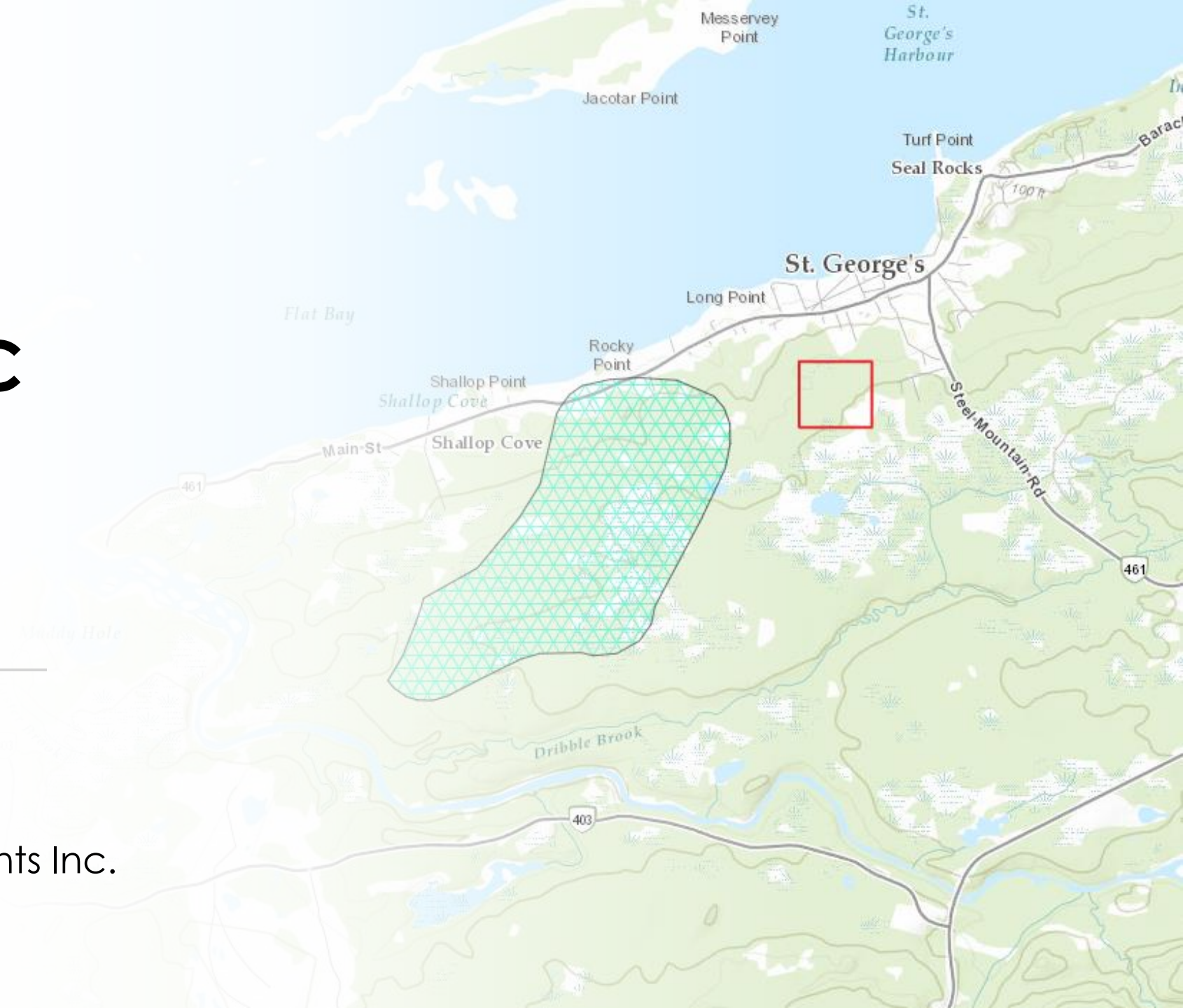




ATLAS SALT INC. GREAT ATLANTIC SALT PROJECT An economic impact report

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Objectives of the report

- Model the economic impacts of Great Atlantic Salt Project, owned by Atlas Salt Inc. (TSXV:SALT)
- Includes both the capital investment (CAPEX) and annual operational expenditures (OPEX).
- Considers the GDP, employment income, employment, tax and household spending impacts.
- Provide other highlights of the importance of the new mine to the local economy.

Great Atlantic Salt Project: Overview

- 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.
- It will require an estimated \$480 million initial investment to develop the infrastructure.
- The construction phase of the project is expected to take 4.5 years.
- The operational period will be at least 34 years.

Estimated CAPEX economic impacts: Great Atlantic Salt Project

| | Total impact \$Million (over 4.5 years) | | Average annual impact \$Million | |
|--|--|--------------------|------------------------------------|--------------------|
| | <u>In-province</u> | <u>Canada-wide</u> | <u>In-province</u> | <u>Canada-wide</u> |
| Initial CAPEX (over 4.5 years) 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 |
| Taxes by level of government | | | | |
| 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 |

Average annual economic impacts over 34 years (\$2024 millions)

| | <u>Mine Operations</u> | <u>Sustaining capital</u> | <u>Implied NL spending of tax revenue</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 |
| Taxes by level of government | | | | |
| 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 |

- Combining both CAPEX and 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 (in \$2024).

Cumulative economic impacts: CAPEX & OPEX (\$2024 millions)

| | <u>CAPEX</u> | <u>OPEX</u> | <u>Sustaining capital</u> | <u>Implied NL public spending</u> | <u>Total</u> |
|------------------------------|---------------|----------------|---------------------------|-----------------------------------|----------------|
| Provincial GDP contribution | \$172 | \$2,931 | \$173 | \$1,540.2 | \$4,816 |
| Employment income | \$109 | \$1,207 | \$109 | \$1,111.8 | \$2,537 |
| Jobs (person years) | 1,522 | 13,770 | 1,530 | 14,756 | 31,578 |
| Household spending | \$82 | \$894 | \$82 | \$802.4 | \$1,860 |
| 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 |

Strategic benefits: Great Atlantic Salt Project

Strategic benefit:

Will substantially boost mining investment in the province

In context:

The Atlas Salt investment will boost annual mining CAPEX in the province by 10% per year over 4.5 years. This will be the first large scale mining investment in southwestern Newfoundland in a long time.

Adds a top private sector employer in southwestern NL

169 direct jobs in the mining operations and at least another 100-150 of the indirect and induced jobs in southwestern NL. Mine jobs pay double the regional average. The mine is expected to boost total employment income in southwestern NL by 10%.

Supports hundreds of small companies

Adding an estimated \$20 million per year to household spending in the region - this represents a boost of between 5% to 8% of total annual household spending in the region.

Sets a new standard for low carbon emissions mining

The mine and its machinery and equipment will be powered by green electricity. Stantec reports the Great Atlantic Salt Project will establish a new “benchmark in sustainability for underground mines globally.”

Strategic benefits: Great Atlantic Salt Project

Strategic benefit:

Innovative design positions the mine for long term profitability

In context:

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 government.

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.

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

Will create another major export sector for NL. The province will become a top Canadian supplier of salt in Canada and the U.S. Approximately 50% of all exports are expected to be to the United States.

Strategic benefits: Great Atlantic Salt Project

Strategic benefit:

Is complementary to other investment projects in the region

Could lead to additional economic benefits in subsequent generations

In context:

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.

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.