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Thank you for that kind introduction, and good morning.

Introduction

It's a pleasure to be here to speak to you today on the opportunities for the development and expansion of the Saskatchewan uranium industry, its place in the growing world market and its economic impact within the province.

Fundamentals

As we look forward to future opportunities, it is important to understand three fundamentals:

- First – uranium is one of the world's most important primary energy fuels. The others, of course are coal, oil and natural gas. Unlike the others, uranium is a source of emissions-free electricity;
- Second – Saskatchewan is blessed with both a rich history of uranium mining and some of the world's richest deposits and exploration prospects; and
- Third – if further investment is to be made to leverage our resource advantage, the province has opportunities that should be explored, or at least, debated.

I would like to elaborate on each of these areas, as they are of critical importance if we are to seize opportunities, and build world-class companies headquartered here.

Future Opportunities

When we at Cameco plan for the future, we are strategically positioning ourselves for the coming nuclear century. We strongly believe the nuclear industry is in the first stage of a renaissance – where people all over the world are rediscovering the environmental, security and cost benefits that nuclear energy delivers, and promises to deliver, to mankind.

For proof, look at the headlines from the past few weeks and months :

- The March 7 issue of the Financial Post featured a story on Kyoto's effect on surging uranium prices. New generating stations, the article noted, are needed to meet rising demand for electricity, but the Kyoto accord is limiting opportunities to build power plants that burn fossil fuels. Nuclear power is suddenly no longer taboo.
- In February, former US Secretary of Energy, Spence Abraham said the environmental benefits of nuclear power “make it simply unsupportable to simultaneously favor controlling CO₂ emissions ... AND oppose nuclear power.”
- Worldwide, Japan has released a strategy to double its nuclear capacity to meet its future energy needs and reduce carbon emissions from fossil fuels; and

- Canada and China released a statement on energy cooperation in the 21st century – witnessed by Saskatchewan’s Minister of Industry & Resources – which promotes increased energy security and environmental sustainability in several priority areas, including nuclear energy and uranium resources.
- CLOSER to home, at the Premier’s business dinner on March 9, Lorne Calvert announced that the Saskatchewan government intends to unveil a ‘bold and broad energy strategy’ that will speak to all energy sources – including uranium.

I’m sure the Prairie Centre Policy Institute will be making its views known as the group is already engaged in developing an energy strategy aimed at researching, educating the public and communicating clean energy options.

Saskatchewan’s unique position

What is clear is that people are talking about nuclear power and Saskatchewan is in a unique position to benefit.

This province’s known uranium reserves of some 800 million pounds are equivalent to about 4 billion tonnes of coal or 19 billion barrels of oil.

Indeed more energy is contained in Saskatchewan’s uranium reserves than in all known conventional (non-oilsands) oil reserves in Canada.

And, the energy from our uranium is desperately needed.

Environmental case

Worldwide, the demand for energy is increasing at an accelerating rate. This represents a huge challenge for humanity.

How do we deliver energy that is safe, reliable and affordable, while at the same time delivering energy that is environmentally sustainable?

I believe nuclear must be an important part of the solution.

Today, some 440 nuclear power reactors generate one-sixth of the world’s electricity.

These reactors avoid the emission of OVER TWO BILLION TONNES of carbon dioxide annually and large quantities of air pollutants that smother major cities around the world.

World Markets

I would now like to take a quick look at where we are today in terms of the world market, in order to better understand our future opportunities.

As noted earlier, Saskatchewan has a tremendous energy endowment, particularly in uranium.

Its history as a uranium producer begins in the Uranium City area from the 1940s to 1980s, and was firmly cemented as a world leader with the opening of Rabbit Lake, Cluff Lake and Key Lake in the 1970s and early 1980s.

Today, Saskatchewan is the world's largest uranium producer, accounting for one-third of the world's annual production.

The McArthur River mine, with an ore grade of 25%, provides almost 20% of annual world mine production.

Cigar Lake, with an ore grade of nearly 20%, is expected to start production in 2007 and will be almost equal to McArthur River when it achieves full capacity.

The competition

Notwithstanding the richness of Saskatchewan's deposits and the size of its mines, the province does not have the world's largest reserves. We face vigorous competition from Australia, Kazakhstan and Africa.

Kazakhstan, for example, has recently announced it will be opening two new mines with the assistance of South Korea and China. And both Cameco and AREVA/Cogema have plans to open mines in Kazakhstan.

Closer to home, if you read the March 19 Star Phoenix, you will note that we may also be facing competition from our neighbor, Alberta, where uranium exploration is on the rise.

As the use of nuclear energy grows – and it will – the question will arise as to whether production in Saskatchewan grows fast enough to expand its market share and fuel the world's urgent need for clean energy.

Will we maintain the vision and have the political courage to promote the industry?

Economic Impacts for Saskatchewan

Right now, Saskatchewan enjoys significant economic benefits from being home to the largest uranium mining industry in the world.

Since 1990, the Saskatchewan uranium industry has invested in excess of \$1.7 billion in new capital developments and exploration activities.

Such expenditures have brought the McArthur River and McClean Lake projects into production and opened the door to new developments, solidifying Saskatchewan's position as the number one producer.

This capital investment today supports over 1,350 mine site jobs in northern Saskatchewan (Cameco & contractors), and nearly 400 head office jobs in Saskatoon. One of the most significant economic benefits of the uranium industry is the training, employment and advancement opportunities offered to residents of Saskatchewan's north.

Almost 60% of the jobs at our mine sites are held by residents of northern Saskatchewan, making our industry among the largest employers, on a percentage basis, of aboriginal people in the country.

The industry's commitment to providing opportunity to residents of Saskatchewan's north – a historically economically disadvantaged part of our province – also extends to our purchasing of goods and services from businesses in northern Saskatchewan.

We support economic activity in more than 20 northern and aboriginal communities, providing nearly \$100 million annually in employment income and business contracts.

Cigar Lake

This past December, the Saskatchewan uranium industry announced that it will invest a further \$450 million over the next three years to bring Cigar Lake into production.

Cigar Lake expects to create up to 350 construction jobs and about 250 permanent jobs once it enters production in 2007 – with more than half of these expected to go to northern and aboriginal people.

Exploration Boom

Exploration activity is also one of the most reliable indicators of the health of the uranium industry and Saskatchewan is experiencing quite a boom. Three years ago, there were **less than five** junior uranium exploration companies actively looking for uranium in Saskatchewan. There were only about 10 looking worldwide. Today, according to our most recent estimates, there are **over 25** in Saskatchewan, many more in the world and new ones being created every day.

In December 2004, International Uranium Corporation, a well-established company involved in exploration, production, processing and recycling uranium, announced its was tripling its land position in the Athabasca Basin. This is an indication of the faith IUC has in Saskatchewan's potential and you can bet that when such companies succeed, they will stay here in Saskatchewan and make significant contributions to our economy.

Possibilities for the future

I want to conclude my comments today by doing a little blue sky thinking about what the future possibilities are for the nuclear industry in Saskatchewan and what might be needed to make dreams a reality.

Occasionally, journalists and other forward thinking groups will bring up the idea of building a nuclear reactor in Saskatchewan. While I would be the last to discourage such a debate, I feel it is prudent that we recognize this is a longer term proposal, only achievable if it makes economic sense.

The current generation of reactors is generally built to a capacity of 1000 megawatts or more of power. One facility alone would meet close to half (**43%**) of Saskatchewan's current annual demand. There isn't room for that much additional power – with our

current population – and the export of power is constrained by the absence of large and expensive transmission lines. Thus, in the short term, this wouldn't be economically feasible.

However, a generation of smaller nuclear reactors is currently under development, and we should be aware of their potential. The first is called the pebble-bed modular reactor – which is gas-cooled, has a passive safety design and operates at a 125 megawatt capacity. As such, it is much more suited to a small population base.

The second is a very small 10 megawatt reactor currently under development by Toshiba. It is called the 4S – which stands for super-safe, small and simple. Toshiba has invited a remote rural town (Galena) in Alaska, to be the test site for this new technology. When complete, the 4S is expected to be about the size of a spruce tree. It is designed to produce a steady stream of heat for three decades before it would need to be removed and replaced.

Either one of these designs, should they live up to their promise, could be useful in Saskatchewan down the road. Who knows? The smaller one might even be feasible for remote mining operations in Saskatchewan's north.

Conversion and spent fuel

Conversion provides another possible prospect for the province. Conversion is an intermediate step in the nuclear fuel cycle where mine concentrates are purified and changed into a different chemical form. Cameco just signed a deal with British Nuclear Fuels to buy all of their conversion services over the next 10 years.

Over the past few decades, there has been a complete lack of investment in conversion –. Over the next 10 years, we anticipate there will be a need for new conversion capacity as excess inventories are drawn down and demand accelerates. As such, this could provide new opportunities for jurisdictions interested in hosting nuclear fuel projects.

Long-term management of used reactor fuel might also be possible in Saskatchewan. The province could not only make money on royalties from uranium sales and a robust mining industry, but from fees collected for taking back used fuel and storing it in accordance with established Canadian standards. It would be even better if we offered the service to the world given our long record of peaceful use of nuclear technology.

And when uranium supplies approach depletion or become too expensive, and it makes economic sense, this stored used fuel can be reprocessed to recover the large quantities of unused uranium contained therein.

Tax changes

These are just some of the possibilities, but for Saskatchewan to succeed in this new century – the coming nuclear century – it must also recognize that it must compete for new business investment and expansion.

According to the C.D. Howe Institute, Saskatchewan's share of business fixed capital investment in North America has declined since 1983 – coincidentally the year Key Lake opened, and only came close to recapturing the share it held then in 1996/97 when the uranium industry was building McClean Lake and McArthur River.

Natural resources attract investment readily where tax rates are low and the rights of investors secure.

I think we have to have more faith in the private sector – the sector that creates jobs, creates wealth and yes, pays the taxes. Make Saskatchewan tax friendly and your investment will pay great dividends. Business will invest and expand, people will stay and new opportunities will come our way.

Conclusion

The province and the industry have come a long way, and can go further still if we rise to the challenge and recognize uranium as an energy asset of global significance and as a home-grown asset that provides a wonderful platform for growth.

The Honorable Eric Cline recognized the vital importance of Saskatchewan's uranium resources, and I quote:

“It is in the interest of all stages of the industry that expansion is not limited by fuel shortages. Now is the time to work together to ensure uranium production will meet future demand.”

The Minister was right. It is in all our interests. Without uranium to fuel the coming nuclear century, the world will be a dirtier and climate challenged place.

And Saskatchewan will be poorer if we are not aggressive and the investment climate is not improved causing the development of the industry to occur disproportionately outside our boundaries.

None of this need happen if we have the vision and the courage, take a leap of faith and aggressively choose to capture the opportunities presented by this new century.

So I invite all of you to pay attention to the renewed energy strategy the government has promised over the next year. In particular, I encourage you to get involved in the debate, to speak out frequently and to dream of sound choices that will benefit the province and all of us.

Thank you for your attention.