## SAMPLE Conventional Potash Development Process<sup>1</sup>: BHP<sup>2</sup>

## 1. Subsurface Mineral Dispositions: Permits

- Company can acquire permit from the Province to explore for potash in the permit area.
- Anglo was first permit holder in the area; permits were aquired from the Province in 2004.
  - Permits sold to BHP in 2008

# 2. Subsurface Mineral Disposition: Lease Acquisition

 Company can acquire a lease from the Province which gives them permission to explore, drill, work, procure and extract resources.

**NOTE:** This can be obtained at anytime prior to start of mining.

### 3. Seismic Exploration

- Feb. 2006 first Notice of Intent for SE received from Boyd Petro on behalf of Anglo; 2D and 3D seismic completed.
- 2007 Notice of Intent for SE received from Boyd Petro; 2D and 3D seisimc completed.
  - 2008 Notice of Intent for SE received from Boyd Petro on behalf of BHP; 3D completed.

# 4. Core Sample Drilling (aka. test holes) and Piezometer Installs

- Surface leases acquired by for core drilling on Crown, private and/or RM lands.
- Norwest aquired well drilling licenses (\$225.00 in Regs.) and development permits (\$10.00) in 2008 for each drill site from the RM for core drilling for BHP.
- -Prairieland obtained approval from landowners for the construction of road approaches.
  - Norwest undertook core sampling on behalf of BHP.
  - 2008- piezometers installed at various locations to measure water quality and test for contamination on an on-going basis.
  - **NOTE:** Development permit conditions may include policies on Clubroot, and road approaches.
- **NOTE**: If RM has a development levy bylaw they may enter into a development levy agreement with any applicant.
- NOTE: If the development is in a direct control zone, as identified in an RM's zoning bylaw, a condition of the development permit may be that the co' enter into a development agreement with the RM.

# 5. Environmental Assessment and Consultations

- 2009 Rescan, an environmental engineer, was commissioned by BHP to undertake a comprehensive environmental assessment, as per the requirements for potash developments in SK.
- BHP met with the RM Councils in the area to discuss the proposed development.
- BHP Billiton sent clubroot policy, well drilling bylaw, zoning bylaws and building bylaws.
- -BHP then held a community meeting to present the proposed development to the public and to answer questions about the development and it's local impact.

<sup>&</sup>lt;sup>1</sup> Potash development is governed by *The Subsurface Mineral Regulations, 1960*.

<sup>&</sup>lt;sup>2</sup> Part II of the process with Information provided by RM of Prairie Rose No. 491, the Ministry of Economy and the Ministry of Environment.

### SAMPLE Conventional Potash Development Process<sup>1</sup>: BHP

## 6. Land Acquisition and Preproduction aka Development Work

- 2009- Lane Reality (aka. landman) began purchasing land.

-Change of ownerships are received and tax roll is updated in the RM

-2010- Mine site development begins, including clearing of the

 - 2010 - Well drilling notices received from E&R for main shaft holes, identifying BHP Billiton.

**NOTE:** At this point in the lifecycle of a solution mine a lease would be required.

### 7. RM-Company Agreements

- 2010- BHP met with individual RM Councils to discuss 'next steps' for the development.

- Prior to moving in any equipment, the RM and BHP entered into a road maintenance agreement and a road construction agreement, to construct roads necessary for the development of the proposed project.

-RM's should also consider if a development levy agreement is needed.

**NOTE:** These agreements expire and can be renegotiated

Other issues to be considered at this stage include:

Short-term housing for construction crew;

Long-term housing for employees during operation;

Additional policing costs i.e. dry vs. wet camps; and

-Water, waste water and sewage provision.

#### 8. Construction

 The construction phase begins at the point when surface installations begin to be developed.

-The Ministry of Environment issues construction permits to companies for all surface installations.

-Following the development permit approvals, if an RM has a building bylaw in place then the RM will begin to issue building permits to the company; issued at a typically at a cost-recovery rate.

Some installations that an RM may see at this stage include:
- SK Power Substations

- Freeze Plants and cellars

-Compressor Houses

-Hoist Houses

-Cold Storage Building

-Temporary Camp

-Maintenance Buildings

-Raw Water Pumphouse

#### 9. Production

 Key characteristics of the production phase in conventional potash mining include:

a. leases have been obtained

b. On-road traffic will likely decrease due to less on-site workers and product begining to move out via rail

c. Taxation begins after production has occured

d. Agreements will need to be reviewed and either updated or maintained

Once a mine starts production,
 Monthly operating statistics for a potash mine (production, sales and value of sales) must be provided to the Ministry of Economy.

- Potash mine taxation and tax sharing distribution are determined by The Municipal Potash Tax Sharing Board, established in accordance with The Municipal Tax Sharing (Potash) Act.

## 10. Site Decommissioning and Reclamation

- The Ministry of Environment oversees site decommissioning and reclamation.

Some key considerations for municipalities during this stage are impacts on the following:

- Waste Management Facilities

-Demolition Permitting
-Post-Operational Land Use

-Drainage and impact to local and ground water

-Road/Access Agreements

-Tailings Plan

### **TIPS for RMs:**

- Ask questions! The more serious companies are about the development the more information they will have compiled and more interested that they will be to speak with you about issues.
- Review Environmental
  Assessment documents. These
  documents contain a wealth of
  information about the social,
  economic, environmental and
  infrastructure impacts that the
  proposed development will have on
  your RM and residents.
- Leases. Solution mine: a lease(s) is needed prior to any drilling taking place that is meant to prepare for mining. Conventional mine: a lease(s) can be acquired at any time up to the point when production begins.
- Exercise Caution. All permits are going into the first year of extension (permits expire after 8 years) so leases must be obtained to retain lands or land must be given back to the province. So, don't commit resources to a development too quickly. Even if leases are granted development does not necessarily follow immediately or ever.

Potash development is governed by The Subsurface Mineral Regulations, 1960. Part II of the process with Information provided by the Ministry of Economy and the Ministry of Environment.