

Benefits from Northern Mining

2018 Summary



Northern Saskatchewan Environmental Quality Committee members touring mine site reclamation near Uranium City.

Mining in Northern Saskatchewan

The northern half of Saskatchewan is a land of lakes, forests, mineral resources, and natural beauty. It is home to about 40,000 people. The predominant cultures in the region are Cree, Dené, and Métis.

The mining workforce in the north totaled about 1,600 jobs in 2018, compared to about 3,900 at its peak in 2012. Despite layoffs over the past two years, mining continues to be the largest private-sector employer in the north. Three facilities are in full production: Cigar Lake uranium mine with milling at McClean Lake mill, and Seabee gold mine/mill. Uranium operations in care and maintenance include: McArthur River mine/Key Lake mill and Rabbit Lake mine/mill.

Six more operations no longer have employees: Midwest Project, La Ronge Gold Project, Cluff Lake, Beaverlodge, Konuto, and Parks Lake.

Agreements in effect

The owners of these 12 operations entered into two agreements with the province for each site for the life of the operation. These are the **mineral surface lease agreement** and the **human resource development agreement**.

The Ministries of Environment and Government Relations each administer sections of the mineral surface lease agreements. The main purpose of these agreements is long-term rental of Crown land for mining in Northern Saskatchewan.

The surface lease agreements also contain commitments for environmental protection, occupational health and safety, and socio-economic benefits for residents of Saskatchewan's North.

Each lease also requires the mining operator to have a human resource development agreement, administered by the Ministry of Immigration and Career Training. These focus on opportunities for northern training, employment, and job advancement.

Saskatchewan uses the mineral surface lease agreement to help residents of Saskatchewan's North benefit from mining operations in their region. After 30 years, the outcomes are: an increase in local skilled workers; competitive local suppliers; and better-informed communities.

Each year, the mining operations report to the province on their efforts in meeting their socio-economic commitments under these agreements. This is a summary of their reports for 2018.

Partners' commitments

The parties to each mineral surface lease agreement make commitments for socio-economic benefits for Saskatchewan's North. The province commits to a spirit of cooperation with industry and to use best efforts in providing literacy and basic education.

The mining companies commit to their best efforts in maximizing opportunities in four areas: employment, training, business, and compensation to previous permit or leaseholders.

Uranium mining companies make four additional commitments for employee services, education promotion, community vitality monitoring, and public involvement.



Twelve mineral surface lease agreements are in effect for mine/mill operations in Northern Saskatchewan Administration District.

1) Employment commitment

All mining operations commit to work with the province, other mining operators, and other agencies to use their best efforts to maximize northern employment. Uranium companies make an additional commitment to work towards a long-term goal of 67 per cent northern participation in their northern labour force. In 2018, the mining industry in Northern Saskatchewan:

- Supplemented Employment Insurance up to 75 per cent of regular pay for laid-off direct

employees, and considered transfers to other sites as opportunities arose.

- Gave preferential consideration in all job openings to northerners, particularly those from 17 priority recruitment communities located nearest to the mine/mill sites.
- Focused on contracting with service suppliers who employed northerners.
- Maintained four offices and satellite offices in the northern communities of La Ronge, Black Lake, Hatchet Lake, and Fond du Lac.
- Employed three liaison staff in the Athabasca Basin to assist the seven Athabasca communities in recruitment, training, community investment, and engagement.
- Provided air transportation for workers to mine sites from 10 northern communities as well as Prince Albert and Saskatoon.
- Advertised jobs broadly on company websites, social media, radio stations, provincial papers, northern publications, and community channel television scrolls.
- Assisted northern employees and other site workers with applications and interviews for internal career opportunities to help them advance their careers.
- Maintained union agreements that give preference to northern and Indigenous workers in jobs, apprenticeships, recalls, and retention during workforce reductions.

Definition of a "Resident of Saskatchewan's North"

For recruitment purposes, a "Resident of Saskatchewan's North" (RSN) is defined as:

- A person who has resided in Saskatchewan's North for a period of 10 years or one-half his or her age, whichever is less. A person retains "northern status" if he or she:
 - needed to relocate outside of Saskatchewan's North for education;
 - resided outside of Saskatchewan's North for less than five years; or
 - moved back to the North.

Or

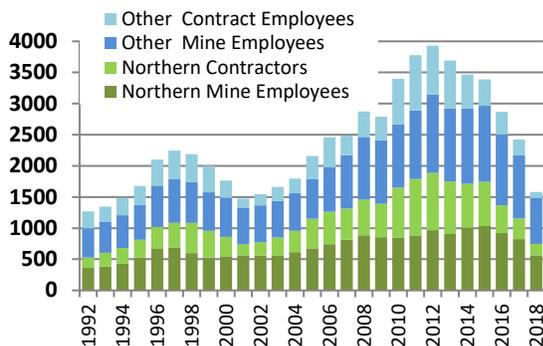
- A northerner who is transferred to another northern mine, or re-employed by a mine within the year and met the above criteria at the time of recruitment.

Employment statistics

The chart below shows the “boom and bust” nature of the mining sector. The northern mining sector peaked in 2012 and has since declined by about 2,300 total jobs. The decline is the result of completion of construction projects and, since 2016, layoffs in response to weak demand and prices for uranium worldwide. Market demand and prices are largely outside the control of any company.

Sites in care and maintenance include Key Lake and McArthur River. These sites initially laid off workers for 10 months in 2018. During this time, the operator supplemented Employment Insurance up to 75 per cent of regular pay for its direct employees. In late 2018, the layoffs were made indefinite and about 850 workers were let go. About 250 workers remain to provide care and maintenance. Rabbit Lake mine, closed since 2016, continues in care and maintenance with a small workforce.

What is the long-term employment trend at mines in Northern Saskatchewan?



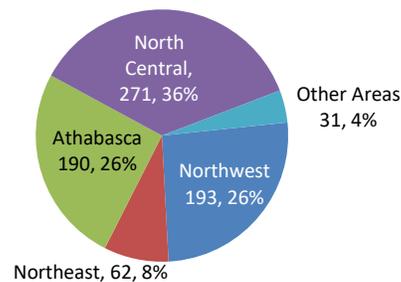
As of December 31, 2018, the industry:

- Employed 1,583 people at mine sites in direct and contract jobs. This is a reduction of 840 positions from a year ago.
- Maintained a high rate of northern employment – 47 per cent. Of the 747 northerners, 565 were employed by the mining operators and 182 by long-term contractors (in catering, janitorial, security, construction, and underground mining).
- Achieved an Indigenous participation rate of 39 per cent - one of the highest rates of Indigenous employment in Canada in the industrial sector.
- Employed 256 females – they made up 16 per cent of the workforce. Half worked in

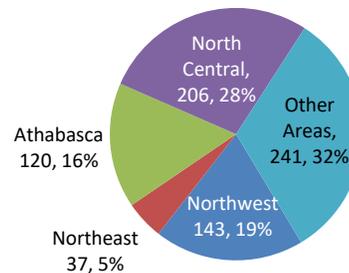
higher skill categories like supervisory, technical, trades, and professional jobs.

- Reported 68 per cent of northern workers continue to reside in the northern region. See the chart below for where they live.

Where were the 747 northern mine employees and contract workers hired from?



And where do they live now as of Dec. 31, 2018?



Job forecast for 2019

Cigar Lake, McClean Lake, and Seabee operations plan to maintain their production and employment levels during 2019.

There are no plans yet to restart the sites that are in care and maintenance. As a result, employment opportunities will be limited. Companies anticipate hiring about 110 workers, mostly to replace turnover. In addition, about 40 summer/student jobs will be available.

Job Recruitment Forecast for 2019	
Operations	Technical/Professional
Miner, equipment operator, mill operator	Environmental and geological technician, engineer, geologist, nurse
Entry Level	Trades
Mill utility person, labourer, kitchen and housekeeping worker	Power engineer, welder, plumber, carpenter, industrial mechanic, heavy duty mechanic

2) Employee education and training commitment

All mining operations commit to use their best efforts to maximize training and job advancement opportunities for northerners.

External partnerships

As partners in multi-party initiatives, mining companies help build a trained labour force in the North from which the mining companies and other businesses can recruit skilled workers. In 2018, mining operations:

- Provided 29 people (12 were RSNs) with work placements or summer jobs in warehousing, administration, site services, and environmental monitoring.
- Partnered with Northern Career Quest (NCQ) - a joint federal, provincial and local northern initiative - for a ninth Mill Operator Training Program at McClean Lake mill. All seven students concluded their training successfully in April and most were hired within the year.
- Partnered with NCQ to implement an Environmental Trainee program for an Athabasca resident and partnered with a contractor for trades apprenticeship at site.

In-house employee development

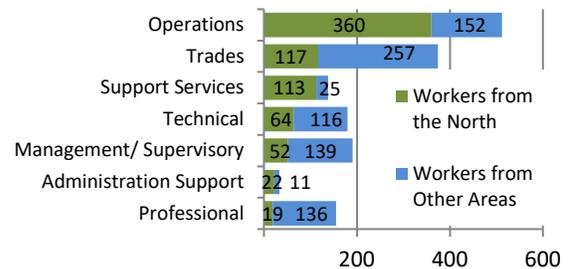
- Delivered thousands of hours of on-the-job skill advancement training for employees and contract workers in underground mining, process operations, mobile equipment, trades, and training required under legislation or licensing conditions.
- Ensured safe workplaces by delivering training for a respectful workplace, WHMIS, fall protection, first aid, radiation basics, control of hazardous materials, mine rescue, ventilation, and fire suppression.
- Spent over \$500,000 in on-the-job training positions for northern apprentices and summer students.

Up-skilling employees

- Apprenticed 11 workers (10 were RSNs) as industrial mechanics, electricians, heavy duty mechanics, steamfitter/pipefitters, parts persons, and scaffolders. Three became interprovincial journeypersons.
- Provided training to seven northern employees to advance as power engineers.

- Provided supervisory skills and leadership training and instructor skills development.
- Supported 252 northerners in higher skill jobs in management/supervision, professional, technical, and trades categories - see the chart below for details.

What types of jobs are at mining operations and how many people work in them? As of Dec 31, 2018



Training forecast for 2019

- Collaborate with NCQ to offer training for employees as environmental trainees; power engineers, mill operators, information technologists, and supervisors.

Provincial commitments

The government undertook the following education and training initiatives in 2018:

- Awarded \$29,000 to 87 northern school students through the Lieutenant Governor's Award of Excellence and the Northern Saskatchewan Student Achievement Award.
- Co-funded with trades employers the Saskatchewan Youth Apprenticeship Industry Scholarships of \$1,000 each to 100 graduating high school students in 72 communities.
- Co-funded the International Minerals Innovation Institute with industry. In 2017-18, \$1 million was awarded to eight programs focused on increasing the number of women and Indigenous people in mining, including mentorship for women in mining and a first responders career "boot camp" for teens.
- Funded \$1.6 million for Following Their Voices initiative to raise educational achievement and participation of Saskatchewan's First Nations, Métis, and Inuit students. Nine northern provincial and First Nations schools participated.

3) Northern business participation commitment

All northern mining operations commit to use their best efforts to encourage northern businesses and joint ventures to supply goods and services.

Uranium operations make an additional commitment – to use their best efforts to achieve a goal of northern businesses annually supplying 35 per cent of the total goods and services to support their operations in Northern Saskatchewan.

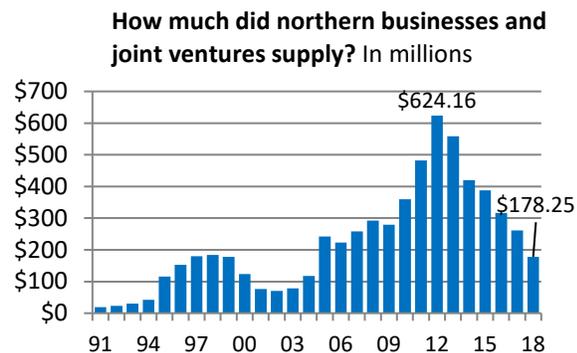
As of December 31, 2018, the northern mining industry:

- Achieved 45 per cent northern procurement, exceeding the target of 35 per cent for the twenty-third year in a row.
- Maintained preferred supplier programs to maximize procurement from northern suppliers.
- Shared information about current and future business opportunities at meetings with communities, leadership, and partners in collaboration agreements.
- Employed staff to liaise with northern businesses.

Expenditure statistics

Over the years, the number of northern suppliers has grown and the variety of their goods and services has expanded. Many of the main suppliers are businesses owned by Indigenous persons or northern communities. In 2018, the northern mining industry:

- Reported total expenditures of \$392 million on goods and services.
- Purchased 45 per cent of their total goods and services - \$178.3 million - from northern businesses and joint ventures.



- Maintained the long-term trend of high levels of northern purchases, although the amount has decreased since 2012. The decline in supplier purchases is due to the completion of mine construction projects and the slow-down in the uranium industry.
- Maximized purchases from northern suppliers in catering, janitorial, flights, freighting, environmental and construction services, and exploration.

Northern mining operations paid \$72 million in wages to their northern employees. Northern wages made up 38 per cent of the total \$187.8 million in wages. Although total and northern wages have declined, the values are double the wages paid in 2003. These amounts exclude contract payroll, which is included in business supply expenditures.



Since 1991, northern mining operations have paid \$7.7 billion to northern employees and northern goods and services suppliers.

Provincial commitments

In business initiatives, the government:

- Co-hosted the 49th annual Saskatchewan Geological Open House in Saskatoon. The event showcased results from this year's work of the Saskatchewan Geological Survey, which celebrated its 70th anniversary.
- Sponsored the tenth annual Saskatchewan Mining Supply Chain Forum with partners. Forum topics included information on opportunities to supply equipment and services to the mining industry; project overviews; and a trade show.

Business Opportunities Forecast for 2019

Due to the continued weak uranium market, it is likely that three uranium operations will remain in care and maintenance shutdowns in 2019 - McArthur River, Key Lake, and Rabbit Lake. Cigar Lake mine, McClean Lake mill, and Seabee operation will be the only uranium and gold producers in the province. Gold production will be slightly up in 2019 while total uranium production will be considerably lower than previous years.

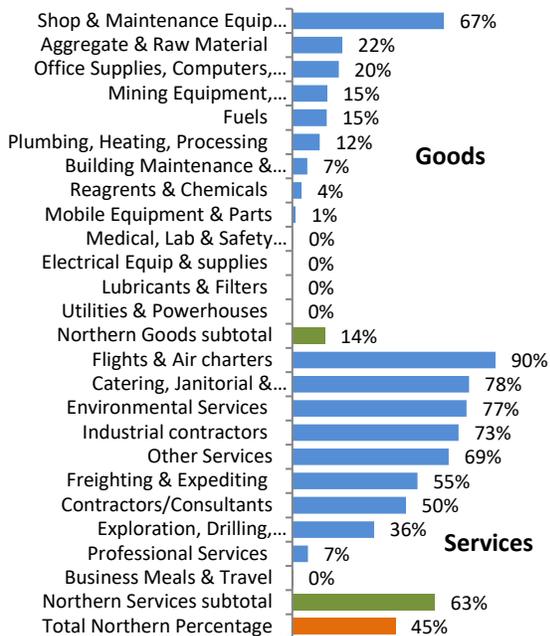
Uranium operations will likely continue their efforts to find savings during these difficult times. Northern businesses, therefore, will see significant reductions in both the number of opportunities and the volume of goods and services they supply.

Some suppliers have laid off workers while others have diversified into other sectors and other regions.

Northern contractors and businesses supplied large proportions of the total catering, janitorial, flights, freighting, construction, and exploration last year. The chart below shows where northern participation is low and offers opportunities. These include supplying medical, laboratory, and safety supplies; electrical supplies; and professional services.

What goods and services do northern businesses supply to the mines?

Percentage by category in 2018



Provincial commitments

In environmental and engagement initiatives, the government:

- Provided \$750,000 for a new Targeted Mineral Exploration Incentive to encourage exploration of base metals, precious metals, and diamonds in an area from La Ronge to Creighton.
- Approved the Seabee gold mine to expand the Tailings Management Facility to provide capacity for about 10 more years of operation.
- Approved the proposed Star-Orion South Diamond mine project near Prince Albert. The approval incorporates conditions aimed at mitigating environmental and community impacts.
- Introduced the Prairie Resilience strategy to reduce industry emissions of greenhouse gases. These performance standards are expected to reduce emissions intensity by 5% by 2030 in potash, coal, and uranium mining.
- Funded the Northern Saskatchewan Environmental Quality Committee with 30 northern community representatives. The committee met to share information with mines and mine regulators in February, July, and November and toured former mine sites of Cluff Lake and Beaverlodge to view environmental reclamation outcomes.
- Spent more than \$125 million to date on the clean-up of old uranium mine and satellite sites in the Athabasca basin, the remnants of mining activities that predate modern environmental regulations. Led by Saskatchewan Research Council, environmental remediation at the sites in 2018 included: Fond du Lac Nuna Joint Venture hauling waste rock to cover the Gunnar Main Tailings area; and sampling, cleanup, and monitoring at several satellite sites.
- Maintained competitive tax regimes, efficient permitting procedures, and certainty surrounding environmental regulations and land-claims. Because of these actions, the Fraser Institute named Saskatchewan as the third most attractive jurisdiction in the world for mining investment in 2018.

4) Compensation commitment – Loss of income

Each mining operation agrees to provide compensation for the loss of commercial income that resulted from their lease of the land. Payments are made to individuals who 1) held a lease or permit to use the lands immediately prior to the establishment of the mine’s surface lease; and 2) used the land to generate commercial income, such as from trapping.

As of December 31, 2018, the northern mining industry:

- Honoured five compensation agreements with trappers around five operations;
- Contributed over \$40,000 in cash payments;
- Provided fuel valued at over \$6,000; and
- Provided \$346,000 in total cash and in-kind compensation since 2011.

5) Employee services commitment

Uranium mining operations commit to provide their employees with on-site services and counseling programs and to consider employee suggestions to enhance these services.

Employee Services and Programs in 2018	
New programs and initiatives in 2018 included “know your neighbour” program and support for International Women’s Day celebrations and mentorships	
Employment equity, diversity, and respectful workplace policies and training sessions	Health, dental, and wellness plans, disability management, and retirement programs
Employee share ownership plans and rewards programs	Employee involvement in process improvements and innovation
Elder advisors at sites and community relations staff in communities to translate, share information, and provide support	Recreation clubs and activities like fitness centres, bicycles, fishing equipment, libraries, movies, high speed internet, television, and cell service
Employee and family counseling and resources for legal, financial, and work-related advice	Healthy living initiatives to contribute to healthy lifestyle choices and work environment



The McArthur River mine site is compact, occupying an area of approximately one square kilometer of leased Crown land.

6) Education Promotion (Stay in School) commitment

Uranium mining operations commit to work with other companies, government, and northern schools to plan and implement programs that encourage northern students to complete high school, pursue higher levels of education, and consider professional careers related to the mining industry. In 2018, the mining industry:

- Awarded or funded scholarships totaling \$135,000 to northern students in technical and university programs. Funds are awarded from company scholarship programs as well as their contributions to collaboration agreement scholarships.
- Awarded over \$35,000 to 97 students in Grades 7 to 12 to promote achievement and academic success among students in the Athabasca region.
- Since 2010, awarded over 1,190 total awards and scholarships, worth \$1.7 million, to northern students.
- Made visits to northern schools, career fairs, and science camps to increase career awareness and promote future opportunities in mining.
- Contributed \$25,000 towards the 12th year of the Science Ambassador program in 11 northern communities. Student “ambassadors” from the University of Saskatchewan bring their expertise in their field of study to promote post-secondary math and science careers while living for six weeks in the communities.

7) Community vitality commitment

Uranium mining operations commit to study the influence of operations on the vitality of communities in northern Saskatchewan. To do so, the uranium industry funds the Community Vitality Monitoring Partnership (CVMP) of government ministries, regional health units, and uranium mining producers. CVMP works to identify and track indicators that provide insight into community vitality. People can use that knowledge to maintain and improve their quality of life.

In 2018, the CVMP:

- Began a new research project about building sustainable northern communities beyond the economic benefits of mining.
- Identified best practices for the project and surveyed over 200 northern residents and business owners to seek suggestions for diversifying the northern economy.

Plans for 2019

The CVMP plans to:

- Share the project's findings with community leaders, businesses, and health and education organizations. The report will outline recommendations and strategies in building robust communities in the north that are sustainable and independent of mining revenues once mining activities cease.

8) Public involvement commitment

Uranium mining operations commit to work with governments, regulatory agencies, and community leaders to consult with and inform northerners about their operations in Northern Saskatchewan. In 2018, companies:

- Made 85 visits to northern communities, leaders, schools, cultural events, career fairs, and open houses regarding collaboration agreements, projects, employment, and career opportunities.
- Hosted nine visits to mines and reclaimed mine sites for community members and local land users.
- Participated in three meetings of the Northern Saskatchewan Environmental Quality Committee to help bridge the information gap between northern communities, industry, and government.

2018 by the numbers:

- 747 northerners worked at sites
 - 39 per cent of the total workforce were Indigenous northerners
 - \$178.3 million in northern purchases
 - \$72 million in northern wages
 - \$170,000 in northern school awards and scholarships
 - 85 northern community visits
- Surveyed public opinion in autumn and found that 80 per cent of Saskatchewan residents and 82 per cent of northerners support uranium mining in the province. The level of support has been consistent since 1990.
 - Provided over \$500,000 for northern cultural camps, breakfast programs, youth educational trips, elders' gatherings, science programs and fairs, career fairs, fish derbies, and hoop dancing.
 - Hosted meetings of collaboration partnership committees to discuss environmental stewardship, business development, and community investment.
 - Shared information on projects, jobs, scholarships, health, safety, and environment by websites, YouTube, Facebook, Twitter, and Instagram, as well as email, magazines, *Opportunity North*, MBC radio, newspapers, brochures, newsletters, and "town hall" meetings at mine sites.

Outside of the expectations under mines' surface lease agreements, uranium operations have five collaboration agreements in effect. These agreements benefit 17 of their key northern communities in employment, business, environmental stewardship, and communications.

For more information, contact:

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The summary is available at www.saskatchewan.ca by using the search box.