

ATLAS SALT INC.

GREAT ATLANTIC SALT PROJECT

An economic impact report

Prepared by:
Jupia Consultants Inc.



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EXECUTIVE SUMMARY

The Great Atlantic Salt Project, owned by Atlas Salt Inc. (TSXV:SALT) represents a generational investment in southwestern Newfoundland¹ bringing substantial economic benefits during the construction phase of the underground salt mine project and sustaining hundreds of jobs and associated economic benefits in the province on an annual basis over at least a three-decade period. The project has a 34-year mine life as defined in a feasibility study prepared by SLR Consulting (Canada) Ltd.²

Southwestern NL could use an economic boost

Section 2 discusses the state of the regional economy and population in southwestern Newfoundland. The region's economy has struggled in recent years, particularly the private sector economy. Between 2011 and 2021, the number of manufacturing jobs is down 35 percent, administrative services employment is down 32 percent and finance and insurance jobs are down 29 percent. In contrast, health care is the fastest growing sector. The region now has among the oldest populations in the country. The median age is 54.9 and the share of the population 65 and older is 30 percent. In just 20 years, the region has gone from a positive natural population growth rate (more births each year than deaths) to only 30 births per 100 deaths. Because of the large share of retirees, only 43 percent of the adult population are employed at some point during the year and nearly 40 percent of those are over 55 and heading towards retirement. Furthermore, the median employment income is 25 percent below the provincial level. Southwestern Newfoundland clearly needs a boost in private sector investment and the Great Atlantic Salt Project will provide such a boost.

Great Atlantic Salt Project: Economic impact summary

Section 3 provides the detailed economic impact model. The model considers direct and indirect as well as induced economic impacts within the province and across the country. The Great Atlantic Salt Project represents one of the largest private sector investments in recent history in southwestern Newfoundland. The project will involve deploying \$480 million into the new mine and related infrastructure. The company will amortize that large-scale investment over a 34-year timeframe. There is more than enough salt to keep the mine in operation well beyond the three decades.

The Capital Expenditure (“CAPEX”) phase of the project is expected to substantially boost the provincial and national economies. Just Newfoundland and Labrador will see a contribution to provincial GDP of an estimated \$202 million over the 4.5-year construction phase.

¹ See Section 2.1 for the geographic definition of southwestern Newfoundland.

² Feasibility Study (FS) prepared by SLR Consulting (Canada) Ltd. (SLR) for the Great Atlantic Salt Project filed on SEDAR on October 11, 2023 and amended on May 2, 2024.

EXECUTIVE SUMMARY (CONT.)

It will require an estimated 398 workers per year, on average, across Newfoundland and Labrador and will boost employment income more than \$128 million (from direct, indirect and induced economic impacts). Because of supply chain and induced effects, employment income across the country (including Newfoundland and Labrador) will rise by \$184 million just from the construction phase of the project.

The CAPEX investment will result in \$95 million in household spending in local communities across the province over the 4.5-year timeframe. Governments will benefit from \$87 million in new tax revenue. The Newfoundland and Labrador government alone can expect \$34 million in tax revenue before considering the ongoing taxes from operations. The table shows the provincial and national impact summary of the CAPEX phase.

Estimated CAPEX economic impacts – Great Atlantic Salt Project (\$Millions)

Total impact during the construction phase

Total initial CAPEX (over 4.5 years)	Total impact (over 4.5 years)		Average annual impact	
	In-province	Canada-wide	In-province	Canada-wide
Investment	\$480.0		\$106.7	
Provincial GDP contribution	\$202.2	\$299.7	\$44.9	\$66.6
Employment income	\$128.4	\$184.5	\$28.5	\$41.0
FTE employment	1,790	2,684	398	596
Household spending	\$95.0	\$136.5	\$21.1	\$30.3
<i>Taxes by level of government</i>				
Municipal	\$4.5	\$7.0	\$1.0	\$1.5
Provincial	\$34.1	\$47.4	\$7.6	\$10.5
Federal	\$23.3	\$32.7	\$5.2	\$7.3
<i>Taxes as a % of GDP contribution</i>	31%	29%		

There are three levels of impact from the operations of the mine: the economic activity associated with the operations of the mine, the spending of sustaining capital investment each year and the potential spending of government tax revenue on public services in the province. There is no way of knowing for sure how tax revenues will be spent, but assuming the provincial government spends the revenue on health care, education and public administration, the combined annual economic impacts from operations, sustaining capital and implied public spending can be determined.

The mining operations and the spending of the provincial tax revenue on public service combine to boost provincial GDP by \$137 million per year, employment income by over \$71 million and household spending by more than \$52 million. In total, the Great Atlantic Salt Project will support over 880 jobs across Newfoundland and Labrador. In the community, there will be 169 high paying jobs associated with mining operations and likely 100-150 more from indirect and induced jobs, not including the spending of the government tax revenue on public services.

EXECUTIVE SUMMARY (CONT.)

Municipal governments can expect, on average, \$2.5 million in revenue per year; the provincial government in excess of \$50 million per year and the federal government will take in an average of \$27 million.

Combined annual economic impacts over 34 years: Great Atlantic Salt Project (\$2024 millions)

	Mine <u>Operations</u>	Sustaining <u>capital</u>	Implied NL <u>public spending</u>	<u>Total</u>
Provincial GDP contribution	\$86.2	\$5.1	\$45.3	\$136.6
Employment income	\$35.5	\$3.2	\$32.7	\$71.4
Jobs (FTE)	405	45	434	884
Household spending	\$26.3	\$2.4	\$23.6	\$52.3
<i>Taxes by level of government</i>				
Municipal	\$1.3	\$0.1	\$1.1	\$2.5
Provincial	\$43.6	\$1.0	\$5.6	\$50.2
Federal	\$23.0	\$0.6	\$3.8	\$27.4

In Newfoundland and Labrador only. Source: Developed by Jupia Consultants Inc. See Appendix A.

Cumulative CAPEX & OPEX economic impacts – NL only

Combining both CAPEX and Operational Expenditure (“OPEX”) economic activity, the entire project is expected to:

- Boost provincial GDP by \$4.8 billion over the 34-year life of the project (in \$2024);
- Contribute \$2.5 billion in employment income (in-province only);
- Boost annual household spending in the province by \$1.9 billion; and
- Contribute \$90 million in tax revenue to municipal governments in the province, \$1.74 billion to the provincial government and \$953 million to the federal government (excluding national impacts).

EXECUTIVE SUMMARY (CONT.)

Cumulative economic impacts: Great Atlantic Salt Project (\$2024 millions)

	<u>CAPEX</u>	<u>OPEX</u>	<u>Sustaining capital</u>	<u>Implied NL public spending</u>	<u>Total</u>
GDP contribution	\$171.9	\$2,930.8	\$173.4	\$1,540.2	\$4,816.3
Employment income	\$109.1	\$1,207.0	\$108.8	\$1,111.8	\$2,536.7
Jobs (person years)	1,522	13,770	1,530	14,756	31,578
Household spending	\$81.9	\$894.2	\$81.6	\$802.4	\$1,860.1

Taxes by level of government

Municipal	\$4.6	\$44.2	\$3.4	\$37.4	\$89.6
Provincial	\$33.6	\$1,482.4	\$34.0	\$190.4	\$1,740.4
Federal	<u>\$21.5</u>	<u>\$782.0</u>	<u>\$20.4</u>	<u>\$129.2</u>	<u>\$953.1</u>
Cumulative taxes	\$59.7	\$2,308.6	\$57.8	\$357.0	\$2,783.1

In Newfoundland and Labrador only. Source: Developed by Jupia Consultants Inc. See Appendix A.

The strategic role of the Great Atlantic Salt Project

It is important to highlight just how much of an impact this project will be to the regional and provincial economies during construction and operations. The table below provides a summary and Section 4 provides the details.

Strategic benefit:	In context:
Will substantially boost mining investment in the province	The Atlas Salt investment will boost annual mining CAPEX in the province by 10% per year over 4.5 years. Further, much of the current mining investment is happening in the north, in Labrador. This will be the first large scale mining investment in southwestern Newfoundland in a long time.
Adds a top private sector employer in southwestern Newfoundland	This surge in capital investment will leave behind 169 direct jobs in the mining operations and many more through indirect and induced effects. While the indirect and induced jobs in the economic impact model are province-wide, it is likely at least another 100-150 of the indirect and induced jobs will be in southwestern NL. Further, the average salary associated with these jobs will be more than twice the level of the average full-time job in southwestern NL. The mine is expected to boost total employment income in southwestern NL by 10%.

EXECUTIVE SUMMARY (CONT.)

Strategic benefit:	In context:
Supports hundreds of small companies in the region	Adding an estimated \$20 million per year to household spending in the region will provide a substantial ongoing boost to the local economy. This represents a boost of between 5% to 8% of total annual household spending on current consumption.
Sets a new standard for low carbon emissions mining	The mine and its machinery and equipment will be powered by green electricity. Stantec ³ reports the Great Atlantic Salt Project will establish a new “benchmark in sustainability for underground mines globally.”
Innovative design positions the mine for long term profitability	The quality of the world class salt resource, its strategic location and innovative design will differentiate this mine from its competition setting it up for long term profitability and a substantial stream of tax revenue for the Newfoundland and Labrador and Canadian governments.
Helps attract highly skilled talent and meet local workforce needs	The high wage, highly skilled jobs will be attractive to trades workers and professionals looking to advance their careers. Many of these 169 highly skilled workers in the mine, and the many more through indirect and induced impacts, will bring with them families that will help support workforce needs in other sectors of the economy.
Drives substantial new tax revenue in the province	Newfoundland and Labrador needs new sources of sustained private sector revenue. The Great Atlantic Salt Project is expected to generate a substantial and sustained revenue stream for governments during the three plus decades of operations.
Creates another major export industry for NL	The Great Atlantic Salt Project will create another major export sector for Newfoundland and Labrador. The province will become a top Canadian supplier of salt in Canada and the U.S. Approximately half of the value of all exports are expected to be from the United States.
Is complementary to other investment projects in the region	Most the workforce needed for both the CAPEX and OPEX phases of the project is not the same as needed for other projects such as the World Energy GH2 green hydrogen project. Due to the well above average salaries, the Great Atlantic Salt Project will help attract families and additional workforce talent to the region.

³ GHG Study prepared by Stantec Consulting Ltd. for the Great Atlantic Salt Project effective January 8, 2024.

EXECUTIVE SUMMARY (CONT.)

Strategic benefit:	In context:
Could lead to additional economic benefits in subsequent generations	The economic impact analysis in this report is based only on a 34-year timeframe and only an estimated 22% of the indicated salt reserve or 10% of the inferred amount. This means there is enough salt to support ongoing mining and investment for many additional decades. The salt mine in Goderich, Ontario has been providing high paying jobs and significant annual tax and royalty revenues for over 60 years.

Maximizing economic benefits in the province

The proponent will work hard to use local labour and develop a local supply chain for the project, but there are a number of ways government, educational institutions and other related stakeholders can help ensure the maximum economic benefits stay in the province. These include:

- Ensuring Newfoundland and Labrador workers are deployed on this project both in CAPEX and OPEX phases.
- Ensuring there is a sufficient talent pipeline to meet CAPEX and OPEX demand.
- Working to match local and Canadian companies to supply chain opportunities including such areas as temporary housing.
- Looking to fill longer term gaps in the local business community in southwestern Newfoundland and Labrador.

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1. INTRODUCTION TO THE GREAT ATLANTIC SALT PROJECT

Southwestern Newfoundland's economy has struggled in recent years and is facing a number of headwinds including an aging workforce. The Great Atlantic Salt Project will be a generational investment bringing substantial economic benefits during the construction phase of the project and sustaining several hundred jobs and associated economic benefits on an annual basis over at least a three-decade period.

1.1 Purpose of this report

The purpose of this report is to estimate the economic contribution of the Great Atlantic Salt Project to the Newfoundland and Labrador and national economies. The report looks at the direct, indirect and induced gross domestic product (GDP), income, jobs, taxes, household spending and other impacts for both the capital expenditure phase of the project and the ongoing operations. Capital expenditures herein are referred to as CAPEX and operational expenditures as OPEX.

The multipliers developed by Statistics Canada are only published at the provincial and national levels and therefore the economic impacts are shown for Newfoundland and Labrador and the country overall. The level of CAPEX economic impact that accrues in southwestern Newfoundland will depend on how many workers live in the area and how many suppliers are local. Section 4 looks at how the various government and community partners can work with Atlas Salt Inc. to maximize the economic benefits in southwestern Newfoundland and in the province.

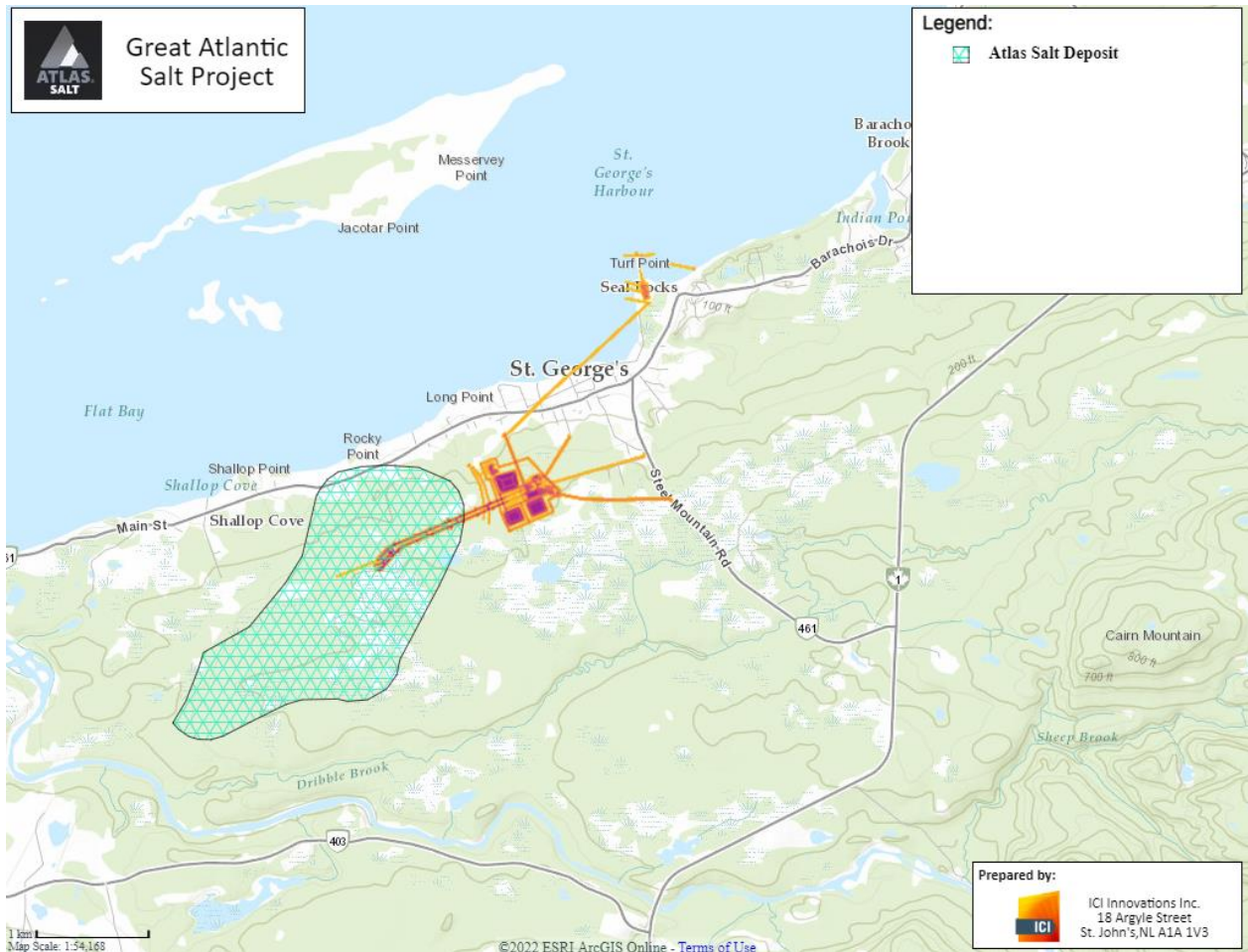
1.2 The Great Atlantic Salt Project: Summary

Atlas Salt is proposing to develop an underground salt mine on the west coast of Newfoundland within the Town of St. George's. The Project would produce and export crushed salt for the road de-icing market with initial production of approximately 2.5 million tonnes of rock salt per year. Project components would include an underground mine and ore processing facilities, mine site surface infrastructure, an overland conveyor system, use of the existing Turf Point marine facility and associated ancillary infrastructure including access roads, water and sewer systems, and power supply.

The construction phase of the project is expected to take 4.5 years. Once the mine infrastructure is in place, production will ramp up and extend for an operational period of at least 34 years.

Figure 1 shows the location of the underground salt deposit and the proposed mine infrastructure associated with the Great Atlantic Salt Project.

Figure 1: Map of the Great Atlantic Salt Project geographic area



Underground salt deposit in shaded green.

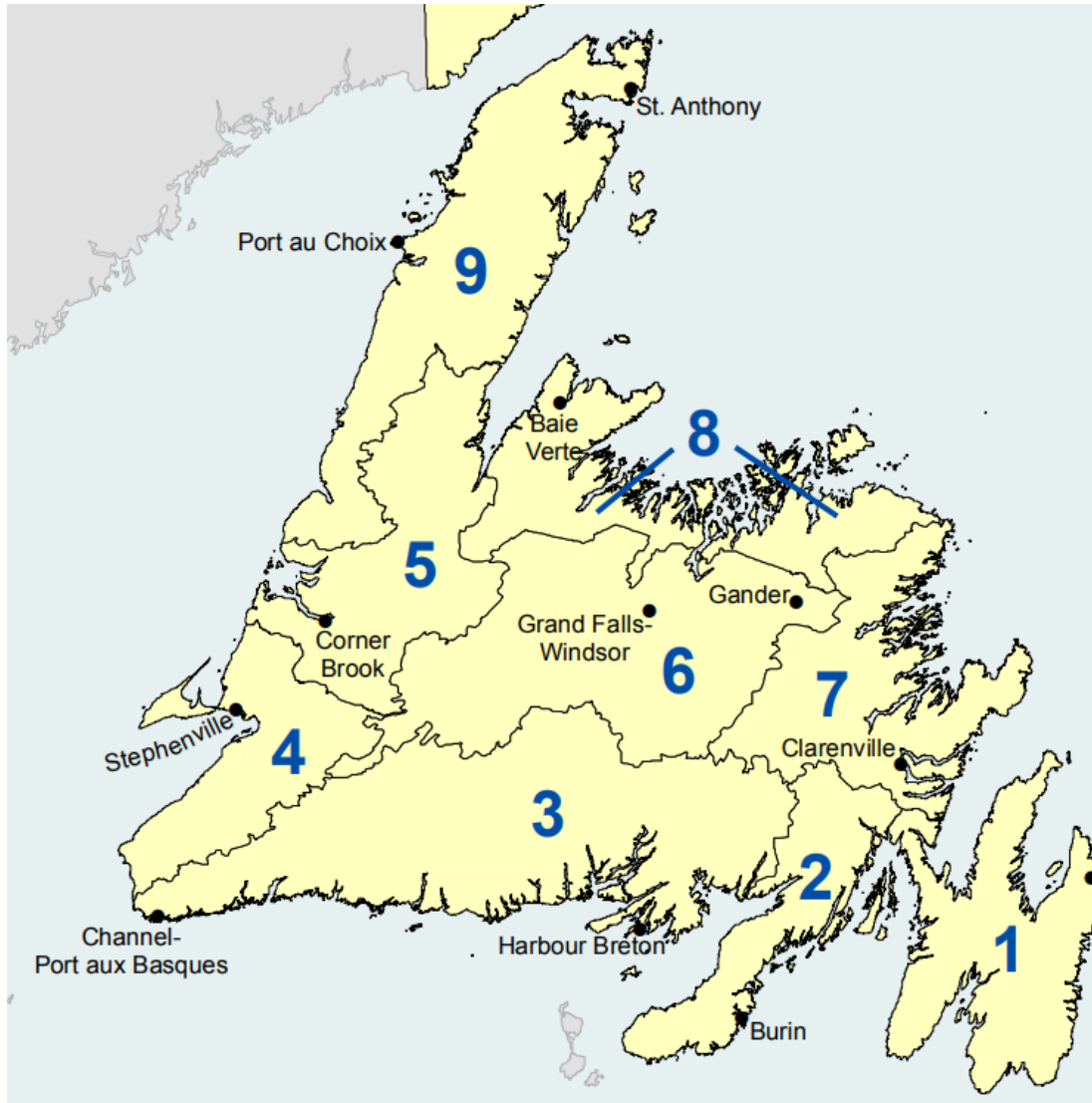
Source: Atlas Salt Inc.

2. SOUTHWESTERN NEWFOUNDLAND NEEDS AN ECONOMIC BOOST

2.1 Southwestern Newfoundland: Geographic definition

The Great Atlantic Salt Project will bring substantial benefits to the province, specifically southwestern Newfoundland. For the purposes of this report, southwestern Newfoundland is based on the area within Census Division 4 as shown in Figure 2.

Figure 2: Census Division Map, Newfoundland

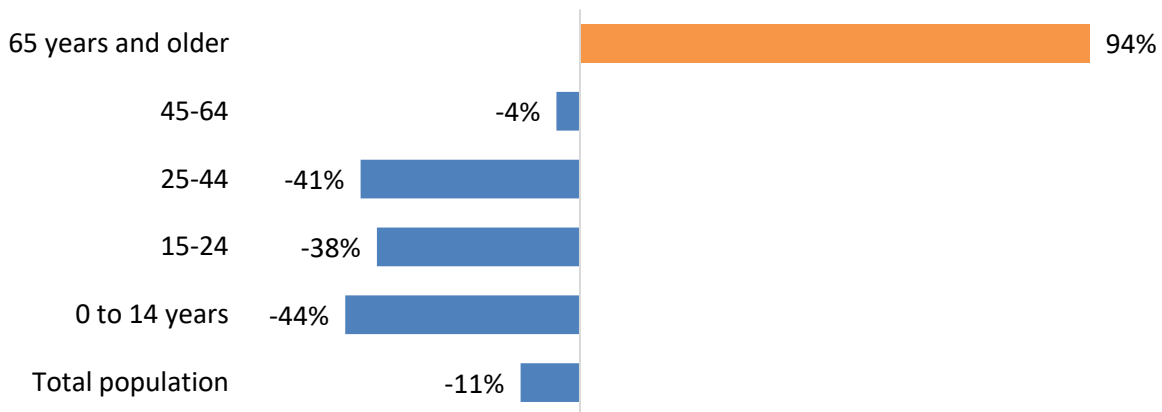


Source: Newfoundland and Labrador Statistics Agency (NLSA).

2.2 The region is facing population and demographic challenges

Southwestern Newfoundland's population has not declined significantly in the past 20 years but it has aged rapidly. In 2023, there were an estimated 19,800 people living in the region, only two percent less than the population five years ago. However, the population has been aging much faster than the country overall. As shown in Figure 3, the population aged 65 and older has nearly doubled in the past two decades, while the number under 15 has declined by 44 percent. In Division 4, 30 percent of the population is now over 65.

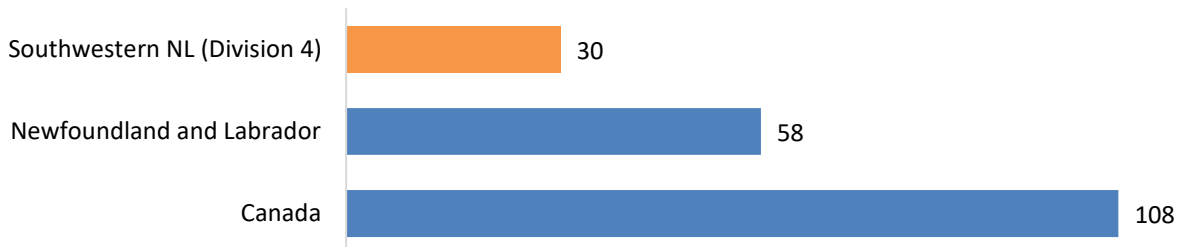
Figure 3: Population percentage change by age group, 2003 to 2023, southwestern Newfoundland*



*Census Division 4. Source: Statistics Canada.

Southwestern Newfoundland is now one of the oldest regions in Canada. The population living in Division 4 has a median age of 54.9. Among the more than 270 Census Divisions across Canada in 2023, southwestern Newfoundland (Division 4) had the third lowest natural population growth rate in the country with only 30 births for every 100 deaths. Only Division 9 in Newfoundland and Queens County, Nova Scotia had a lower natural population growth rate.

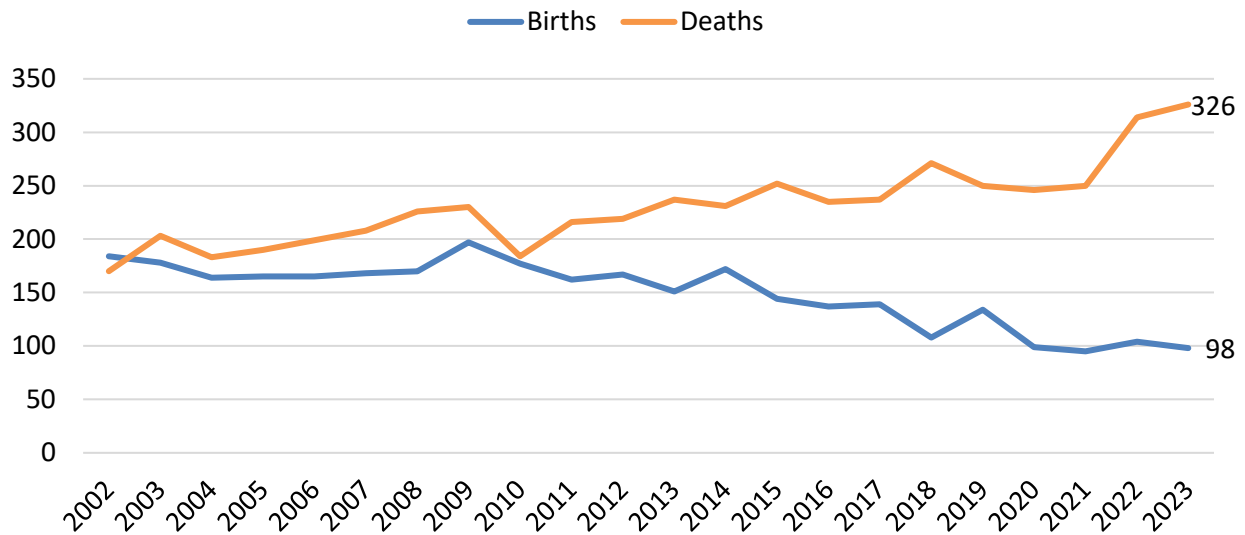
Figure 4: Natural population growth rate (births for every 100 deaths), 2023



Source: Statistics Canada.

Figure 5 shows the trend in the natural population growth rate in the region for the past 20 years. In just two decades, the region has gone from having more births than deaths each year to having among the largest gaps between births and deaths in the country.

Figure 5: Natural population growth (births and deaths each year), southwestern Newfoundland



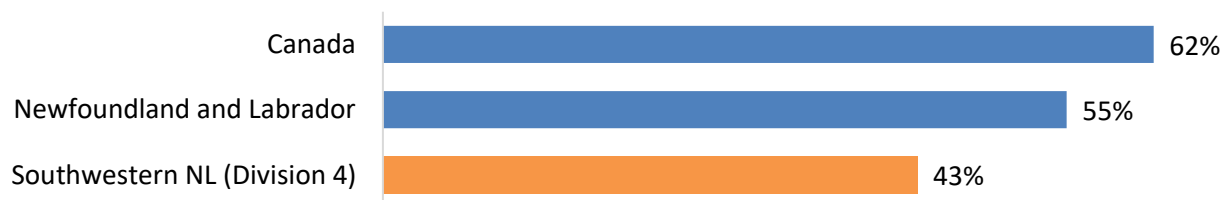
Division 4. Source: Statistics Canada Table: 17-10-0140-01.

A big challenge over the past 20 years has been the region’s inability to curtail outward migration of young people or attract new people to live in the area. Division 4’s net intraprovincial migration rate has been negative (more moving out to other parts of the province than in) for 19 of the past 20 years. The net interprovincial migration rate (movement between Division 4 and other provinces) has been negative for most of the past 20 years as well. Immigration has been non-existent.

2.3 Impact on the workforce

The workforce in southwestern Newfoundland is aging out. In Division 4, there were 9,665 adults aged 15 and older who did not work in 2020 and only 7,370 who were employed at some point during the year. That means that only 43 percent of the adult population worked for employment income in 2020, a share 31 percent less when compared to the country overall. To put this into context, if Division 4, the area where Great Atlantic Salt Project will be located, had the same share of the adult population working for wages in 2020, there would have been over 3,200 more people earning employment income that year.

Figure 6: Share of the 15+ population earning employment income in 2020



Source: Statistics Canada 2021 Census.

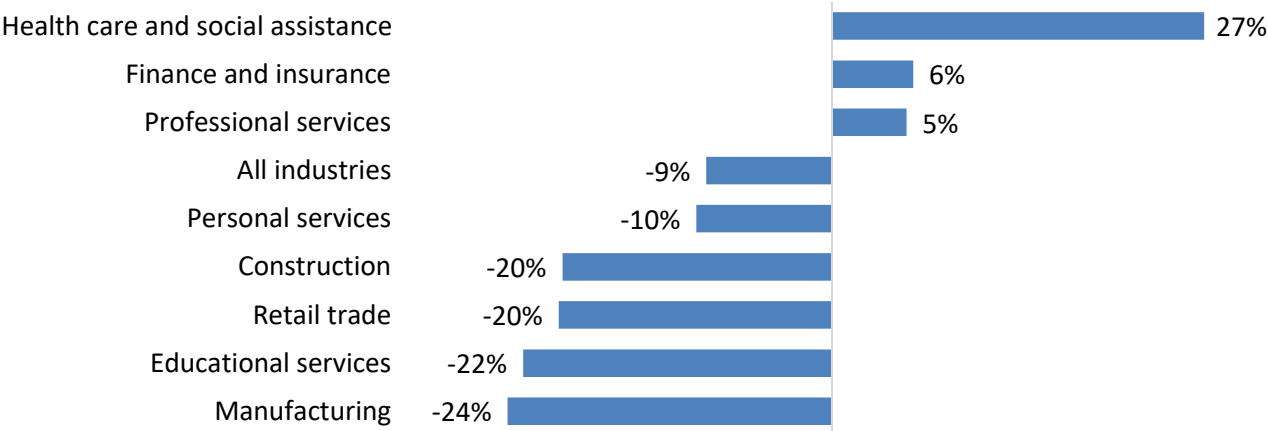
A further challenge for southwestern Newfoundland is the large share of its workforce about to hit retirement. There are an estimated 2,800 workers in the region that earned employment income in 2020 and were 55 or older. In Division 4, 38 percent of the entire workforce (or almost one in four) is over the age of 55 and most are likely to retire in the next decade. It will be critically important to attract new workers and families to the region in the coming years just to replace those leaving the workforce.

Another challenge with the regional economy is its reliance on seasonal industries. In 2019, 43 percent of all workers in Division 4 collected Employment Insurance income at some point during the year. There are many implications from this reliance on seasonal industries. A big one is that it has led to significantly lower median employment income. In Division 4, the median employment income in 2020 was 25 percent below the provincial level and 36 percent below the national level. This ‘gap’ is largely due to the seasonal industries, as among those working full-time/full-year, the difference in median employment income narrows considerably (to 16 percent with the province and 18 percent with the country overall).

2.4 The southwestern NL private sector economy has struggled

The southwestern Newfoundland economy has struggled in recent years with the decline in the forest products sector and other industries. As shown in Figure 7, in just the 10-year period 2011 to 2021, excluding health care, total employment in the region declined by 10 percent, but a number of core industries have seen even greater declines. Manufacturing employment is down 35 percent, administrative services down 32 percent, finance and insurance down 29 percent, and education down 13 percent. Not shown in the chart, public administration employment dropped by 22 percent (or 500 jobs) over the same period. Health care added 650 jobs between 2011 and 2021 and was the fastest growing sector by far in terms of absolute job growth. Transportation and warehousing employment increased faster on a percentage basis but only added 210 jobs on an absolute basis.

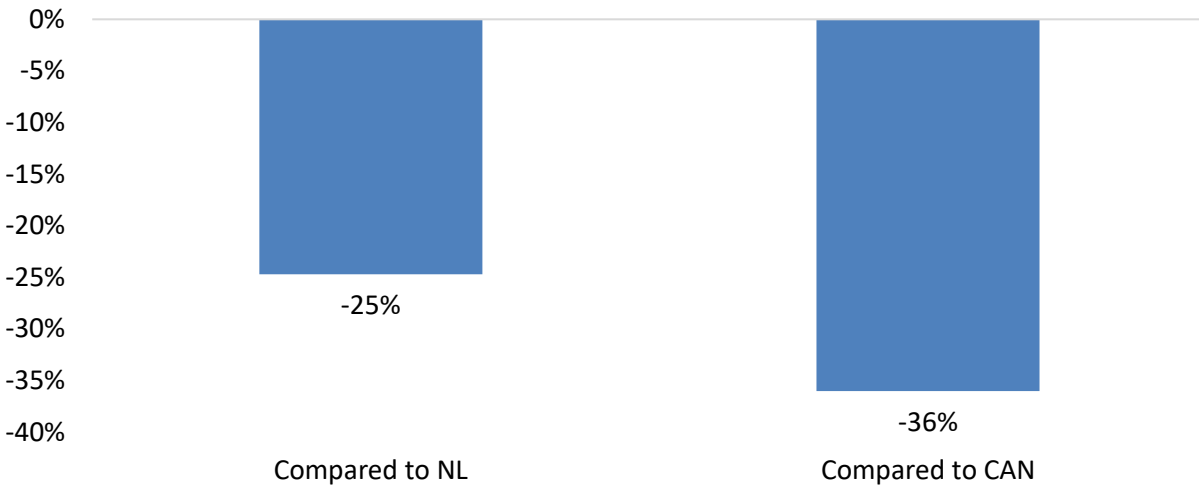
Figure 7: Change in employment 2011-2021, selected industries, southwestern Newfoundland*



*Census Division 4. Source: Statistics Canada.

According to Statistics Canada, in Census Division 4 (the area where the Great Atlantic Salt Project will be located), there are only four employers with 200 or more workers and three are in the public sector; they include a community college campus, hospital and library. The only private sector firm with 200 employees or more is a fish and seafood wholesaling company.

Figure 8: Median employment income gap, Division 4 versus provincial and national income levels



Source: Statistics Canada 2021 Census.

2.5 The region needs new industries offering stable, high wage jobs

It is clear southwestern Newfoundland will need to attract thousands of people to the region in the coming years to meet the demand for local jobs. As is developed in Section 3, the Great Atlantic Salt Project will create a large number of high paying, year-round jobs. People will move to the region for these jobs, and many will bring spouses and children who can eventually fill other needed roles in the local workforce.

2.6 The region has a history of bouncing back

The good news is southwestern Newfoundland has a track record of bouncing back. A number of large employers have left the community at various times throughout history. In 1966, the U.S. Air Force closed the air base that had transformed Stephenville from a town of 500 into a regional hub of over 7,000. The region responded by growing its forest products industry. In 1977, Labrador Linerboard Limited shuttered its Stephenville mill, putting hundreds more locals out of work. In 1981, the mill reopened, converted to newsprint by its new owners, Abitibi Consolidated. In turn, the Abitibi mill closed in the early 2000s.

The region is now at another inflection point. The green energy sector and related downstream investment in manufacturing hydrogen along with the boost to the regional port will provide an excellent economic foundation for the next generation of industries in the region.

2.7 Role of the Great Atlantic Salt Project

The Great Atlantic Salt Project will play an important role in revitalizing the economy and boosting the demographic prospects of the region. The economic impact model below estimates the salt mine will boost employment across the province by more than 400 full-time equivalent jobs; the vast majority of those jobs will be located in southwestern Newfoundland. The firm will employ 169 directly in the mine and the rest of the jobs will occur in the supply chain (indirect) and from induced effects⁴.

The project will boost household spending by millions of dollars each year supporting hundreds of businesses in the area from grocery stores and restaurants to retail shops and hair stylists.

Importantly, the hundreds of jobs supported by the project will either bring new families to the area or retain existing workers in the region. These new families will mean more workers for other sectors of the economy (spouses, teenage children).

⁴ See Section 3.1 for the definition of direct, indirect and induced economic activity.

3. GREAT ATLANTIC SALT PROJECT – A GAME CHANGER

This section looks at the economic impact of both the capital expenditures (CAPEX) and ongoing operating costs (OPEX) associated with the Great Atlantic Salt Project.

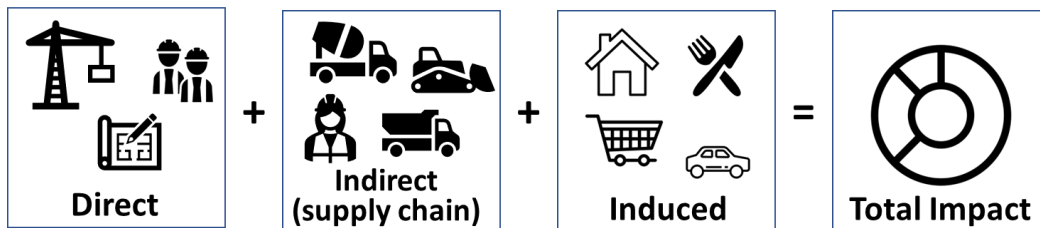
3.1 The economic impact model

The economic impact model used to estimate how the Great Atlantic Salt Project will impact the Newfoundland and Labrador economy, as well as the national economy, is based on Statistics Canada’s Input-Output (I-O) tables which provide a detailed profile of how expenditures in specific sectors flow through the provincial and national economy, as well as through international trade. The economic impact model evaluates the direct, indirect and induced economic impact, using the following parameters:

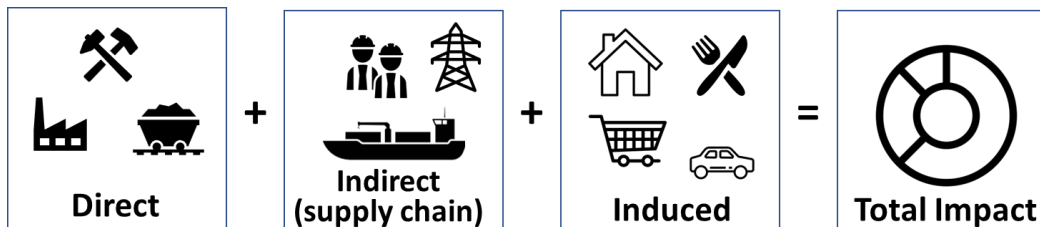
- *Direct impact* measures the value-added to the economy attributed directly from the wages earned and the revenues generated from the workforce spending in Newfoundland and Labrador and Canada.
- *Indirect impact* measures the value-added generated within the regional economy through firm and organizational demand for intermediate inputs or other support services (e.g. the supply chain).
- *Induced impacts* are derived when workers in the aforementioned industries spend their earnings. These purchases lead to more employment, higher wages and increased income and tax revenues, and can be felt across a wide range of industries.

Figure 9: Economic multipliers associated with the Great Atlantic Salt Project

CAPEX Phase:

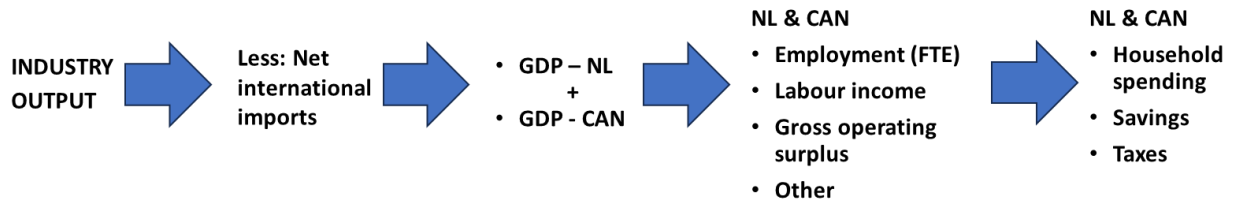


OPEX Phase:



The I-O tables trace the impact of economic activity (output shock) on the provincial and national economies (including imports and exports). In addition to the GDP and employment impacts, the economic impact model estimates the amount of tax revenue supported by the industry, as well as consumer spending impacts.

Figure 10: Economic impacts by geography: Great Atlantic Salt Project



The industries used in the model included (industry classification in brackets):

- Non-residential building construction [BS23B000] – used for CAPEX.
- Other non-metallic mineral mining and quarrying (except diamond and potash) [BS21239A]– used for operational impacts associated with the salt mine. Because Newfoundland and Labrador does not have a salt mining industry, after a review of all provinces with active salt mining industries and an analysis of the direct operational spending provided by Atlas Salt Inc., it was decided to use the indirect and induced Nova Scotia multipliers for this sector.

3.2 Great Atlantic Salt Project: Initial CAPEX impacts

The Great Atlantic Salt Project involves a substantial level of capital investment. The construction phase of the project requires \$480 million and the 34 years of operation will require another estimated \$600 million (nominal dollars) in sustaining capital investment. The initial investment will go towards site preparation, installation of surface mine site infrastructure, construction of the overland conveyor, construction of the underground facilities and upgrades to the port infrastructure.

3.2.1 Economic impacts: Initial construction phase

The construction phase of the project is estimated to take 4.5 years. Table 1 shows the estimated CAPEX economic impacts associated with the initial capital investment. The economic multipliers assume a significant amount of spending will go towards the purchase of equipment and materials and other expenditures outside the province of Newfoundland and Labrador. Still, with the multiplier effects, the economic impacts from this CAPEX spending are expected to be significant in Newfoundland and Labrador and the rest of Canada.

Including direct, indirect and induced effects, the project is expected to boost provincial GDP by more than \$202 million over the 4.5-year period. The direct payroll will be augmented by indirect (supply chain) payroll and the employment income induced in the wider economy. In total, the project's CAPEX phase alone is expected to boost employment income in the province by \$128.4 million, supporting 1,790 full-time person years of employment over the construction phase. This employment income is expected to induce an estimated \$95 million in household spending mostly in southwestern Newfoundland with additional impacts in the rest of the province. This household spending will benefit a broad base of businesses large and small in all sectors of the economy.

Maximizing the economic benefits: Based on previous similar projects, the economic impact model herein assumes there will be some leakage of employment income to other jurisdictions as specialized workers are brought into the province. The GDP, employment income and other impacts are already discounted. However, if a larger share of the workforce ends up coming from outside the province the economic benefits to Newfoundland and Labrador could be eroded.

Governments will benefit from substantial tax revenue induced by the CAPEX including an estimated \$4.5 million to municipal government and \$34.1 million to the Newfoundland and Labrador government.

The CAPEX in southwestern Newfoundland will also boost the national economy (through workforce, supply chain and induced effects). As shown in the table below, combined with in-province effects, the total GDP boost across the country will be an estimated \$300 million and employment income will be \$184.5 million, supporting more than 2,860 FTE person years of employment. Across the country, household spending is expected to be \$136.5 million and the total tax take for all municipal, provincial and federal governments is expected to be \$87 million. The federal government can expect to receive \$32.7 million just from the initial capital investment phase of the project.

Table 1 also shows the average annual impacts from the CAPEX phase of the project by dividing the total amounts by 4.5 years. Over that period, the CAPEX phase of the Great Atlantic Salt Project is expected to boost provincial GDP by \$45 million per year and contribute \$28.5 million in employment income to an average annual 398 workers. These workers will spend over \$21 million per year on consumer purchases such as groceries, housing and transportation.

Governments can expect to take in an average of \$13.8 million per year in tax revenue including just under \$1 million for municipal governments and \$7.6 million for the provincial government. The federal government can expect \$7.3 million per year.

Table 1: Estimated CAPEX economic impacts - Great Atlantic Salt Project

Total initial CAPEX (over 4.5 years)	Total impact (over 4.5 years)		Average annual impact	
	In-province	Canada-wide	In-province	Canada-wide
Investment	\$480,000,000		\$106,667,000	
Provincial GDP contribution	\$202,200,000	\$299,700,000	\$44,933,000	\$66,600,000
Employment income	\$128,400,000	\$184,500,000	\$28,533,000	\$41,000,000
FTE employment	1,790	2,684	398	596
Household spending	\$95,016,000	\$136,530,000	\$21,115,000	\$30,340,000
<i>Taxes</i>				
Taxes on employment income	\$38,790,000	\$55,535,000	\$8,620,000	\$12,341,000
Indirect taxes	\$23,100,000	\$31,500,000	\$5,133,000	\$7,000,000
Total taxes	\$61,890,000	\$87,035,000	\$13,753,000	\$19,341,000
<i>Taxes by level of government</i>				
Municipal	\$4,488,000	\$6,971,000	\$997,000	\$1,549,000
Provincial	\$34,118,000	\$47,355,000	\$7,582,000	\$10,523,000
Federal	\$23,276,000	\$32,698,000	\$5,172,000	\$7,266,000
<i>Taxes as a % of GDP contribution</i>	31%	29%		

Source: Developed by Jupia Consultants Inc. See Appendix A.

3.2.2 Detailed assessment of induced NL household spending impacts

An important impact of the Great Atlantic Salt Project will be the boost to household spending. About 74 percent of all employment income in the province becomes current consumption, meaning it is spent in areas such as food, shelter, transportation and recreation. The rest goes to income taxes, savings and other non-current consumption. Table 7 shows how the \$128.4 million in labour income induced by the Great Atlantic Salt Project becomes household spending in Newfoundland and Labrador. This is based on typical household spending in the province. The amount spent in southwestern Newfoundland will depend on a variety of factors such as how many local people are working on related projects, how many migrant workers from elsewhere in the province are purchasing goods and services in the local area, etc.

In total, the Great Atlantic Salt Project CAPEX phase is expected to boost current consumption by over \$95 million. This will include nearly \$15.3 million on food, \$23.3 million on shelter, \$20.2 million on transportation, \$3.9 million on health and personal care, and \$4.7 million on recreation. The table shows additional examples of how the spending should cascade into the local and provincial economy.

How the ongoing operations associated with the Great Atlantic Salt Project will boost ongoing household spending in Newfoundland and Labrador is developed in Section 3.3 below.

Table 2: Household spending in NL induced by the Great Atlantic Salt Project: CAPEX phase

<u>Household spending category:</u>		<u>Household spending category:</u>	
Total current consumption in NL	\$95,016,000	Health care	\$2,731,000
Food expenditures	\$15,255,000	Medicines/pharmaceutical products	\$899,000
Food purchased from stores	\$12,026,000	Eye-care goods and services	\$175,000
Food purchased from restaurants	\$3,228,000	Dental services	\$283,000
Shelter	\$23,312,000	Personal care	\$1,216,000
Water, fuel and electricity	\$5,315,000	Private health/dental plan premiums	\$1,018,000
Insurance premiums	\$368,000	Recreation	\$4,670,000
Household operations	\$8,136,000	Entertainment	\$1,272,000
Communications	\$4,614,000	Purchase of recreational vehicles	\$1,006,000
Pet expenses	\$1,063,000	Financial services	\$656,000
Household furnishings/equipment	\$3,234,000	Retirement and pension fund payments	\$4,252,000
Clothing and accessories	\$4,766,000	Gifts of money/charitable contributions	\$1,911,000
Transportation	\$20,151,000		
Purchase of automobiles/vans/trucks	\$8,232,000		
Automobile/van/truck operations	\$9,267,000		
Vehicle insurance premiums	\$2,821,000		
Gas and other fuels	\$4,257,000		

Source: Derived by Jupia Consultants Inc. See Appendix A.

3.3 Great Atlantic Salt Project: Ongoing OPEX impacts

3.3.1 Annual OPEX economic impacts: Introduction

After the construction phase, the Great Atlantic Salt Project will generate substantial ongoing economic benefits in southwestern Newfoundland, the province and the country overall. These impacts involve the operations associated with the mine including the salt extraction, storage and shipment via the port. This section also looks at the ongoing economic impacts associated with the \$600 million in sustaining capital investment over the 34-year timeframe. Finally, this section considers the economic impacts associated with provincial government spending of the substantial tax and royalty revenue this project is expected to induce each year.

3.3.2 Annual OPEX: Great Atlantic Salt Project operations

Once operational, it is expected that the mine will run 24-hours per day on a full 365-day year basis and will be operated by company employees on a 12-hour shift basis. The underground processing plant and conveyor transport to the port will be largely automated requiring minimal operator intervention. The company estimates there will be 169 direct employees at the mine in various roles including miners, truck operators, equipment operators, general labourers, trades, maintenance and office-related employees. The firm believes most, if not all, of these positions will be in place for the duration of the operations phase of the project.

The economic impact model estimates the indirect jobs that will be associated with the mine. These jobs will be sustained in the company's supply chain. One example will be Newfoundland Power which is expected to generate \$280+ million worth of revenue over the 34 years of operations. Further, there are induced jobs which are sustained when the employment income associated with the mine (direct and indirect) is spent in the wider economy on housing, groceries, transportation, recreation, etc.

Using the economic multipliers as developed in Section 3.1, a range of economic impacts can be estimated. Table 3 shows the estimated annual economic impacts associated with the operations of the mine. The dollar amounts are shown in \$2024. Based on discussions with the firm, it is not anticipated the operations profile will change much during the three decades plus operations of the mine.

The annual OPEX associated with the mine is expected to boost provincial GDP by \$58.2 million from direct operations and another \$28 million through indirect and induced effects. On an annual basis over the 34-year time frame, the Great Atlantic Salt Project will add \$86.2 million to the provincial GDP without considering the impacts from sustaining capital investment or from the spending of government tax revenues. Across the country, national GDP will rise by \$112 million per year. A large component of this GDP contribution will be employment income. The direct employees are expected to earn just under \$23 million (or an average total compensation in excess of \$130,000 per year). Adding indirect and induced effects, the total employment income in Newfoundland and Labrador will be an estimated \$35.5 million each year. Across the country, the total employment income supported by the Great Atlantic Salt Project increases to \$49.8 million.

The 169 direct jobs will be supported by 236 in the supply chain and through induced economic activity. On an annual basis, the Great Atlantic Salt Project will support an estimated 405 full-time equivalent jobs mostly in southwestern Newfoundland with some located elsewhere in the province.

An important impact will be the amount of spending that flows right back into the local community. In addition to funds spent on suppliers, the induced economic activity will result in \$26.3 million in annual household spending on consumer goods and services, again mostly in southwestern Newfoundland.

The Great Atlantic Salt Project will drive substantial tax revenue for municipal, provincial and federal governments. The operations phase of the project is expected to boost municipal tax coffers by \$1.3 million per year, provincial government revenues by \$43.6 million per year and federal tax revenues by \$23 million per year. The tax multipliers are based on employment income-based taxes (HST, personal income tax and household property tax), indirect taxes as well as corporate income tax and mining tax. The provincial government revenue is significant because of both an ongoing stream of corporate income tax revenue and mining tax revenue.

Section 8 expands on the tax calculations further.

Table 3: Annual OPEX economic impacts – Great Atlantic Salt Project operations (\$2024 millions)

	In Newfoundland and Labrador			Canada-wide
	<u>Direct</u>	<u>Indirect & induced</u>	<u>Total impact</u>	<u>Total impact</u>
GDP contribution	\$58.2	\$28.0	\$86.2	\$112.0
Employment income	\$22.7	\$12.8	\$35.5	\$49.8
Jobs (FTE)	169	236	405	670
Household spending	\$16.8	\$9.5	\$26.3	\$36.8
<i>Taxes</i>				
Taxes on employment income			\$13.1	\$17.8
Indirect taxes			\$5.8	\$8.1
Corp. income and mining taxes*			\$49.0	\$49.0
Total taxes			\$67.9	\$74.9
<i>Taxes by level of government</i>				
Municipal			\$1.3	\$1.8
Provincial			\$43.6	\$47.4
Federal			\$23.0	\$25.6

*See Section 3.3.3 for details.

Source: Developed by Jupia Consultants Inc. See Appendix A.

3.3.3 Great Atlantic Salt Project corporate income and mining taxes

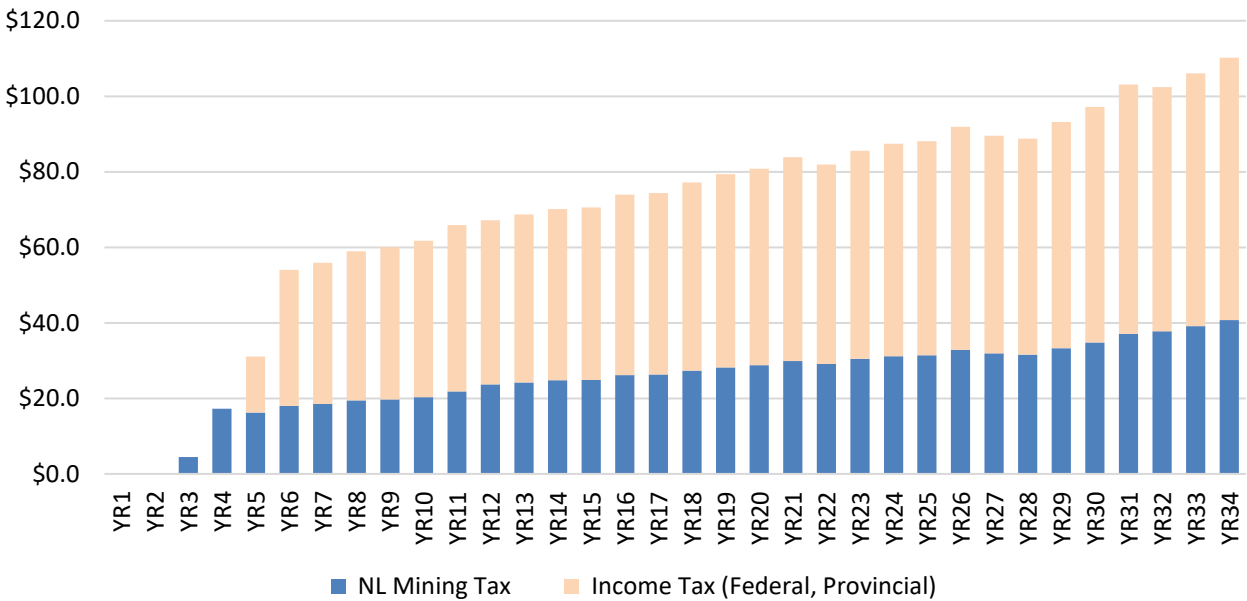
The Government of Newfoundland and Labrador levies a Mining Tax on operators carrying out mining activities in the province. The tax rate of 15 percent is imposed on the net income of the operator. In 2022-2023, the Government of Newfoundland and Labrador reported \$181 million in mining tax and royalties (excluding offshore oil and gas royalties). Atlas Salt is projecting it will pay an estimated \$893 million in mining tax over the 34 years of the project. On an average annual basis, in nominal terms, the company will pay an annual amount equivalent to 10 percent of the total raised from all mining projects in 2022-2023.

In addition, the company is projecting it will pay an estimated \$1.57 million in corporate income taxes to the provincial and federal governments. Half of the corporate income tax will accrue to the provincial government.

In total, Atlas Salt is projecting it will pay \$2.46 billion in mining and corporate income taxes over the 34 years of operation. This excludes taxes induced from the operations of the mine as developed above.

For the purposes of the economic impact model developed herein, the annual mining tax and corporate income tax payments were discounted by two percent per year back to 2024 to show the amounts in an inflation adjusted base year amount.

Figure 11: Estimated NL Mining Tax and Corporate Income Tax payments by year, nominal \$Millions



Source: Atlas Salt Inc.

3.4 Annual economic impacts from sustaining CAPEX

In addition to the \$480 million in CAPEX spending during the startup phase, the Great Atlantic Salt Project will require another \$600 million in sustaining capital investment during the 34 years of operation. Some of this investment will go towards the purchase of equipment from outside the province, but much of it will be spent within the province on maintenance and other expenditures that will have a significant GDP impact.

Table 4 shows the estimated annual economic impacts from the sustaining CAPEX over the 34 years of mining operations. In total, it is expected to boost provincial GDP by \$172 million and national GDP by \$255 million. It is expected to generate \$109 million worth of employment income in the province and \$157 million country-wide. It is expected to support 1,522 person years of full-time employment or an amount equivalent to 45 jobs per year in Newfoundland and Labrador and 67 across the country.

This activity will also boost government tax coffers including \$4.6 million for municipal governments in the province, \$33.6 million for the provincial government and \$21.5 million for the federal government.

Table 4: Annual economic impacts from sustaining CAPEX – Great Atlantic Salt Project operations (\$2024 millions)

	Total impacts (over 34 years)		Average annual impact	
	<u>In-province</u>	<u>Canada-wide</u>	<u>In-province</u>	<u>Canada-wide</u>
Investment	\$600.0		\$17.6	
Provincial GDP contribution	\$171.9	\$254.7	\$5.1	\$7.5
Employment income	\$109.1	\$156.8	\$3.2	\$4.6
FTE employment	1,522	2,281	45	67
Household spending	\$81.9	\$117.6	\$2.4	\$3.5
<i>Taxes by source</i>				
Taxes on employment income	\$33.0	\$47.2	\$1.0	\$1.4
Indirect taxes	\$26.8	\$19.6	\$0.8	\$0.6
Total taxes	\$59.7	\$66.8	\$1.8	\$2.0
<i>Taxes by level of government</i>				
Municipal	\$4.6	\$5.1	\$0.1	\$0.2
Provincial	\$33.6	\$35.6	\$1.0	\$1.0
Federal	\$21.5	\$26.1	\$0.6	\$0.8

Source: Developed by Jupia Consultants Inc. See Appendix A.

3.5 Annual economic impacts from the implied spending of provincial tax revenue

The Great Atlantic Salt Project is expected to generate substantial tax revenues for the provincial government. In 2024 dollars, the project is expected to contribute more than \$1.5 billion over the CAPEX and OPEX phases to support provincial government program and capital spending.

Table 5 shows how the \$43.6 million in provincial government tax revenue generated from operations in an average year could flow into the delivery of public services and how that activity would boost the economy. If the provincial government spent one-third of the \$43.6 million each on education, health care and public administration, the GDP, employment, income, household spending and tax impacts are summarized in the table.

Including only in-province impacts (direct, indirect and induced combined), the spending of the Great Atlantic Salt Project tax revenues on provincial government services would boost annual provincial GDP by over \$45 million, increase employment income in the province by nearly \$33 million and support an estimated 434 full-time equivalent jobs. The employment income induced by the delivery of these public services would boost household consumer spending by \$23.6 million. Municipal governments could expect \$1.1 million in new tax revenue, the provincial government \$5.6 million and the federal government \$3.8 million per year.

Of course, government could spend the tax revenue arising from the Great Atlantic Salt Project on many things ranging from capital investment on roads to paying down public debt. See Section 4.3 for an additional assessment of how tax dollars arising from the mine operations could be spent in the province.

Table 5: Implied spending of average annual NL government tax revenue – Great Atlantic Salt Project operations (\$2024 millions)

	<u>Education</u>	<u>Health care</u>	<u>Public administration</u>	<u>Total public spending impacts</u>
% breakdown by spending area	33%	33%	33%	
<i>\$43.6 million in GNL spending would induce:</i>				
Provincial GDP contribution	\$17.3	\$14.4	\$13.6	\$45.3
Employment income	\$13.4	\$10.9	\$8.4	\$32.7
FTE employment	159	161	114	434
Household spending	\$9.7	\$7.8	\$6.0	\$23.6
<i>Taxes</i>				
Taxes on employment income	\$3.9	\$3.2	\$2.4	\$9.5
Indirect taxes	<u>\$0.4</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$1.0</u>
Total taxes	\$4.3	\$3.5	\$2.8	\$10.6
<i>Taxes by level of government</i>				
Municipal	\$0.5	\$0.4	\$0.3	\$1.1
Provincial	\$2.3	\$1.9	\$1.5	\$5.6
Federal	\$1.5	\$1.2	\$1.0	\$3.8

Source: Developed by Jupia Consultants Inc. See Appendix A.

3.6 Combined annual economic impacts

There is no way of knowing for sure how tax revenues will be spent, but assuming the provincial government spends the revenue from the Great Atlantic Salt Project similar to that outlined in Section 3.5, the combined annual economic impacts from operations, sustaining capital and implied public spending can be developed. Table 6 shows the summary GDP, income, jobs, household spending and taxes arising from the mining operations in an average year through 2034.

The mining operations and the spending of the provincial tax revenue on public service combine to boost provincial GDP by \$137 million per year, employment income by over \$71 million and household spending by more than \$52 million. In total, the Great Atlantic Salt Project will support over 880 jobs across Newfoundland and Labrador.

Table 6: Combined annual economic impacts: Great Atlantic Salt Project (\$2024 millions)

	Operations	Sustaining capital	Implied NL public spending	Total
GDP contribution	\$86.2	\$5.1	\$45.3	\$136.6
Employment income	\$35.5	\$3.2	\$32.7	\$71.4
Jobs (FTE)	405	45	434	884
Household spending	\$26.3	\$2.4	\$23.6	\$52.3
<i>Taxes by level of government</i>				
Municipal	\$1.3	\$0.1	\$1.1	\$2.5
Provincial	\$43.6	\$1.0	\$5.6	\$50.2
Federal	\$23.0	\$0.6	\$3.8	\$27.4

Source: Developed by Jupia Consultants Inc. See Appendix A.

3.6.1 Annual household spending impacts from operations: Detailed

Just like the CAPEX impacts discussed above, the annual operations of the Great Atlantic Salt Project will provide a solid boost to household spending in the province, mostly in southwestern Newfoundland. Table 7 shows how the \$71.4 million in annual labour income induced by the Great Atlantic Salt Project becomes household spending in Newfoundland and Labrador. This is based on typical household spending in the province. In total, the Great Atlantic Salt Project annual operations is expected to boost current consumption by \$52.3 million. This will include \$8.4 million on food, \$12.8 million on shelter, \$11.1 on transportation, \$2.2 million on health and personal care, and \$2.6 million on recreation.

Table 7: Annual household spending in NL induced by the Great Atlantic Salt Project: OPEX phase (\$2024)

<u>Household spending category:</u>	<u>\$Millions</u>	<u>Household spending category:</u>	<u>\$Millions</u>
Total current consumption in NL	\$52.3	Health care	\$1.5
Food expenditures	\$8.4	Medicines & pharmaceutical products	\$0.5
Food purchased from stores	\$6.6	Eye-care goods and services	\$0.1
Food purchased from restaurants	\$1.8	Dental services	\$0.2
Shelter	\$12.8	Personal care	\$0.7
Water, fuel and electricity	\$2.9	Private health and dental plan premiums	\$0.6
Insurance premiums	\$0.2	Recreation	\$2.6
Household operations	\$4.5	Entertainment	\$0.7
Communications	\$2.5	Purchase of recreational vehicles	\$0.6
Pet expenses	\$0.6	Financial services	\$0.4
Household furnishings/equipment	\$1.8	Retirement and pension fund payments	\$2.3
Clothing and accessories	\$2.6	Gifts of money & charitable contributions	\$1.1
Transportation	\$11.1		
Purchase of automobiles/vans/trucks	\$4.5		
Automobile/van/truck operations	\$5.1		
Vehicle insurance premiums	\$1.6		
Gas and other fuels	\$2.3		

*Includes mine operations, sustaining capital spending and the spending of provincial government tax revenue on public services. Source: Derived by Jupia Consultants Inc. See Appendix A.

3.7 Cumulative economic impacts from CAPEX and OPEX

A lot can change over a 34 year period, but assuming the average annual impacts developed in this report hold, the cumulative economic impacts from this strategically important mining project are summarized in Table 8. This will truly be a game changer for the southwestern Newfoundland economy. Combining the CAPEX and OPEX phases along with an estimate of the economic impacts of spending provincial tax revenues on public services, the Great Atlantic Salt Project should boost provincial GDP over the life of the mine by \$4.8 billion (\$2024). Employment income paid out in southwestern Newfoundland and the rest of the province will be over \$2.5 billion and this will support over 31,500 person years of employment.

Governments will receive nearly \$2.8 billion in tax revenue (\$2024) including \$89.6 million for municipal governments, \$1.7 billion for the provincial government and \$952 million for the federal government.

Table 8: Cumulative economic impacts: Great Atlantic Salt Project (\$2024 millions)

	<u>CAPEX</u>	<u>OPEX</u>	<u>Sustaining capital</u>	<u>Implied NL public spending</u>	<u>Total</u>
GDP contribution	\$171.9	\$2,930.8	\$173.4	\$1,540.2	\$4,816.3
Employment income	\$109.1	\$1,207.0	\$108.8	\$1,111.8	\$2,536.7
Jobs (person years)	1,522	13,770	1,530	14,756	31,578
Household spending	\$81.9	\$894.2	\$81.6	\$802.4	\$1,860.1

Taxes by level of government

Municipal	\$4.6	\$44.2	\$3.4	\$37.4	\$89.6
Provincial	\$33.6	\$1,482.4	\$34.0	\$190.4	\$1,740.4
Federal	<u>\$21.5</u>	<u>\$782.0</u>	<u>\$20.4</u>	<u>\$129.2</u>	<u>\$953.1</u>
Cumulative taxes	\$59.7	\$2,308.6	\$57.8	\$357.0	\$2,783.1

Source: Developed by Jupia Consultants Inc. See Appendix A.

4. STRATEGIC IMPACTS OF THE GREAT ATLANTIC SALT PROJECT IN SOUTHWESTERN NL

4.1 The strategic benefits in context

The Great Atlantic Salt Project will have a sizable impact on the Newfoundland and Labrador economy both from the capital spending phase and from the ongoing operations. This section highlights just how important this project will be to the regional and provincial economy in a number of areas.

Strategic benefit:	In context:
<p>Will substantially boost mining investment in the province</p>	<p>Atlas Salt Inc. is expecting to deploy \$480 million worth of capital on this project over a 4.5-year timeframe. The mining and quarrying industry in Newfoundland and Labrador is already attracting considerable investment⁵. According to Statistics Canada, an average of \$1.2 billion of capital expenditures have been made per year in this sector between 2021 and 2024. The Atlas Salt Inc. investment will boost annual CAPEX in this sector by 10% per year over the 4.5 years. Further, much of the mining investment is happening in the north, in Labrador. This will be the first large scale mining investment in southwestern Newfoundland in a long time.</p>
<p>Adds a top private sector employer in southwestern Newfoundland</p>	<p>This surge in capital investment will leave behind 169 direct jobs in the mine and many more through indirect and induced effects. While the indirect and induced jobs in the economic impact model are province-wide, it is likely at least another 100-150 of the indirect and induced jobs will be in southwestern NL. According to Statistics Canada’s business counts, as of June 2023 there was only one other private sector employer with 200 or more employees in all of Division 4.</p> <p>Further, the average salary associated with these jobs will be more than twice the level of the average full-time job in Southwestern NL (Division 4).</p> <p>Based on 2021 Census data, the \$23 million in expected employment income directly paid out to mine workers is an amount equivalent to \$1.00 out of every \$13.00 in total employment income earned in Division 4. Adding in a reasonable estimate of indirect and induced income paid out in Division 4 and this one mine is expected to boost employment income in southwestern NL by 10% compared to the income earned in 2021.</p>

⁵ Excluding offshore oil and gas.

Strategic benefit:	In context:
Supports hundreds of small companies in the region	According to Statistics Canada there are over 600 private sector employers in southwestern NL (Division 4). This includes 99 retail firms, 86 personal services firms and 14 restaurants. Adding an estimated \$20 million per year to household spending in the region will provide a substantial ongoing boost to the local economy. This represents a boost of between 5% and 8% of total annual household spending on current consumption. It is likely this substantial new household spending will increase the need for more entrepreneurs in the region.
Helps attract highly skilled talent and meet local workforce needs	As discussed in Section 2 above, these high wage, highly skilled jobs will be attractive to trades workers and professionals looking to advance their careers. Many of these 169 highly skilled workers in the mine, and the many more through indirect and induced impacts, will bring with them families that will help support workforce needs in other sectors of the economy.
Innovative design positions the mine for long-term profitability	The quality of the world class salt resource, its strategic location and innovative design will differentiate this mine from its competition setting it up for long term profitability and a substantial stream of tax revenue for the Newfoundland and Labrador and Canadian governments.
Drives substantial new tax revenue in the province	Newfoundland and Labrador needs new sources of sustained private sector revenue. The provincial budget is heavily reliant on oil and gas revenues as offshore royalties alone account for nearly 20 percent of own-source revenue each year (not including corporate income tax and induced taxes from the sector). The Great Atlantic Salt Project is expected to generate an average of more than \$43 million in new tax dollars each year for the provincial government over a 34 year period (in \$2024 dollars). Municipal government, mostly in southwestern NL, can expect an average of \$1.3 million in tax revenue each year during the life of the project.
Creates another major export industry for Newfoundland and Labrador	The Great Atlantic Salt Project will create another major export sector for Newfoundland and Labrador. The province will become a top Canadian supplier of salt. The market study developed for this project indicated about half the total production from the mine will be shipped to U.S. markets.
Could lead to additional economic benefits in subsequent generations	The economic impact analysis in this report is based only on a 34-year timeframe. According to the project proponent, there could be enough salt to support ongoing mining and investment for decades beyond that timeframe. The resource study done for this projected was based on the extraction of 88 Mt of salt over the 34-years. The study found the indicated amount to be 383 Mt and the inferred amount to be 868 Mt. The current project represents only 10% of the inferred amount.

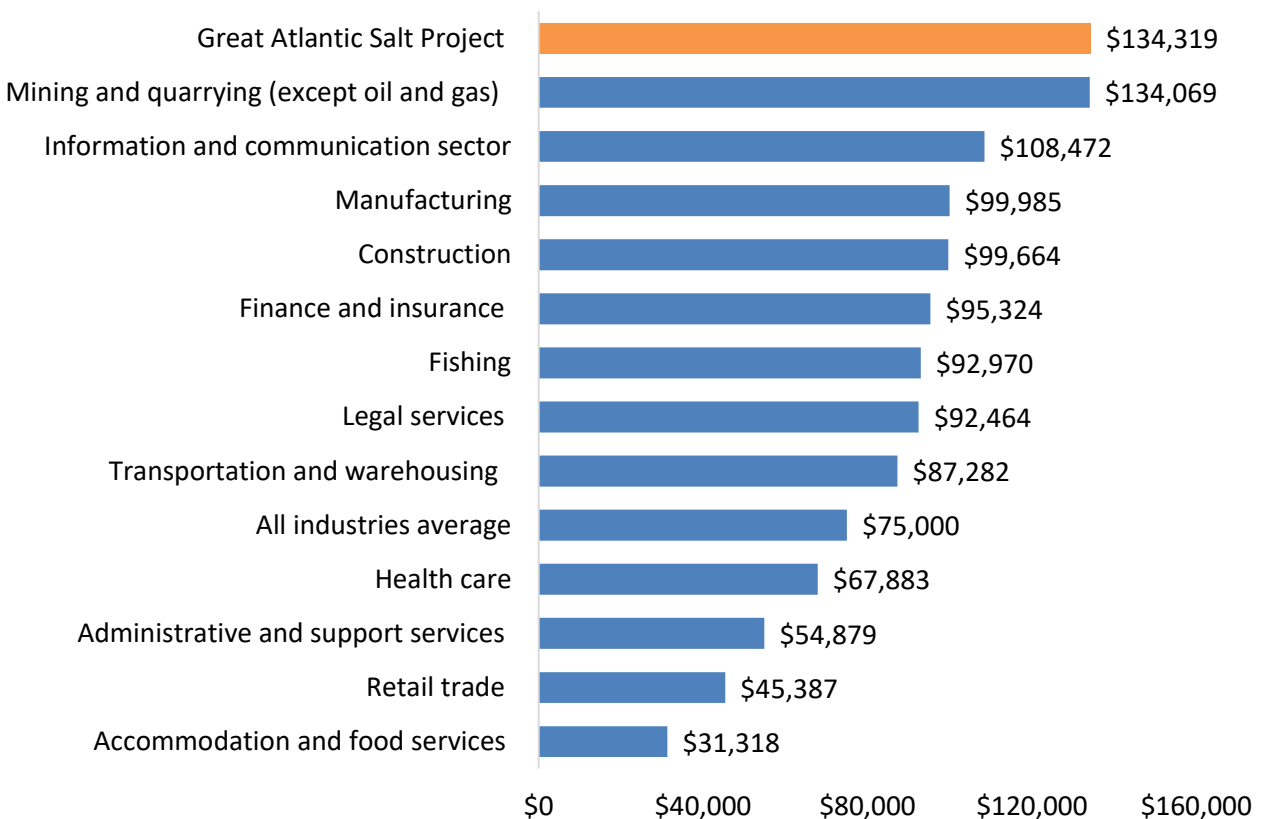
4.2 The Great Atlantic Salt Project: High wage jobs

Mining in Newfoundland and Labrador is a high wage industry. The Great Atlantic Salt Project is no different. Based on information provided by the company the average employment income is expected to exceed \$134,000 per year (wages, payroll costs and benefits). That is an average employment income 79 percent higher compared to the average for all industries in the province, 54 percent higher than the average in transportation and warehousing, 34 percent higher than the average in manufacturing and also 24 percent higher than the information and communications sector.

The most recent data on employment income in the St. George's/Stephenville area (Division 4) is from the 2021 Census. At that time, the average employment income for full-time, full-year workers was just over \$59,000 per year. The average wage for the Great Atlantic Salt Project will be more than double that amount.

Higher wage jobs translate into more household spending in the community and into higher tax revenues for government.

Figure 12: Average annual total compensation per job by sector, Newfoundland and Labrador



In 2023. Source: All but the Great Atlantic Salt Project taken from Statistics Canada Table: 36-10-0480-01. Includes all compensation salaries, wages, payroll taxes and benefits.

4.3 Deeper dive: What will the NL tax revenue pay for?

The economic impact model above considers how the \$44.6 million in provincial government tax revenue could impact the provincial economy in terms of GDP, jobs, household spending, etc. Another approach would be to consider other ways the \$44.6 million could be spent on the delivery of public services or to invest in public infrastructure.

As a few examples, the \$44.6 million in provincial government tax revenue would cover:

- The entire health care workforce in southwestern NL (using Census data, the total salaries of everyone working in health care was approximately \$45 million in 2021).
- All the K-12 teachers in southwestern NL with a lot left over (payroll \$15 million in 2021).
- The entire capital spending on public infrastructure in southwestern NL (assuming a per capita spend⁶).

4.4 Environmental and sustainability benefits

The Great Atlantic Salt Project will set a new standard for low carbon emissions mining. Stantec Consulting Ltd. completed a large-scale review of the project and concluded that the green energy supplied by Newfoundland Power combined with state-of-the-art battery electric machinery and equipment will lead to a very low GHG emission profile for the mine. Stantec concludes the Great Atlantic Salt Project will establish a new “benchmark in sustainability for underground mines globally.”

4.5 Maximizing economic benefits

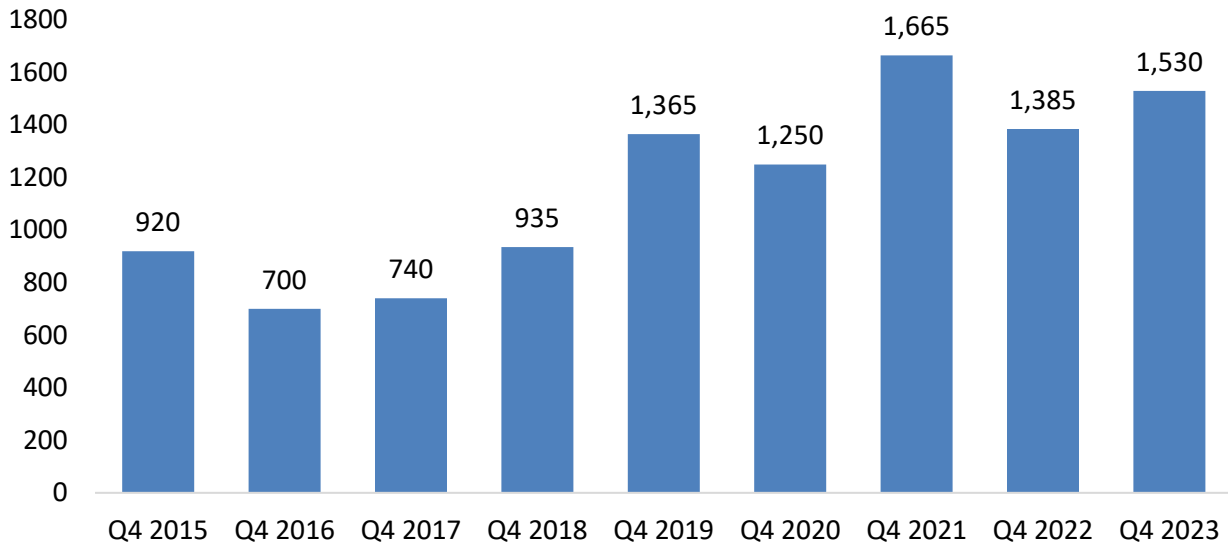
It is important for Atlas Salt Inc., government, education and community stakeholders to work on maximizing the economic benefits from the Great Atlantic Salt Project. Southwestern NL (Division 4) is a small economy with limited population and many of the economic benefits from both the CAPEX and OPEX phases of the project could leave the region as the project proponent and its suppliers may have to bring in workers and purchase a higher level of goods and services outside the region and province relative to the expenditures predicted by the economic impact model.

The region is already facing a tightening labour market. According to Statistics Canada, the economic region that includes Division 4 has seen doubling of vacant jobs between 2017 and 2023 (Figure 13).

A deliberate strategy to ensure the maximum number of Newfoundlanders and Labradorians can work jobs related to both the CAPEX and OPEX should be developed. Further, a detailed supply chain development strategy will ensure that Newfoundland and Labrador companies can maximize the benefits of this project to the local economy.

⁶ The Government of Newfoundland and Labrador’s capital budget was the equivalent of \$1,850 per person in 2024-2025. There are just under 20,000 living in Division 4 (the Greater Stephenville area). Assuming a per capita spending of the capital budget around the province, that would equate to \$37 million spent in Division 4 – less than the \$44.6 million expected to be generated by the Great Atlantic Salt Project in an average year.

Figure 13: Job vacancies in the fourth quarter of each year, West Coast-Northern Peninsula-Labrador, Newfoundland and Labrador



Source: Statistics Canada Table: 14-10-0326-01.

4.6 Case study: Goderich, Ontario

Compass Minerals operates a salt mine and processing plant in Goderich, Ontario. It is the largest underground salt mine in the world and has operated since 1959. According to the research firm Lightcast, the salt mine is the largest employer in the community by far accounting for 15 percent of total employment and nearly 30 percent of employment income. The firm's average employment income in 2021 was more than \$120,000, the highest of any industry in the community.

Anchored by the salt mine, Goderich is a thriving rural community. It has an average household income above most of its peers in rural Ontario. The population is growing strongly having added 7.5 percent between 2019 and 2023⁷. Importantly, the community has a track record of attracting people to the region. The 2021 Census found that 26 percent of the population aged five and older had moved to the community between 2016 and 2021, one of the highest inward migration rates among rural municipalities across Ontario.

The Great Atlantic Salt Project will help solidify the economic base in southwestern Newfoundland for the next 30 years or more.

⁷ Source: Statistics Canada Table: 17-10-0155-01.

5. CONCLUSION: GREAT ATLANTIC SALT PROJECT AND THE FUTURE OF SOUTHWESTERN NL

It is not often a project of this size comes along in places like southwestern Newfoundland.

The Great Atlantic Salt Project represents a new, anchor industry for the region similar to the large projects in the past such as the pulp mill. It will provide substantial economic benefits to the province in the near term and a long term, stable source of high paying jobs for more than three decades.

There are other exciting projects being considered for the region including World Energy GH2's green hydrogen project. The Great Atlantic Salt Project is complementary with other development projects as its workforce needs are considerably different and because it will help attract talent to the region.

It will be important for the project proponent and its partners to ensure the maximum level of economic benefits remains in the province and the ongoing economic benefits accrue to the communities in southwestern Newfoundland.

APPENDIX A: THE ECONOMIC IMPACT MODEL AND SOURCES

The data sources used in the preparation of this report include:

<u>Statistic:</u>	<u>Source/Description:</u>
Indirect and induced GDP, employment and income estimates	Uses Statistics Canada Input-Output multiplier and impact estimates at the M industry level. Provincial Input-Output Multipliers, 2019. Catalogue no. 15F0046XDB. Industry Accounts Division. Statistics Canada. Includes multipliers for: output, gross domestic product (GDP) at market prices, taxes on products, labour income, wages and salaries, employers' social contributions, labour income of unincorporated sector, taxes on production and employment. The specific NAICS industries used are described in Section 2 above.
Tax multipliers	<p>Using a model developed by Jupia Consultants Inc. based on a variety of sources including:</p> <ul style="list-style-type: none"> • Induced HST revenue: Based on the ratio of HST collected to total provincial personal income in 2023 (Source: provincial budget documents and Statistic Canada). • Induced personal income taxes paid: Derived using several sources including Statistics Canada personal tax-related tables and its Survey of household spending (SHS) for 2021. • Property taxes paid (from employment income): Derived using Statistics Canada's Survey of Household Spending (SHS) for 2021. • Indirect taxes: Derived using Statistics Canada multipliers for the various sectors used in the model as described in Section 2.1. These indirect taxes are levied on the business activity and include such tax areas as: business property taxes, fuel taxes, vehicle license fees, land transfer taxes, and any sales taxes arising out of the corporate activity. <p>Corporate income tax estimates by year and amount were provided by Atlas Salt Inc. To discount the nominal values to \$2024, an annual discount rate of 2% was used.</p>
Household spending impacts	Derived using Statistics Canada's Survey of Household Spending (SHS) for 2021.
Industry GDP statistics	Gross domestic product (GDP) at basic prices, by industry. Source: Statistics Canada Table: 36-10-0402-01.
Various labour market characteristics	Statistics Canada 2021 Census and annual wage reports.

Municipal and provincial total own-source revenue as well as spending by category	GNL Main Estimates published by the Department of Finance.
Business counts	Source: Statistics Canada business counts, June 2023.
Export data	Source: Trade Data Online.
Occupational and industry wage data	Statistics Canada 2021 Census.
Average household spending	Source: Statistics Canada Table: 11-10-0222-01.
Capital investment by sector	Capital and repair expenditures, non-residential tangible assets, by industry and geography. Source: Statistics Canada Table: 34-10-0035-01.
Employment by sector	Source: Statistics Canada 2021 Census and the annual Labour Force Survey.

APPENDIX C: ABOUT JUPIA CONSULTANTS INC.

New Brunswick, Canada-based Jupia Consultants Inc. is a full-service research and planning support consultancy specializing in the area of economic development. For over two decades the firm has been working with companies, communities, industry associations, economic development agencies and government departments across Canada.

This report was prepared by David Campbell. David is the President of Jupia Consultants Inc. and has more than 25 years' experience as a consultant working with industry, not-for-profit organizations and governments across Canada. His focus areas include economic development strategy, economic impact analysis, population growth, cluster development and investment attraction. David was formerly Chief Economist with the Government of New Brunswick. In that role, he led the development of economic policy and economic development strategy for the provincial government.

David is a columnist with Brunswick News, a published author, and writes weekly for the It's the Economy, Stupid blog as well as co-presenting the weekly podcast Insights with Don Mills and David Campbell. In recent years, he has had the opportunity to collaborate with multiple think tanks and policy research organizations including the Conference Board of Canada, Public Policy Forum and the Donald J. Savoie Institute at the Université de Moncton.

For more information visit www.jupia.ca.