Questions and Answers
New and Updated Incentives:
Critical Minerals Processing Investment Incentive (CMPII),
Saskatchewan Critical Minerals Innovation Incentive (SCMII), Oil and Gas Processing Investment Incentive (OGPII), Saskatchewan Petroleum Innovation Incentive (SPII)

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1. **Why have you created these new incentives for critical minerals?**
   Saskatchewan is home to 27 of the 34 critical minerals on the federal government's updated list. Among these, uranium, potash and helium are currently produced in Saskatchewan, and, of the remaining 24, lithium, copper and rare earth elements are the closest to reaching the production level.

   The Government of Saskatchewan aims to double the number of critical minerals being produced in Saskatchewan from three to six, by the end of the decade, as set out in Saskatchewan's Critical Minerals Strategy, released in 2023. These incentives are important stepping stones to achieving that goal.

   Demand for critical minerals is expected to increase over the coming years, driven by growing global populations, the adoption of clean energy technology and geopolitical uncertainty. The presence of these minerals in Saskatchewan is an important opportunity to build on the province's strong foundation as a global supplier of food, energy and mineral security.

2. **What is covered under the new critical minerals incentives?**
   The CMPII and SCMII programs provide support for projects involving 11 critical minerals – helium, lithium, aluminum, cobalt, copper, gallium, magnesium, natural graphite, nickel, rare earth elements and zinc.

   Helium and lithium were previously covered under the OGPII and SPII programs, but with the launch of these new critical minerals incentives, they will now be supported under the new CMPII and SCMII programs. Any helium and lithium project applications that were conditionally approved under OGPII and SPII will be automatically transitioned into the new CMPII and SCMII.

3. **Saskatchewan has occurrences of 27 of the 34 critical minerals on the Canadian list; why are only 11 being included in these programs?**
   These 11 emerging critical minerals were selected for their potential to diversify the sector in the near-term, either through stand-alone projects or as co-production from our established resource sectors. These programs will be evaluated going forward to make sure they align with opportunities for development.

4. **If a project owner gets approval for one of these new incentives, what kind of benefits do they get?**
   That depends on the program.

   The CMPII offers Crown royalty or freehold production tax credits — valued at 15 per cent of project costs and up to a maximum of $75 million per project — on processing and refining facilities for the 11 noted critical minerals. Examples of eligible projects include, among others, facilities that process or refine lithium, copper, cobalt or nickel, a facility that liquifies or processes helium, a facility that processes or refines aluminum or an aluminum smelting facility.

The SCMII offers Crown royalty or freehold production tax credits — valued at 25 per cent and up to a maximum of $5 million per project — on innovative, commercial-scale critical minerals projects. This incentive is open to pilot projects and commercial-scale projects. Examples of eligible activities include, among others: managing harmful environmental impacts; increasing processing capacity; and commercializing a qualifying material from the byproducts or waste products processed from a different mineral.

5. How do Crown royalty or freehold production tax credits work?

These incentive programs offer the project owners credits to apply against the royalties or taxes they would owe to the Government of Saskatchewan. The credits are transferable based on privately negotiated contract terms. That means non-oil, gas and helium producers can benefit from the program because they can monetize the credits by selling and transferring them to oil, gas and helium producers.

6. What's happening to the OGPII and SPII programs?

The Government of Saskatchewan has renewed the OGPII and SPII programs for an additional five years from 2024-2029 based on their success over the last five years.

OGPII has 15 approved projects with investments totaling $300 million and royalty credits worth $41 million. Eight more OGPII projects are conditionally approved with investments totaling $1.3 billion and royalty credits equaling $163 million, if all projects move ahead.

SPII currently has nine approved projects, with investments totaling $80 million and royalty credits worth $18 million. Five more SPII projects have been conditionally approved, with investments totaling $133 million and royalty credits equaling $20 million, if all projects move ahead.

The OGPII program provides support for associated gas gathering systems, gas processing facilities, flare-to-power generation projects and helium purification facilities.

SPII supports a range of innovative projects in the oil and gas, lithium and helium sectors, including piloting new extraction technologies, scaling new processing technologies, improving recovery efficiencies and reducing emissions.

7. What is the expected uptake of the new critical minerals programs?

The Ministry of Energy and Resources is expecting immediate uptake from the helium and lithium sectors as these commodities transition from the SPII and OGPII programs. The ministry expects that, as global demand for these and other critical minerals increases over the coming years, interest in these programs will accelerate.