

January 6, 2021

Executive Director's Message

Hindsight is was 2020. 2021 already has some great news to share on both the procurement event front and sector news!

The in-person Mining Supply Chain Forum for 2021 has been tentatively scheduled for November 9 and 10 at Prairieland Park. The in-person Energy (Oil & Gas) Supply Chain Forum for 2021 has been tentatively scheduled for October 6 in Regina at the Delta. Both of these will proceed should vaccine rollouts continue on schedule and are proven effective.

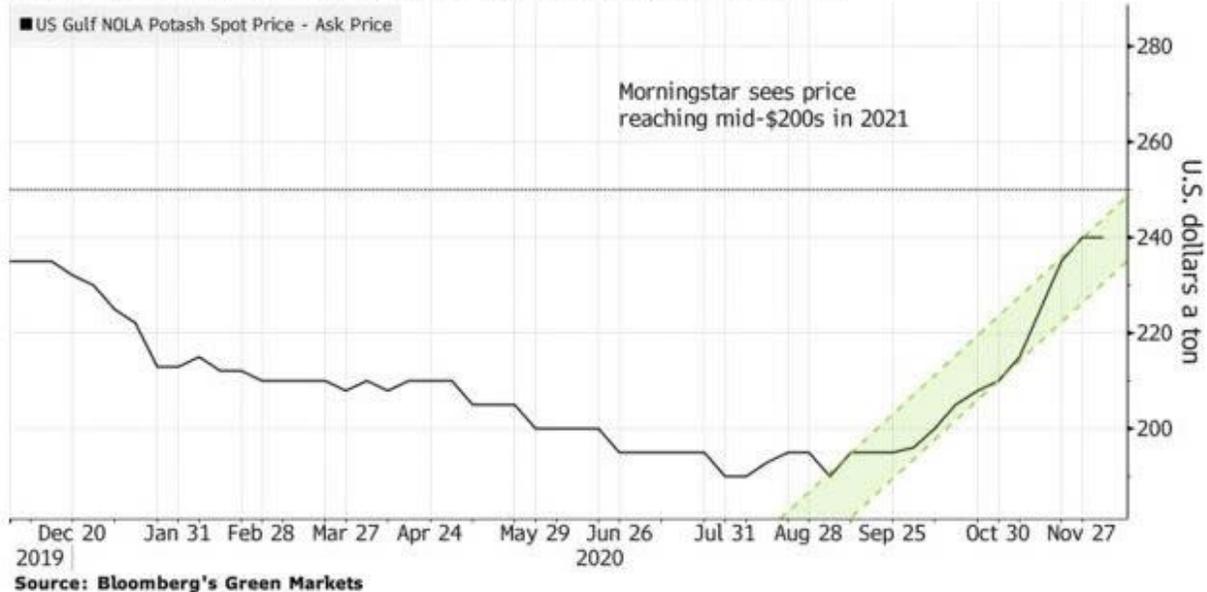
SIMSA is putting together a virtual procurement event with Graham, Ledcor, PCL, and Stuart Olson on February 24th (all of these companies are SIMSA members). We are also planning events with EPCMs Hatch, Stantec, Wood, and Worley in the spring 2021. And, we are planning an event featuring SIMSA member engineering firms in the spring 2021.

Potash sales are forecasted to be at record levels this year! [Both Bloomberg and Morningstar are forecasting](#) that fertilizer producers are next in line to benefit from rising crop prices, with farmers poised to plant more acres in 2021. More importantly, Bloomberg's Green Markets pegs global potash demand at a record in 2021, while Morningstar Inc. says it will likely set a new "high watermark."

The improved farmer income could mean more spending next year, pushing potash prices to the mid-\$200s a ton from about \$230 currently, said Seth Goldstein, a senior equity analyst at Morningstar. Prices may continue higher to \$280 by 2023 or the following year, he said.

Dash for Potash

Fertilizer's price jumps by over a quarter as demand swells



The oil sector is forecasted to have a decisive rebound later this year!

During December's Canadian Association of Oilwell Drilling Contractors (CAODC) "State of the Industry" event, Eric Nuttall made a very compelling case for Canadian oil going forward. Eric Nuttall was Spratt's Senior Energy Portfolio Manager, is now in a similar role with Nine Point Partners, and can be regularly seen on BNN. See [here](#).

Nuttall speaks at 20'50" [here](#). He says that, yes, demand has plummeted in 2020 but supply has dropped a lot more, and once demand returns later in 2021, opportunities for Canadian producers will increase rapidly. He pointed to the collapse of investments into the US shale oil sector which was the global swing producer to balance supply and demand. He also noted that BP and Shell are pulling capital from oil drilling and going into renewables, which further adds to a supply shortfall.

He also pointed out at 43'50" that he can invest into any energy source given his role as an "energy portfolio" manager. He said he does not invest into renewables given they lack returns without government subsidies, which are arbitrary and make a false business case. He reiterates that even if the hydrogen targets are hit, it will only replace 4% of global oil production. He also notes that to hit electric car forecasts, it will require use of all global lithium and cobalt production – and more. In short, oil is still "the" investment energy vs. others, so it will do well.

So, our oil sector will rebound to replace a global shortage in production once demand/prices return, beginning later in 2021.

Eric Nuttall will be delivering the keynote address at SIMSA's Saskatchewan Energy Suppliers' Update, on March 24, 2021. Look for presentations by Crescent Point Energy, Federated Co-operative, Royal Helium, DEEP Energy, and others.

Finally, SIMSA finished 2020 with 224 members, vs. 218 at the start of the year – a great achievement given the year that was. But more importantly, we acquired digital skills that we will use as things evolve to a new normal this year, and we have had a lot of things put into perspective for us.

Please note, SIMSA has not increased its membership fees since we began in 2013, while delivering more value.

Member News

[AGI won "Special Fabrication of the year"](#)

[Fortis completes Mine Shaft rope up at one of the most advanced Underground Research Facilities in the World](#)

[JA Tech is now a Certified Aboriginal Business with the Canadian Council for Aboriginal Business \(CCAB\)](#)

[JA Tech has experience and certified cable jointers to perform High Voltage Cable install, terminations and testing](#)

[JNE Welding Celebrates 40 years of Fabrication Excellence](#)

[Northern Stands — How are Self-Retracting Lifelines rated in Canada, and when you need to recertify them?](#)

[SAGE PRO Protect —PPE solutions for Saskatchewan First Nations](#)

[Team Power Solutions offers Online Instructor-led Safety Training in January](#)

[Team Power Solutions ships first Universal Motor Starter serial number one shipping out!](#)

Advocacy

SIMSA asked SaskBuilds why part of the Saskatchewan Research Council's Rare Earth Elements (REE) processing facility purchasing closed prior to the event we held in December. We also asked why, (1) we did not receive "notifications" of RFP rollout per Mike Crabtree's PowerPoint presentation, (2) the REE persons assumed SIMSA members could not make to separator units with the "exotic" materials required, and (3) the timelines presented on certain communications did not align with what actually happened?

Sector News

[Amended Potash Regulations Seek to Attract New Innovation and Investment](#)

The Government of Saskatchewan has amended The Potash Production Tax Regulations, 2020, which will improve opportunities in the potash sector, particularly for junior producers, around innovation and research and development (R&D). The regulations will offer incentive tax credits of 40 per cent of eligible expenditures for qualified R&D projects and approved market development programs. The amendments will allow companies to take full advantage of the credits by removing expiry dates and enhancing eligibility requirements.

“These changes will promote the expansion of Saskatchewan’s potash sector and ensure that our province remains the preferred jurisdiction in which to pilot innovative technologies,” Energy and Resources Minister Bronwyn Eyre said. The Saskatchewan potash sector accounts for approximately 30 per cent of world production and directly employs approximately 5,000 people. Full-year potash sales for 2019 reached 12.3 million tonnes —the second highest on record, with sales expected to reach a record of nearly 14 million tonnes in 2020.

[Saskatchewan Introduces Strong Recovery Adaptation Rebate](#)

The Government of Saskatchewan announced the new Strong Recovery Adaptation Rebate (SRAR), which will assist businesses as they adapt their business models to address the challenges caused by the global COVID-19 pandemic.

“Our government continues to stand with our small business community as we work toward economic recovery, and this program is one more tool to help small businesses navigate the challenging situation we currently face,” Trade and Export Development Minister Jeremy Harrison said.

The rebate will assist businesses who have adapted to different business models, such as changing the use of square footage, installing physical infrastructure to comply with COVID-19 mitigation guidelines, and upgrading technology, such as websites, to enhance their business. The SRAR program is for Saskatchewan businesses that employ less than 100 people; its launch and applications will be available in the coming weeks.

[Canadian Natural Resources forecasts higher 2021 production spending](#)

Canadian Natural Resources Ltd, said it expects to raise production in 2021 and forecast capital spending to be about \$3.21 billion, higher than 2020 forecast of \$2.7 billion as the company bets on a faster rebound in demand and prices from pandemic lows.

Canadian oil companies are restoring production they had to shut-in to counter a steep price drop this year as the COVID-19 pandemic hammered fuel demand. Some are raising spending and production forecasts for 2021, but remain cautious due to uncertainty over how long the pandemic will last. Peer Imperial Oil said it planned to spend \$1.2 billion in 2021, up 33% from 2020 while Suncor Energy Inc forecast higher production and spending targets for fiscal year 2021.

Saskatchewan - Keystone XL Canada Construction Update

Early in 2020, the project completed a momentous milestone by constructing the International Border Crossing between the Saskatchewan and Montana border in the RM of Val Marie. In addition to the border crossing, in collaboration with a number of landowners across the province, the project saw roughly 40 kilometers of fencing substantially completed in the RMs of Grassy Creek, Piapot, Val Marie and Arlington.

Small crews of Land Agents, Environmental Inspectors and Traditional Knowledge Monitors, among others, were on hand to assist landowners in the responsible construction of the fences. This unique work was essential to prepare for the 261 kilometers of pipeline construction that will traverse the province in subsequent seasons.

The project also conducted some additional environmental work at the Fox Valley Pump Station to ensure a safe and productive workspace for future construction activities. Crews completed their activities for the year and demobilize by December 23. This allowed the team a few weeks off for a well-deserved break.

Other SIMSA Activities

BHP has listed SIMSA's Saskatchewan Supplier Database on the "Supply to BHP" portion of their global website. If you go [here](#) and scroll down to the "BHP Jansen Potash Project," our database is the link for Saskatchewan supplier registration. This somewhat buried page will be brought further forward in their website soon.

At that page they write, "If you represent a Saskatchewan based company, please register at SIMSA (BHP has partnered with SIMSA, the Saskatchewan Industrial & Mining Suppliers Association), click [here](#)." It should be noted that there is a separate link for First Nation or Metis businesses, as well as out of province businesses.

SIMSA will begin its "Lunch and Learn" series featuring member presentation on January 22nd! The first event will feature Almita Pilings. [See here](#)

Upcoming Events

- Members’ presentation events
 - Almita Piling, January 22, 2021 [See here](#)
- Tier 1 construction companies virtual procurement event, potentially with Graham, Ledcor, PCL, and Stuart Olson, on February 24, 2021
 - The conceptual format would see the four companies present:
 - Who they are and previous projects?
 - Upcoming projects
 - Near-term procurement needs
 - How to find out more and/or become a supplier
 - We will also share their presentations as a PDF after the event with attendees. We have not left time for Q&A, as this can be a follow-up item via email, etc., with a designated person.

- Saskatchewan Energy Suppliers’ Update, March 24, 2021. Our conceptual agenda is:

8:00 am	Opening Comments
8:10	Greetings from Province – Minister Bronwyn Eyre
8:30	Keynote – Eric Nuttall, Nine Point
9:00	Crescent Point Energy
9:30	TC Energy
10:00	<i>Break</i>
10:30	FCL Refinery
11:00	DEEP Energy
11:30	Proton Technologies (Hydrogen)
Noon	<i>Break</i>
1:00 pm	Prairie Lithium/LiEP Energy
1:30	Royal Helium
2:00	Small Modular Reactors (SMRs)
2:30	Independent Energy Corporation (Micro Refinery)
3:00	SaskPower/Moose Jaw power plant
3:30	Closing remarks

- Energy (Oil & Gas) Supply Chain Forum, in-person event in Regina at the Delta - tentatively October 6, 2021
- Events with EPCMs Hatch, Stantec, Wood, and Worley in the early spring 2021
- Event featuring SIMSA member engineering firms in the spring 2021
- Mining Supply Chain Forum, in-person event at Prairieland Park - tentatively November 9 & 10, 2021

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