BHP gives green light to Jansen potash project in Saskatchewan, Canada

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The Agribusiness sector is one of Canada's fastest growing industries that is deeply woven into our economic, technological and social fabric. This article is part of a series focusing on various aspects of this unique and fast moving industry.

On August 17, 2021, BHP announced its approval of $7.5 billion in capital expenditures for its Jansen Stage 1 potash project (the Jansen Project) located in Saskatchewan, Canada.

What you need to know

- BHP has approved investing a total in excess of $13 billion to complete the Jansen Project, with its recent approval of $7.5 billion in addition to the roughly $5.7 billion already spent to construct the mine.
- The Jansen Project is expected to produce 4.35 million tonnes of potash per year.
- Production of potash is anticipated to begin in 2027.
- Potash product will be shipped to export markets through Westshore Terminals, in Delta, British Columbia, Canada.

Summary

The Jansen Project was originally announced over ten years ago. At the time, it was proclaimed as what would become the largest potash mine in the world. To date, roughly $5.7 billion has been spent on the construction of mineshafts and associated infrastructure, as well as engineering, procurement activities, and preparation works related to underground infrastructure.

After years of delays, BHP has given the green light to move forward with the Jansen Project, approving $7.5 billion in additional capital expenditures.

The Jansen Project includes the engineering, design, and construction of an underground potash mine, as well as surface infrastructure including a processing facility, a product storage building, and a continuous automated rail loading system.

BHP also announced that potash from the Jansen Project will be shipped to export markets through Westshore Terminals, in Delta, British Columbia, Canada.

The Jansen Project is expected to produce approximately 4.35 million tonnes of potash per year, with the opportunity for further expansion. Construction of the mineshafts is expected to be completed in 2022, and the first potash ore is expected to be produced in 2027.

Located 140km east of Saskatoon, the Jansen Project represents the single largest private economic investment in Saskatchewan history. BHP's Jansen Project will join K+S Potash Canada's $4.1-billion Bethune Mine, and Mosaic's $3-billion Esterhazy K3 Project on the list of major potash mines located in Saskatchewan, Canada.

Our experience

The BLG Agribusiness group has extensive experience in the area of potash mines, with BLG lawyers having advised owners and operators, as well as railway companies on, *inter alia*, the development of potash mines, the construction of railways, and the transportation of potash to market; and in marine terminal operations including, *inter alia*, rail transport, unloading, loading, terminal services agreements, and disputes.

BLG lawyers advised a federal railway company with respect to the development of railway transportation infrastructure on the project site and transportation services to and from a significant potash mine near Moose Jaw, Saskatchewan, Canada.

BLG lawyers also advised the developer and operator of the potash mine.

Through drafting, negotiating and advising on development agreements, transportation agreements, and other ancillary agreements, BLG lawyers were instrumental in the development of one of Canada's largest potash mines.

By

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