

May 1, 2021

Executive Director's Message

From the sector news included below, it seems that the potash and oil sectors are looking good. And, from the segment on COVID 19 later on in this letter, that situation seems to be improving as well.

So, what else is there?

Well, there has been a lot of talk about ESG and carbon reduction. So, to make all of your lives easier, SIMSA has contracted KPMG to make a reporting tool for you to use for free. You will not need this for a few months, but I can say now that ISNet (as an example) is already adding a segment on it.

Here is what we are having KPMG do for us – they will have the item and workshops completed by the end of June:

Background:

SIMSA is seeking advisory services to support the development of an emissions calculator and delivery of training in order to support members of SIMSA calculate their GHG emissions. The intention is to assist SIMSA members to be adequately prepared to respond to requests from customers and other stakeholders looking to manage their value chain emissions.

Scope of Services and Proposed Work Plan:

KPMG has experience assisting a wide range of companies in estimating GHG emissions and identifying climate related risks and opportunities. We work with multiple companies on estimating and validating GHG inventories. To meet the requirements of SIMSA we propose to undertake the following:

Step 1: External Scan

- KPMG to interview a few 'users' of the GHG data (e.g. Nutrien, BHP, TC Energy, Cameco, etc.) to gain an understanding of the specific type of emissions data they are interested in (e.g. scope 1, 2 and/or 3 emissions) and the preferred format.
- KPMG to prepare an activity survey for SIMSA members. Survey questions will determine which activities members are engaging in that produce both direct (scope 1) emissions and indirect from electricity (scope 2) emissions.
- SIMSA to distribute the survey amongst members, collect results and send to KPMG.

Step 2: Calculator & Manual Development

- KPMG to prepare an emissions calculator in spreadsheet (Microsoft Excel) format
- 1 tab will calculate total emissions
- 1 tab for each activity type will be used for input of activity data from SIMSA members

- 1 tab will host emission factors which will be used in combination with the activity data to calculate emissions. The emission factor tab will be populated with resource sources.
- KPMG to prepare an emissions manual (Word format) for reference by SIMSA members when using the calculator.

Step 3: Workshop

- Two KPMG employees to hold a 4-hour workshop (via video conference) to walk SIMSA members through the input of activity data into the calculator and the resultant emissions.
- SIMSA members would be sent the finished calculator and manual prior to the workshop and be expected to bring activity data (invoices, fuel inventory tracking, etc.) to the workshop.

Deliverables

Our deliverables will be based on the limited procedures outlined above and will include:

- GHG emissions calculator in spreadsheet (Microsoft Excel) format
- GHG Emissions User Manual
- 4-hour training workshop

Note: The GHG emissions calculator will be developed to be “accurate” in its first year of use. The emission factors, particularly those associated with electricity consumption, can change from year to year. It will be up to SIMSA members to update the calculator with new emission factors in each subsequent year.

After this project is complete, SIMSA will provide supporting work on “how to reduce and report your emissions” as well as some baseline/comparative analysis.

Member News

- [JNE uses a creative approach and teamwork to deliver pressure vessels in record time](#)
- [Northern Strands Supplies Big Ice Services with Rigging to Lift and Pull Truck Out of Ice](#)
- [Haztech Health Centre Training Expands to Saskatoon](#)
- [Inside the SRC Lab: Combining Old and New to Solve an Equipment Breakdown Issue](#)
- [Nobel HSSE Management Ltd. announces appointment of Elle Moshenko of the James Smith Cree Nation, as Manager of Medic Services, and Shirley Galloway, R.N. as Advanced Mine Rescue and Firefighter First Aid Instructor.](#)
- [Team Power Solutions announces Regina Office Expansion](#)
- [Team Power Solutions offers Online Instructor-led Safety Training Courses in May](#)

Advocacy

SIMSA was informed of a scenario where a contract for a highways project is awarded in February, the construction company shakes-hands on a deal with a land owner for a temporary man camp the next week, and then the RM's approval process is not complete in mid-April and may not be until June. Given the construction season is short and permitting cannot begin until the contract is awarded, we have a few issues to address if we want our highways improved. The same type of issues arise with gravel and borrow pits.

So, we raised the issues during an April 21 conversation with Jay Meyers – Executive Director of SARM. During this call, we discussed potential ways that we could somehow streamline the approval process, especially when probably a half-dozen contractors do the majority of the work, using the same type of camp over and over. And, yes, the neighbours need to be consulted in every scenario.

To begin resolving the issue, we need to know if the issue could be addressed by things like:

1. Zoning - a pre-designated area for workcamps near major infrastructure?
2. Earlier communications – a note is sent to the impacted RM describing the project when the RFP is sent out, so that the RM can begin site selection approval process?
3. Licensing of camps – have a pre-approved set of camp regulations that if met (facilities, sanitation, clean up, routes, noise, track record, social issues and patterns, etc.), would allow for a camp to be set up with far less approvals immediately prior to placement?

But what else could be done or is needed?

SIMSA has a follow-up meeting on this topic with SARM on May 5.

Sector News

[BHP likely to approve long-delayed Jansen potash project](#)

After years of delays and billions of dollars spent, Scotiabank Analyst Ben Isaacson said there's a 90 per cent chance that BHP Group Ltd. finally greenlights the first phase of its Jansen potash project in Saskatchewan within the next several months. The project entered its feasibility phase in 2011 with an original target date to start selling potash in 2015. Nearly US\$3 billion has been sunk into the Jansen plant and it remains 91 per cent complete. Isaacson said by the time the Jansen project is in full production, perhaps by the end of the decade, the additional potash mined at the facility will be needed.

[Record Subsurface Mineral Public Offering In April](#)

The Government of Saskatchewan's first subsurface mineral Crown disposition public offering of the 2021-22 fiscal year was held, April 19, and raised \$2,448,936.17 in revenue for the province. This is the largest, single-sale since the province adopted the subsurface mineral public offering process in 2018. 117 subsurface mineral permit blocks totaling 224,405.715 hectares were posted. 106 permits consisting of 212,912.965 hectares received bonus bids totalling \$2,448,936.17. Subsurface minerals include natural mineral salts such as boron, calcium, lithium, magnesium, potassium, sodium, bromine, chlorine, fluorine, iodine, nitrogen, phosphorus and sulfur, and their compounds, occurring more than 60 metres below the surface of the land.

[One year after crude turned negative, oilpatch relishes first quarter profit outlook](#)

One year after oil prices crashed to their first and only negative close during a perfect storm of energy demand bad news, the oilpatch is poised to report a first-quarter gush of cash flow thanks to a dramatic recovery in global demand. The market essentially wound up balancing itself out and we had a very large scale recovery. WTI daily spot prices have averaged US\$60.46 per barrel so far in the second quarter, up from US\$58.13 in the first quarter. Both are a far cry from the US\$27.95 per barrel average in the second quarter of 2020.

Expectations are high for the Canadian oilpatch's first quarter; "emerging from one of the worst cycles in recent memory, we believe the sector is now positioned in some of the healthiest ranks," says a report from analysts at National Bank Financial. The analysts expect the cash stockpiles to be used for debt reduction and balance sheet repair after a year of COVID-19 induced shock, rather than a rush into capital spending, although they expect a recent consolidation trend to continue.

[Small Nuclear Reactor Study Released, Alberta Signs SMR MOU](#)

The Premiers of New Brunswick, Ontario, Saskatchewan and Alberta joined virtually to release a study by power utilities in three partner provinces and to formally welcome Alberta as a signatory to the small modular reactor (SMR) memorandum of understanding (MOU) previously signed by New Brunswick, Ontario and Saskatchewan. All provinces involved have agreed to collaborate on the advancement of SMRs as a clean energy option to address climate change and regional energy demands, while supporting economic growth and innovation. The next action identified in the MOU is development of a joint strategic plan, to be drafted in collaboration by the governments of Saskatchewan, Ontario, New Brunswick and Alberta. The plan is expected to be completed in the spring of 2021. The partner provinces will continue to work together and across the nuclear industry, to help ensure Canada remains at the forefront of nuclear innovation, while creating new opportunities for jobs, economic growth, innovation and a lower-carbon future.

[Nutrien Releases ESG Report, Launches Commitments to Drive Sustainable Agriculture and Impact Climate Change](#)

Nutrien, the world's largest provider of crop inputs and services, announced the release of its 2021 Environmental, Social and Governance (ESG) Report. Nutrien also launched six commitments to address the challenge of sustainably feeding a growing global population while protecting the planet. The *Feeding the Future Plan* has action pathways to help transform agriculture by the year 2030:

- **Enable** growers to adopt sustainable and productive agricultural products and practices on 75 million acres globally.

- **Launch and scale** a comprehensive Carbon Program, empowering growers and the agriculture industry to accelerate climate-smart agriculture and soil carbon sequestration while rewarding growers for their efforts.
- **Achieve** at least a 30 percent reduction in greenhouse gas (GHG) emissions (Scope 1 + 2) per tonne of our products produced.
- **Invest** in new technologies and pursue the transition to low-carbon fertilizers, including blue and green ammonia.
- **Leverage** our farm-focused technology partnerships and investments to drive positive impact in industry and grower innovation and inclusion.
- **Create** new financial solutions for growers to strengthen social, economic and environmental outcomes in agriculture.

Nutrien's 2021 ESG Report is a valuable tool for investors and other stakeholders to review Nutrien's key material ESG risks and opportunities.

[Stars are aligning for uranium price rally](#)

The uranium market is emerging from years in the doldrums as the overhang from the nuclear disaster in Japan is cleared and global demand picks up steam. The spot price for U3O8 moved above \$30 per pound for the first time this year as uranium producers and mine developers hoover up above-ground inventories and reactor construction continues apace. The stars seem to be aligning for a new phase of nuclear energy investment with the US, China and Europe bolstering the bull case for the fuel this month. Although nuclear energy was not mentioned explicitly in the \$2 trillion Biden infrastructure proposal recently released, its federally mandated "energy efficiency and clean electricity standard" is hardly achievable without it. Over the weekend leaked documents showed a panel of experts advising the EU is set to [designate nuclear as a sustainable source of electricity](#) which opens the door for new investment under the continent's ambitious green energy program.

[Court upholds Alberta's right to turn off the oil taps to other provinces](#)

The Federal Court of Appeal has ruled that Alberta has the right to control the amount and destination of oil and other fuels flowing through its pipelines. The decision is a victory for the province in its battle with British Columbia over so-called turn-off-the-taps legislation enacted by Alberta in 2018, at the height of a dispute between the two provinces over construction of the Trans Mountain pipeline. The 1,150-kilometre Trans Mountain expansion is to triple the amount of oil flowing from the Edmonton area to B.C.'s Lower Mainland and from there to markets overseas.

Analysis - COVID 19

When it comes to COVID 19, the question I hear is, “When will we get back to normal?” So, for a bit of fun - the “back-of-the-napkin-math” points towards June 21’ish as the potential start date for this process (which could take a couple of months). There are a lot of variables to this, but . . . here’s why.

First of all, this forecast uses my patented system of “Cumulative Resultant Arithmetic Pontification” math (CRAP math), which I first debuted at a CPA event with Helima Croft - Managing Director and Global Head of Commodity Strategy · RBC Capital Markets. I emceed the event and Helima was the keynote. Hopefully you’ve caught on that what this really is, is a best guess using available information. But by the way, I did really present it to an event with Helima (she liked it).

And, before this goes any further – please get vaccinated, obey all restrictions, and even if the restrictions begin to be relaxed, please be vigilant.

OK, on April 28th, Premiere Moe stated (see news story [HERE](#)) that the Province still has a way to go before considering removing restrictions. On that same day, nearly 40 percent of eligible adults over the age of 18 had received at least their first dose of a vaccine.

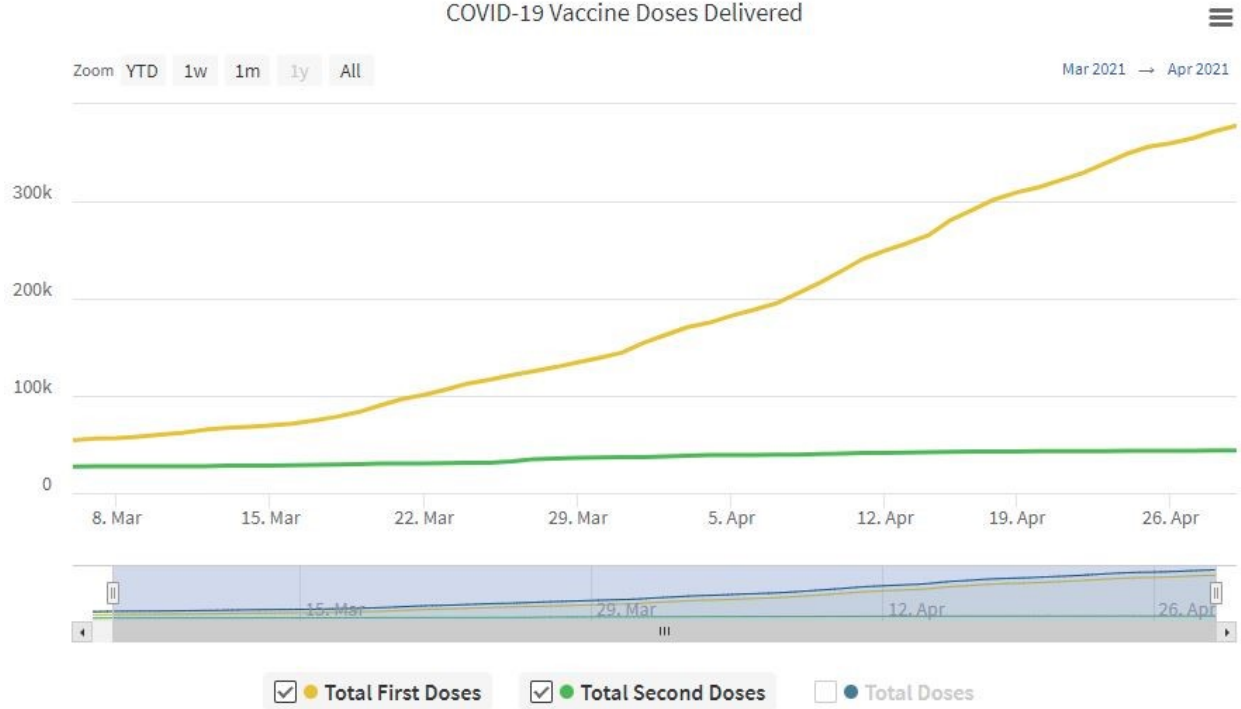
Status of Priority Population Vaccinations, as of April 28, 2021

Group	Estimated Population	Received First Dose	Received Second Dose
Age 80+	51,307	44,590 (87%)	12,251 (24%)
Age 70-79	79,818	67,394 (84%)	5,336 (7%)
Age 60-69	138,471	104,896 (76%)	5,041 (4%)
Age 50-59	147,466	85,129 (58%)	6,373 (4%)
Age 40-49	151,896	40,625 (27%)	5,485 (4%)
Age 30-39	183,246	19,590 (11%)	5,551 (3%)

Premiere Moe stated in regards to removing restrictions, “I would start looking at those numbers to get in around the 70 percentile [of persons over 18 years of age] . . . then we are going to have a very different conversation around what can we do in this province (and) when can we do it. But we aren’t able to have that conversation until we hit those numbers.”

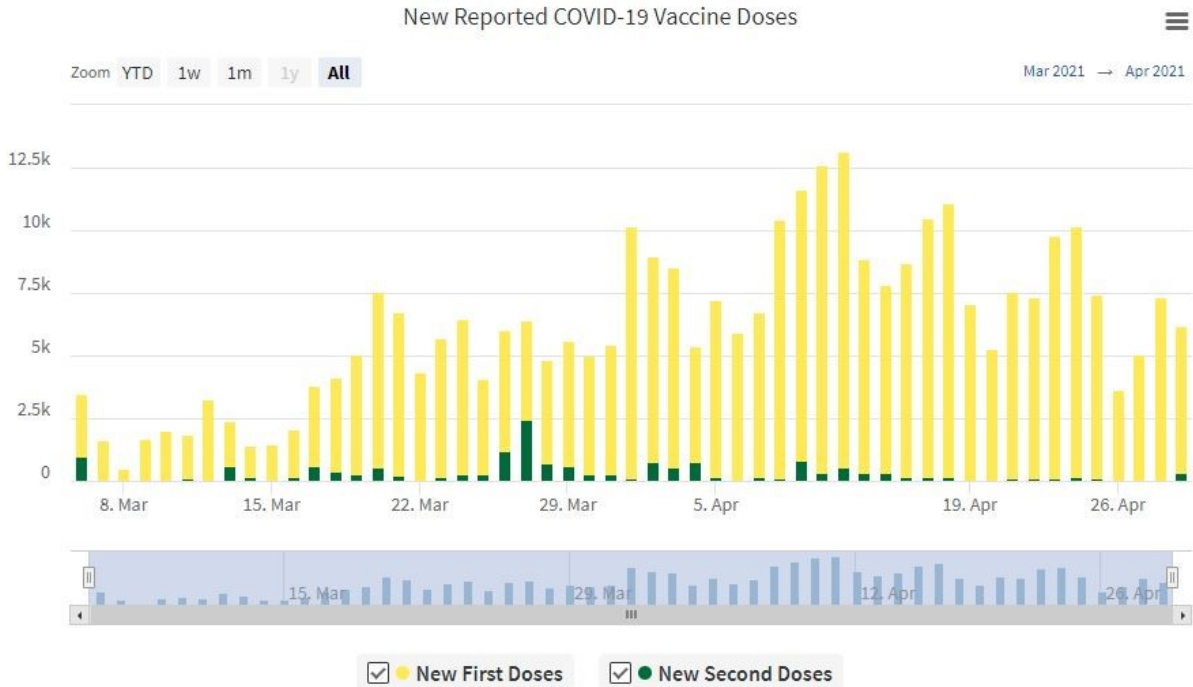
Note, the vaccination uptake is the No. 1 metric Moe is watching, but he said case rates and hospital admissions will also determine how quickly the public health measures change. More on that in a bit. So, as of April 28, we had seen about 400,000 first doses delivered – which is about 40% of the adult group in our province (remember per above, we need to get to 70% so about 700,000 vaccines given). Thus, we need to deliver about an additional 300,000 doses. Note, all of this is “first doses.” (See graphic on next page and note that all of the following graphics are all from - <https://dashboard.saskatchewan.ca/health-wellness>).

COVID-19 Vaccine Doses Delivered



The province has been delivering about 7,500 vaccines per day, so an additional 300,000 doses should take about 40 days – if everything stays “as is.” 40 days from April 28 would be June 7, if we stay at 7,500 vaccines per day. This could be greatly impacted by things such as vaccine availability, people accepting the vaccines, etc.

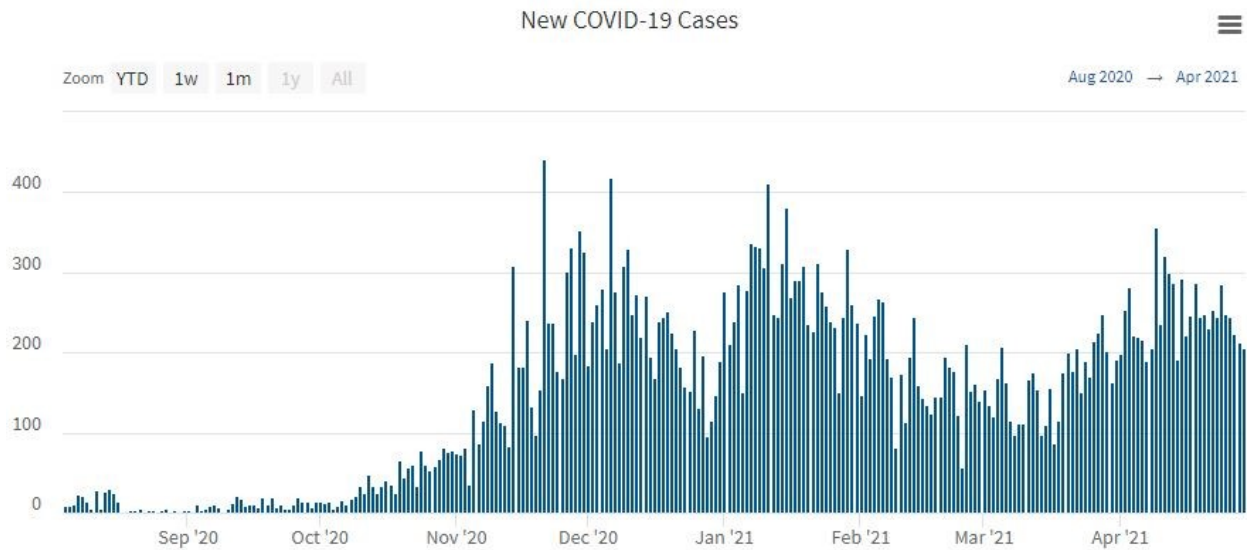
New Reported COVID-19 Vaccine Doses



And, given we need to give about 2-weeks for the final vaccinations to take some effect, the start date is June 21'ish.

However, the other metric Moe mentioned he is watching is new cases and hospitalizations (which could dramatically impact the CRAP math).

New cases spiked in December, then January, and then again in April. But, with vaccines and other measures these numbers are falling down again.



One of the key issues on COVID 19 restrictions has been – in addition to deaths – not overwhelming our health care systems. The goal was not to rid the world of COVID 19, but to remove the pressures on our healthcare systems and reduce its impact.

As such, hospitalizations are another factor to watch. Each bar below shows a different date, with the top black mark being the total and the secondary one towards the bottom being ICU totals within the hospitals. Those numbers seem to be leveling off? (See next page)

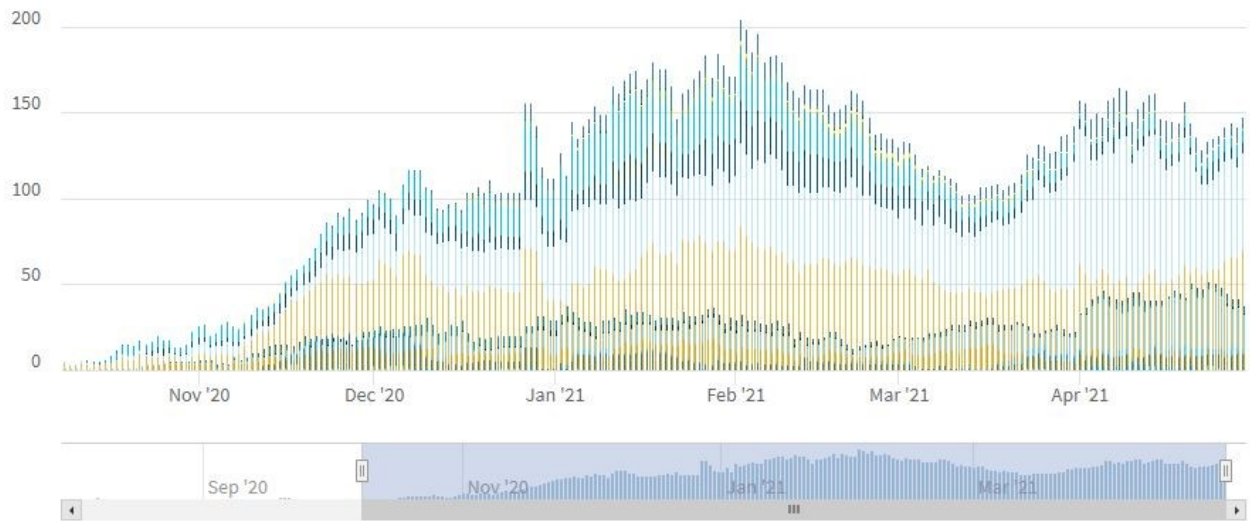
Other factors that could impact things are items such as the measured impacts of vaccines and evidence of re-opening impacts from other jurisdictions.

COVID-19 Hospitalizations



Zoom YTD 1w 1m 1y All

Oct 2020 → Apr 2021



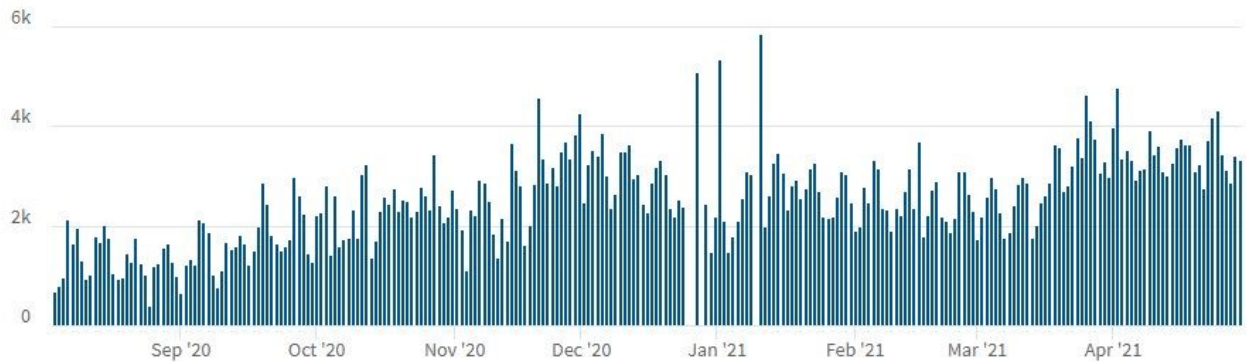
And, as a final piece to this - as this question seems to be lingering as one of those “yah but what about . . .” items brought up - the number of tests per day in Saskatchewan have been:

New COVID-19 Tests



Zoom YTD 1w 1m 1y All

Aug 2020 → Apr 2021



Upcoming Events

Register for Upcoming Events [HERE](#)

- SaskPower Information Session, **May 13**, 9:00 – 10:00 am via Teams:
 - The Supplier Information Session will provide an overview of SaskPower’s forecasted capital budget, upcoming projects and challenges.
- Lunch & Learns – virtual via Teams:
 - Finning Mining, **May 14**, noon Learn about autonomous and battery powered underground mining equipment.
- Saskatchewan Engineering Event, **May 27**, 10:00 am to 12:00 noon, via Teams:
 - A procurement event with Saskatchewan based engineering companies. Each participating company will present on what they need to procure, or may need to procure – plus how to work with them. Presenting Companies include:
 - Clifton
 - Engcomp
 - March
- SIMSA’s Annual General Meeting, **June 3** - virtual
- Saskatchewan Oil & Gas Supply Chain Forum, **October 6**, 2021 “hopefully” an in-person Energy Forum in Regina at the Delta
- Saskatchewan Mining Supply Chain Forum, **December 7 & 8**, 2021, in-person/hybrid format at Prairieland Park in Saskatoon

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