new deposits continue to be
discovered

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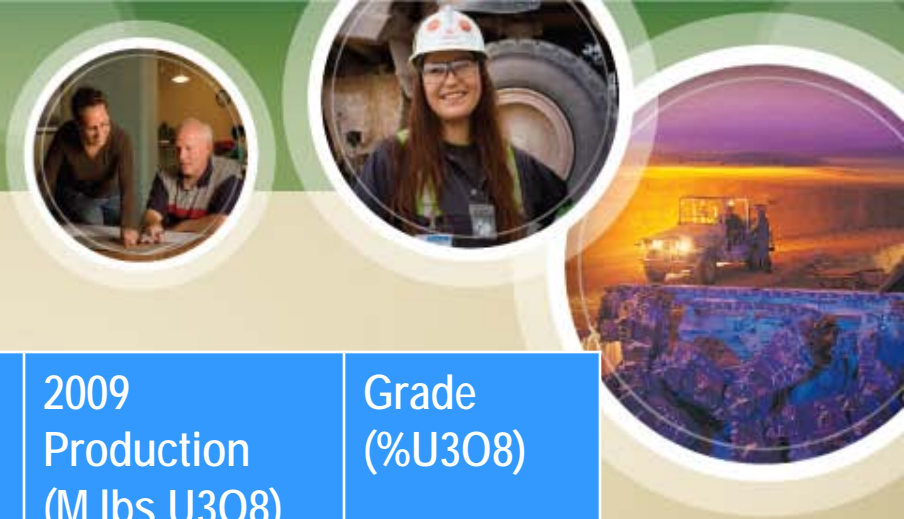


URANIUM DEMAND

- World electricity demand will increase by 45% by 2030
- increased consumption = increased uranium demand
- Nuclear energy is a non-GHG emitting reliable source of base load power
- Currently 436 nuclear reactors operating globally; in the next decade 91 new reactors expected – China and India



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URANIUM MINES

COMPANY (OPERATOR)	MINE	OWNERSHIP	2009 Production (M lbs U3O8)	Grade (%U3O8)
Cameco	McArthur River (milled at Key)	Cameco (69.805%) AREVA (30.195%)	18.7	20.69
Cameco	Eagle Point (milled at Rabbit)	Cameco	3.6	0.98
AREVA	McClellan*	AREVA (70 %) Denison (22.5%) OURD (7.5%)	3.38	1.3
Cameco	Cigar Lake	Cameco, AREVA Idemitsu, TEPCO	n/a	
AREVA	Midwest	AREVA, Denison, OURD	n/a	

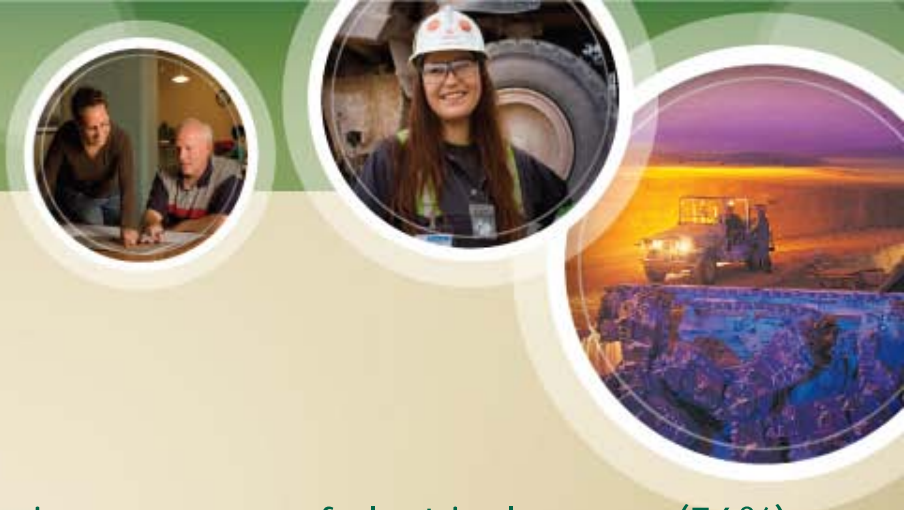
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URANIUM PIPELINE

- McArthur River P2 Structure & Expanded Capacity
- Cigar Lake
 - 18 M lbs annual (226 M lbs total)
- Midwest Lake
 - 9 M lbs annual (26.7 lbs total)
- Millenium Deposit
 - Feasibility
- McClean Lake JV
 - McClean North & Caribou
- Shea Creek
- Others
 - Roughrider, Centennial, Phoenix





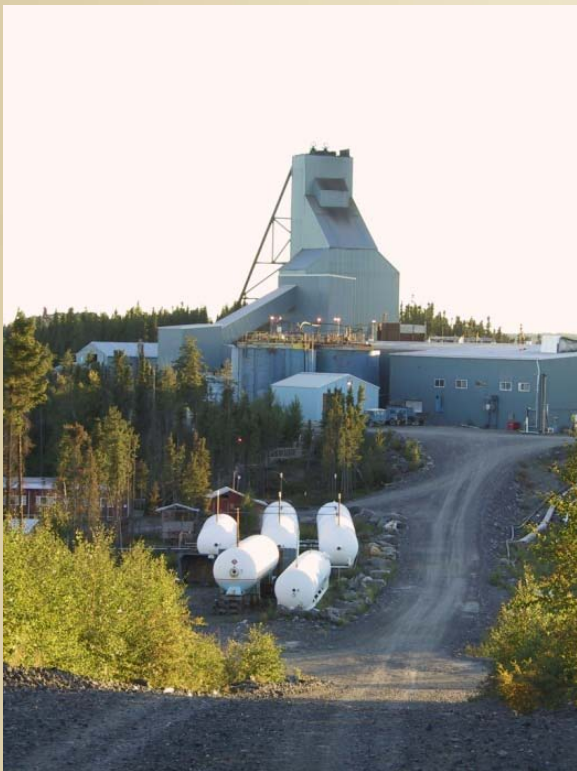
COAL



- SK primary source of electrical energy (56%)
- 3 Lignite coal strip mines in the Estevan & Coronach areas (Boundary, Bienfait and Poplar River – Sherritt Coal)
- Value – added opportunities
- Clean Coal Technology Project – Estevan (\$1.4B)
- 4 Activated Charcoal Plants (Bienfait)
- New coal play – East Central SK with intercepts of 20 m sub-bituminous



GOLD



Seabee Mine (Claude Resources):

- Producer since 1991
- 46,800 oz Au in 2009
- Total production ~ 900,000 oz Au

Golden Band Resources

- Production 2010 from La Ronge area Bingo Deposit

Linear Gold Corp.

- Goldfields Mine Development – U City area (advanced project)



DIAMONDS & More



Shore Gold

- Pre-production
 - Combined prefeasibility study for Star and Orion South completed in Feb 2010.
 - Feasibility study completed Q1 2011

Great Western Minerals

- Hoidas REE

Fortune Minerals

- Proposed NWT Au-Co-Bi-Cu Mine with value added mineral processing Minerals Processing Plant – Langham proposed 2012



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