

Remarks by
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Center for Strategic and International Studies

“Opportunities in Saskatchewan
Uranium and Oil Sectors”

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9:30 a.m. to 11:00 a.m.

1800 K Street NW, Washington, DC

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Thank you, Mr. David (Pumphrey) for that introduction. Distinguished guests, ladies and gentlemen.

It is a pleasure to be here as part of the Center for Strategic and International Studies Energy Speakers Series.

It is an auspicious beginning to my term as Saskatchewan's Minister of Industry and Resources, having been assigned to this department at the beginning of the month.

This month also marks my ten year anniversary as a Cabinet Minister in the Saskatchewan government.

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I am pleased to be following in the footsteps of our Premier, Lorne Calvert, who was in Washington last year to raise awareness of the role Saskatchewan plays in providing energy to the United States, in particular, uranium and crude oil.

At that time, Premier Calvert had a private meeting with Vice President Cheney. In addition to discussing uranium and oil, they talked about Saskatchewan's world-class initiatives in developing clean coal technologies.

They also talked about Saskatchewan's carbon dioxide sequestration project which is the largest in the world and which contributes to our role as the world leader in enhanced oil recovery techniques.

Yesterday, Saskatchewan once again had a presence on Capital Hill. We were joined by Senator Orrin Hatch who delivered opening remarks at a seminar we hosted for political leaders and decision-makers with an interest in energy.

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Senator Hatch's remarks drove home the point that the future will be fuelled by a diverse energy mix. We agree whole-heartedly.

There is strength in diversity and Saskatchewan has energy diversity no other Canadian province can match, not even Alberta, in terms of primary energy supply.

The title of my presentation today refers to Saskatchewan opportunities in uranium and oil.

I would like to start by giving you a broader overview of Saskatchewan's incredibly diverse energy economy after which, I will focus on Saskatchewan's uranium and crude oil.

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Saskatchewan is recognized as an energy powerhouse.

We provide roughly one third of Canada's total primary energy, and are the largest per capita energy producer in the country.

Our oil production has doubled since 1990 and we are now the second leading oil producer in Canada, the third leading producer of natural gas, and the third leading producer of coal. In addition, Saskatchewan is the largest uranium producer in the world.

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On the renewable energy side, Saskatchewan is a leader in developing green power initiatives.

With 46 per cent of Canada's arable land, it makes sense that Saskatchewan was the first province in Canada to mandate ethanol use.

We are already home to a dynamic and growing bio-products industry that includes strength in bio-fuels such as ethanol, bio-diesel and -oils, and lubricants.

We are developing gasification of wood waste to produce electricity—our forests make up an area larger than New Mexico. We have ample hydro-electricity—our water resources include over 100,000 lakes with extensive river systems.

Saskatchewan's wind turbines generate enough electricity to power 64,000 homes.

We are a leader in hydrogen research. The Saskatchewan Research Council has built the world's first pickup truck modified to operate on a combination of hydrogen/gasoline, and another truck that operates on hydrated ethanol and diesel fuel.

We are moving ahead in solar and geothermal energy.

In fact, Premier Calvert recently held a private meeting with Arizona Governor Janet Napolitano. The agenda included partnership opportunities in areas such as clean coal, solar, hydrogen and uranium.

With regard to clean coal technology, through SaskPower, our electrical utility, Saskatchewan is set on building the first industrial-scale clean coal generating station on the continent.

Coal is the cheapest, most accessible, form of energy in the world. Saskatchewan is well on the road to becoming a world leader in clean coal technology that can be exported on a global scale.

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Saskatchewan is the only province in Canada and one of the few regions in the world producing from such a range of primary energy sources.

We are one of only four provinces in Canada that produces more energy in total than it consumes.

In absolute terms, Saskatchewan accounts for 32 per cent of Canadian primary energy production, second only to Alberta.

We have one of the fastest growing economies in Canada due, in no small part, to the incredible strength of our energy sector.

Investment in mineral exploration in Saskatchewan has grown tenfold since 2001.

Back then spending totalled \$23 million. This year, we are forecasting \$277 million invested in exploration.

The amount of land being explored has doubled since 2004. Uranium and diamonds are at the top of the list.

As an aside, some of you may know that we lay claim to the world's largest diamond-bearing kimberlite fields. We hope to be mining diamonds sometime soon. But that is an entire presentation in itself.

INNOVATION ECONOMY**SLIDE 7**

We also have a strong innovation economy with expertise in technologies for addressing climate change.

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Saskatchewan is home to the world's largest, international field research project to study the geological storage of carbon dioxide. Some experts have suggested that this technology could enable Canada to meet one-third of its total Kyoto commitment.

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We are recognized as world-class researchers. When Canada held a national competition to decide where its first synchrotron facility should be located, Saskatoon was chosen based on the level of nuclear science taking place in the city and at the University of Saskatchewan.

You may well know, because the United States has its own synchrotrons, that these tools create light thousands of times brighter than the sun.

They are used for examining the smallest matter of life. Scientists refer to synchrotrons as the Swiss Army knife of research because their applications are endless.

The synchrotron is adjacent to Innovation Place, a research park responsible for 30 per cent of all the ag-biotech that occurs in Canada.

More and more of our people are employed in advanced technology.

We still grow wheat. But even in agriculture, there is diversity. Earlier, I mentioned ethanol and bio-fuels.

Over 50 varieties of specialty crops are grown for use in pharmaceuticals, detergents, paint, biodegradable lubricants, paper, textiles, bio-plastics and more.

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Innovation is a key contributor in developing Saskatchewan's natural resources. And the unprecedented economic growth we are currently experiencing is, in large part, due to our immense energy resources. Let us look closer now at what this encompasses.

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URANIUM

No matter where you are in the world, when one talks about mining uranium one talks about Saskatchewan.

Over the next fifty years, global energy consumption is expected to double. The world will consume more energy than has been used in the entire history of mankind.

In order to meet these needs, energy will come from a wider variety of sources, including nuclear power fuelled by uranium mined in Saskatchewan.

It is gaining value as a source of emission-free electricity.

In fact uranium oxide has risen from an all time low of just over seven dollars in 2001 to the highest price in 25 years (adjusted for inflation) at \$135 per pound. Prices could climb significantly if new production is not brought online fast enough to meet surging demand.

The World Nuclear Association predicts the number of reactors will increase 15 per cent over the next decade.

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Roughly 25 per cent of world production is in our province and that level of production is expected to grow by 60 percent in the next five years.

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Saskatchewan's high-grade uranium deposits aren't only the largest they are the richest - fully one hundred times richer than the world average.

Given all of this, we are currently evaluating opportunities for Saskatchewan in processing and refining uranium.

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The province's mining industry is well equipped to manage a substantial increase in uranium sales. A transition from second generation uranium mines (1975 – 1983) to new high-grade mines is almost complete.

When the new Cigar Lake mine begins production, it will be the world's second largest, high-grade deposit of uranium.

The mine is a joint venture involving Cameco, the largest producer in the world, AREVA Resources, and two Japanese partners.

Saskatchewan people are extremely supportive of our mining industry – especially in the north where it is the largest full-time employer of First Nations people and a major engine of economic development in the region.

Saskatchewan's uranium industry currently generates more than \$540 million a year in provincial economic activity and accounts for 4,800 direct and indirect jobs.

Through taxes and royalties, about \$40 million goes to provincial coffers annually.

Currently, Cameco sells its uranium under long term contracts which means its uranium is priced at about half of its current market price.

In a few years, Cameco will be selling uranium at much higher prices, at which point tax revenues gained through uranium will increase substantially.

In this industry, wealth is accrued long before mining even begins. The exploration phase generates substantial wealth for Saskatchewan.

Saskatchewan's overall mining industry is one of the province's oldest economic sectors.

It continues to deliver new economic opportunities, advanced technology and new science.

It was one of the first industries in Canada to adopt an Environmental Protection Policy, and to develop best practices in all areas including environmental stewardship.

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Saskatchewan's uranium industry is regarded as a global model for environmental and occupational safety.

We have an more than 750 million pounds of uranium in Saskatchewan's reserves - the equivalent of nearly 18 billion barrels of oil.

Saskatchewan's commitment to mining uranium and growing the industry is a long-term commitment.

We fully intend on keeping our title as the world's largest supplier.

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OIL

Earlier, I mentioned that Saskatchewan is the second largest producer of oil in Canada.

Over two billion dollars were invested in exploring and developing Saskatchewan oil last year. This is approximately 20 per cent more than the year before.

One of our challenges is that our oil is hard to access.

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It is estimated that we are producing a mere 15 per cent of our discovered oil-in-place.

Through our internationally renowned Petroleum Technology Research Centre we are pioneering technology to unlock at least a portion of the remaining 85 per cent.

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In Saskatchewan, enhanced oil recovery flushes out more of the oil than could be recovered by conventional means. In total, we have ten enhanced oil recovery projects. Six used steam injection and two use a vapour extraction technology that doesn't require water or heat.

Carbon dioxide sequestration is being used in two oilfields for enhanced oil recovery.

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It is estimated that their productive lifespans will be extended by approximately 25 years thanks to this innovation and we have excellent infrastructure to accommodate additional oil reserves.

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The province is now beginning to examine its oil sands potential. It is estimated by provincial geologists that up to 10,000 square miles of the province's northwest may have some level of oil sands potential. That's an area the size of Massachusetts.

New regulations have been recently passed that will encourage exploration of this resource, located adjacent to the massive Athabasca oil sands deposit in Alberta.

CONCLUSION

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In wrapping up, I would like to say that there is a lot of room for new investment in Saskatchewan's energy science and technology activities.

Through our royalty and tax regime we are stimulating oil and gas development and expanding uranium mining capacity.

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As a result, we have seen the level of private investment in the province more than double since 1991. As well, we had the third highest job creation rate in Canada in 2006.

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Business pundits and financial institutions are predicting Saskatchewan's economic momentum will continue at a fast pace.

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But we don't take growth for granted – we work hard at cultivating new economic growth and sharpening Saskatchewan's competitive edge.

If I have done my job well this morning, the picture you have formed of Saskatchewan is one that compels you to look closer.

Our valuable natural resources may be the luck of geography, but our development of those resources is anything but luck.

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New ideas and technologies, investment in innovation, and strategic changes to our business climate are driving our growing economy.

We are seeing many opportunities for innovative partnerships. It is our sincere desire to be joined by more of our neighbours to the south.

Thank you for this opportunity to speak with you this morning.