

**International Minerals Innovation Institute**  
**Financial Statements**  
*December 31, 2019*

# International Minerals Innovation Institute Contents

*For the year ended December 31, 2019*

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	<i>Page</i>
<b>Management's Responsibility</b>	
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements.....</b>	<b>5</b>

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## **Management's Responsibility**

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To the Members of International Minerals Innovation Institute:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance and Audit Committee are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. The Finance and Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance and Audit Committee and management to discuss their audit findings.

March 26, 2020



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Executive Director

# Independent Auditor's Report

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To the Members of International Minerals Innovation Institute:

## Opinion

We have audited the financial statements of International Minerals Innovation Institute (the "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditor's Report *(continued)*

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

March 26, 2020

*MNP LLP*

Chartered Professional Accountants

**International Minerals Innovation Institute**  
**Statement of Financial Position**

*As at December 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents <i>(Note 3)</i>	4,713,967	4,644,186
Accounts receivable <i>(Note 4)</i>	194,755	6,974
Goods and Services Tax receivable	2,672	5,673
Prepaid expenses and deposits	5,000	1,000
	<b>4,916,394</b>	<b>4,657,833</b>
<b>Capital assets</b> <i>(Note 5)</i>	<b>465,962</b>	<b>538,210</b>
	<b>5,382,356</b>	<b>5,196,043</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	125,710	241,212
Funding repayable <i>(Note 6)</i>	171,428	-
Deferred contributions <i>(Note 7)</i>	743,340	740,051
Current portion of deferred contributions - corrosion project <i>(Note 8)</i>	70,823	70,823
	<b>1,111,301</b>	<b>1,052,086</b>
<b>Deferred contributions - corrosion project</b> <i>(Note 8)</i>	<b>389,524</b>	<b>460,347</b>
	<b>1,500,825</b>	<b>1,512,433</b>
<b>Commitments</b> <i>(Note 11)</i>		
<b>Net Assets</b>		
Internally restricted <i>(Note 3), (Note 9)</i>	3,775,051	1,739,928
Unrestricted	106,480	1,943,682
	<b>3,881,531</b>	<b>3,683,610</b>
	<b>5,382,356</b>	<b>5,196,043</b>

Approved on behalf of the Board of Directors

  
Director

  
Director

*The accompanying notes are an integral part of these financial statements*

# International Minerals Innovation Institute

## Statement of Operations

For the year ended December 31, 2019

	2019	2018
<b>Revenue</b>		
Grant revenue (Note 7)	492,797	774,825
Memberships (Note 7)	493,635	460,679
Sponsorship (Note 7), (Note 8)	463,756	265,591
Sponsorship funding returned (Note 6), (Note 12)	(171,428)	-
	1,278,760	1,501,095
<b>Expenses</b>		
Advertising	59,674	28,688
Amortization	1,425	1,905
Bank charges and interest	719	609
Contracted services	57,706	45,735
Insurance	3,160	3,085
Legal and accounting fees	28,349	25,414
Meetings and conferences	2,579	4,917
Office supplies	6,001	4,990
Rent	38,970	38,512
Salaries and benefits	284,709	284,563
Telephone	3,094	3,275
Travel	12,400	9,725
Website development & IT support	2,386	5,663
	501,172	457,081
<b>Education and Training Expenses</b>		
Expenses	210,104	315,731
Return of Education and Training Funding (Note 13)	-	(51,392)
	210,104	264,339
<b>Research and Development Expenses</b>		
Expenses	370,921	414,316
Return of Research and Development Funding (Note 14)	(111,015)	-
	259,906	414,316
<b>Special Project Expenses</b>		
	198,853	83,075
<b>Total expenses</b>	<b>1,170,035</b>	<b>1,218,811</b>
<b>Excess of revenue over expenses before interest income</b>	<b>108,725</b>	<b>282,284</b>
<b>Interest income</b>	<b>89,196</b>	<b>54,513</b>
<b>Excess of revenue over expenses</b>	<b>197,921</b>	<b>336,797</b>

The accompanying notes are an integral part of these financial statements

## International Minerals Innovation Institute Statement of Changes in Net Assets

*For the year ended December 31, 2019*

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	<i>Internally restricted</i>	<i>Unrestricted</i>	<b>2019</b>	<i>2018</i>
<b>Net assets beginning of year</b>	<b>1,739,928</b>	<b>1,943,682</b>	<b>3,683,610</b>	3,346,813
<b>Transfer to (from) the unrestricted fund (Note 9)</b>	<b>2,035,123</b>	<b>(2,035,123)</b>	-	-
<b>Excess of revenue over expenses</b>	-	<b>197,921</b>	<b>197,921</b>	336,797
<b>Net assets, end of year (Note 9)</b>	<b>3,775,051</b>	<b>106,480</b>	<b>3,881,531</b>	3,683,610

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*The accompanying notes are an integral part of these financial statements*

# International Minerals Innovation Institute

## Statement of Cash Flows

*For the year ended December 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	<b>197,921</b>	336,797
Amortization	<b>1,425</b>	1,905
Amortization of corrosion project equipment (Note 5)	<b>70,823</b>	70,822
Deferred contributions - corrosion project recognized (Note 7)	<b>(70,823)</b>	(70,822)
	<b>199,346</b>	338,702
Changes in working capital accounts		
Accounts receivable	<b>(187,781)</b>	4,297
Prepaid expenses and deposits	<b>(4,000)</b>	23,185
Accounts payable and accruals	<b>(115,502)</b>	114,472
Funding repayable	<b>171,428</b>	-
Deferred contributions	<b>3,289</b>	555,775
Goods and Services Tax receivable	<b>3,001</b>	(1,466)
	<b>69,781</b>	1,034,965
<b>Increase in cash and cash equivalents</b>	<b>69,781</b>	1,034,965
<b>Cash and cash equivalents, beginning of year</b>	<b>4,644,186</b>	3,609,221
<b>Cash and cash equivalents, end of year</b>	<b>4,713,967</b>	4,644,186

*The accompanying notes are an integral part of these financial statements*

# International Minerals Innovation Institute

## Notes to the Financial Statements

For the year ended December 31, 2019

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### 1. Incorporation and nature of the organization

International Minerals Innovation Institute (the "Organization") was incorporated under the authority of the Non-Profit Corporation Act, 1995 on January 27, 2012 and is registered as a not-for-profit organization and thus is exempt from income taxes under section 149(1) of the Income Tax Act ("the Act").

The Organization's purpose is to fund and facilitate the design of education and training programs and research and development projects for the mining and minerals industry in Saskatchewan.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Cash and cash equivalents**

Cash and cash equivalents includes balances with banks and savings deposits with no term to maturity.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance or straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the annual rate.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	55 %
Corrosion project equipment	straight-line	10 years
Furniture and fixtures	declining balance	20 %

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization recognizes interest on cash and cash equivalents over the term of the investment if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent the unamortized portion of restricted contributions that were used to purchase the Organization's corrosion project equipment. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

#### **Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

**2. Significant accounting policies** *(Continued from previous page)*

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year. The Organization subsequently measures all financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

***Financial asset impairment***

The Organization assesses impairment of all of its financial assets measured at amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

Management estimates grant revenue and member fees earned and deferred based on its best understanding of the terms and conditions that apply to the funding arrangements entered into by the Organization.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

***Foreign currency translation***

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenue over expenses for the current period.

## International Minerals Innovation Institute Notes to the Financial Statements

*For the year ended December 31, 2019*

### 3. Cash and cash equivalents

	2019	2018
Chequing account	152,131	271,028
Savings deposit - 1.8% (2018 - 1.9%)	4,431,837	4,245,394
Savings deposit - 1.6% (2018 - 1.6%)	129,999	127,764
	<b>4,713,967</b>	4,644,186

The Organization has internally restricted \$3,775,051 (2018 - \$1,739,928) of savings deposits held for the purposes of funding the internally restricted net assets and future project commitments as described in Note 9 and Note 11.

### 4. Accounts receivable

	2019	2018
Funding receivable	194,249	6,656
Other receivables	506	318
	<b>194,755</b>	6,974

Funding receivable includes \$111,015 in relation to the University of Saskatchewan Corrosion Project, of which \$88,167 is repayable to individual members as outlined in Note 6.

### 5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	4,145	4,145	-	-
Furniture and fixtures	24,014	18,398	5,616	7,041
Corrosion project equipment	708,225	247,879	460,346	531,169
	<b>736,384</b>	<b>270,422</b>	<b>465,962</b>	538,210

The corrosion project equipment will be used by the educational institutions outlined in Note 11, R & D project #9 for the term of the project and the intent is for the Organization to transfer the equipment to these institutions upon the conclusion of the contract in 2020.

Amortization expense of \$70,823 (2018 - \$70,822) on the corrosion project equipment is included in research and development expenses on the statement of operations.

### 6. Funding repayable

	2019	2018
Corrosion project	88,167	-
Hydrogeology project	83,261	-
	<b>171,428</b>	-

As per Note 12, funding repayable relates to funds that are to be returned to funders on projects where the funds received were not fully expended.

**International Minerals Innovation Institute**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2019*

**7. Deferred contributions**

Deferred contributions consist of unspent grant revenue and member fees externally restricted for operating expenses, education and training programs and research and development programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2019	2018
<b><i>Deferred contribution - memberships</i></b>		
Balance, beginning of year	115,441	51,120
Membership fees received during the year	500,000	525,000
Less: Membership fees recognized as revenue in current year	<b>(493,635)</b>	(460,679)
Balance, end of year	<b>121,806</b>	115,441
<b><i>Deferred contribution - grants and special projects</i></b>		
Balance, beginning of year	558,331	133,156
Grants received during the year	556,000	1,200,000
Less: Grants and special projects funding recognized as revenue in current year	<b>(492,797)</b>	(774,825)
Balance, end of year	<b>621,534</b>	558,331
<b><i>Deferred contribution - pay to play projects</i></b>		
Balance, beginning of year	66,279	-
Sponsorship contributions received during the year	210,454	261,048
Less: Contributions repayable to funders	<b>(88,167)</b>	-
Less: Sponsorships recognized as revenue in current year	<b>(188,566)</b>	(194,769)
Balance, end of year	-	66,279
Total deferred contributions	<b>743,340</b>	740,051

**8. Deferred contributions - corrosion project**

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets for the Corrosion Mining Minerals Research Cluster project. Recognition of these amounts as revenue is deferred to years when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2019	2018
Balance, beginning of year	531,170	601,992
Less: Amounts recognized as sponsorship revenue during the year	<b>(70,823)</b>	(70,822)
Less: current portion	<b>460,347</b>	531,170
Balance, end of year	<b>70,823</b>	70,823
Balance, end of year	<b>389,524</b>	460,347

**9. Restrictions on net assets**

***Internally restricted net assets***

*Windup reserve*

The Organization's board of directors maintained its internal restriction of \$125,000 (2018 – \$125,000) of net assets to be held for future severance, lease buyouts, legal and accounting services in the situation the Organization needs to wind down. This reserve is funded by a separate savings deposit held and described in Note 3 and is to be reviewed every three years or in the event of a material change in the Organization.

*Commitments*

The Organization has internally restricted \$3,650,051 (2018 - \$1,614,928) to fund future project commitments as outlined in Note 11, which includes projects that have been approved by the board of directors that are pending final agreements.

In total, the Organization's board of directors increased its internally restricted net assets to \$3,775,051 (2018 - \$1,739,928) to fund the above windup reserve and commitments. This resulted in a transfer of \$2,035,123 from (2018 - \$73,144 to) the unrestricted fund.

These restricted amounts are not available for other purposes without approval of the board of directors and are funded by \$3,775,051 (2018 - \$1,739,928) of cash and cash equivalents as outlined in Note 3.

**10. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit concentration***

As at December 31, 2019, two (2018 - two) customers accounted for 94% (2018 - 100%) of the accounts receivable which is \$183,640 (2018 - \$6,974). The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

The Organization has a concentration of risk because substantially all of its member fees are from organizations in the mining and minerals industry. Therefore, impairment of this industry would inhibit the operations of the Organization.

***Liquidity risk***

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable, funding and purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate price risk on its cash and cash equivalents as they are at fixed interest rates.

**11. Commitments**

The Organization has approved various funding proposals associated with Education and Training, Research and Development and Special Projects. The approved funding commitments as a result have been provided in detail in the discussion below:

*Education and Training ("E&T") Funding Commitments:*

- 1) University of Saskatchewan College of Engineering Indigenous Student Success Program:** the Organization committed to funding \$82,048 for the purpose of supporting Indigenous students on their path to becoming professional engineers. Of the total commitment, \$26,443 was paid up to 2019 and the remaining \$55,605 is to be paid in 2020.
- 2) Indigenization of Mineral Resources K-12 SMA Lesson Plans & Pilot Camps:** the Organization committed to funding \$100,050 for the purposes of creating new opportunities for Indigenous people in the minerals sector workforce and promoting mining careers to young women and girls. Of the total commitment, \$36,898 was paid up to 2019 and the remaining \$63,152 is to be paid in 2020.
- 3) Gender Equity in Mining ("GEM") Works - Saskatchewan:** the Organization committed to funding \$103,610 for the purposes of helping to eliminate systemic barriers to gender inclusion in the industry. Of the total commitment, \$38,917 was paid up to 2019 and the remaining \$64,693 is to be paid in 2020.
- 4) MentorSTEP:** the Organization committed to funding \$133,000 for the purposes of mentoring Indigenous female students in science, technology, engineering and math to step into careers in the mining industry in Saskatchewan. Of the total commitment, \$804 was paid up to 2019 and the remaining \$132,196 is to be paid in 2020 and 2021.
- 5) The Future of Work: Defining the Skills, Competencies and Roles for a 21st Century Mining and Metals Workforce:** the Organization committed to funding \$64,000 for the purpose of exploring how the Organization can continue driving innovation and sustainability in minerals sector research and development, education, and skills training while planning for the workforce of the future. The total commitment of \$64,000 is to be paid in 2020.
- 6) Diversity & Inclusion Initiative:** the Organization committed to funding \$500,000 for this initiative which supports projects related to diversity and inclusion in the mining industry. The total commitment of \$500,000 will be allocated to projects in 2020 and is assumed to be paid through 2020 to 2022.

*Research and Development ("R&D") Funding Commitments:*

- 1) Enhancing Mine Safety and Accuracy Through Underground UWB Positioning System:** the Organization committed to funding \$260,780 for this research project which focuses on enhancing safety and accuracy in underground mines. The total commitment of \$260,780 is to be paid over two years from 2020 to 2021.
- 2) 3D Scan Wear Analysis:** the Organization committed to funding \$11,000 for this research project which focuses on providing accurate and efficient wear analysis reports for mineral processing components/equipment using a portable hand-held metrology grade 3D scanner. The total commitment of \$11,000 is to be paid in 2020.
- 3) A Data Driven Based Approach for Fault Location Identification in Mines' Electrical System: Focus on Lines and Cables:** the Organization committed to funding \$152,100 for the purposes of creating a bridge between available measurement data and the fault locating issue which regularly occurs in mines electrical system. The total commitment of \$152,100 is to be funded through the Mitacs Memorandum of Understanding included in Special Projects Commitments below. This is to be paid over 2020 to 2021.
- 4) Dust Management in Mining - Preliminary Investigation to Highlight Dust Propagation Mechanisms:** the Organization committed to funding \$25,000 for this research project which will use computer simulations to investigate dust propagation in mining. The total commitment of \$25,000 is to be paid in 2020.
- 5) Advanced Product Recovery and Tails Management:** the Organization committed to funding \$62,500 for this research project which focuses on developing equipment to address the separation of specific fine particles to improve the management of tailings and also enhance the recovery of potash product. The total commitment of \$62,500 is to be paid in 2020.
- 6) Automatic Quantification of Scaling Bar Impacts: Phase 2:** the Organization committed to funding \$98,125 for this research project which focuses on research into impacts on underground mine safety. The total commitment of \$98,125 is to be paid in 2020.

**International Minerals Innovation Institute**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2019*

**11. Commitments** (Continued from previous page)

**7) R600 Battery Powered Truck with Resin Injection Carousel Roof Bolter:** the Organization committed to funding \$250,000 for this research project which focuses on developing a prototype electric bolter and validating the bolter in real-world trials. The total commitment of \$250,000 is to be paid over 2020 and 2021.

**8) ISM Shared Data Repository:** the Organization committed to funding \$300,000 for this research project which focuses on building a data platform that can be used to commission projects that solve common problems, disseminate knowledge, and advance the Organization's mandate. The total commitment of \$300,000 is to be paid in 2020.

**9) University of Saskatchewan, University of Regina, and Canadian Light Source: Corrosion Mining Minerals Research Cluster.** The Organization committed to funding \$2,075,491 for research into four key issues: Erosion-Corrosion/Corrosion Wear; Stress Corrosion Cracking; Concrete/Rebar Corrosion; and Corrosion Inhibitor Technology. Of the total commitment, all was purchased in capital assets or paid out to the participants by the end of 2019 and the only remaining commitment is to transfer the assets to the educational institutions upon conclusion of the project, which is anticipated in April 2020.

*Special Projects Commitments:*

**1) Digital Mining Transformation Initiative:** the Organization committed to funding \$948,518 for this special project which focuses on transforming the mining industry in Saskatchewan into digital for the purpose of increasing productivity for mining in Saskatchewan. Of the total commitment, \$173,518 was paid by the end of 2019 and the remaining \$775,000 is to be paid over 2020 and 2021.

**2) iMpowered Scholarship Award:** the Organization committed to funding \$450,000 for this special project which focuses on supporting women and Indigenous students enrolled in science, technology, engineering, mathematics, and computer science post-secondary education programs of relevance to Saskatchewan's minerals industry to complete their education and enter careers in mining. Of the total commitment, \$50,000 was paid by the end of 2019 and the remaining \$400,000 is to be paid over 2020 to 2023.

**3) University of Saskatchewan iMii Mining Futures Award:** the Organization committed to funding \$60,000 for this special project which focuses on recognizing undergraduate students in the mining option in the College of Engineering at the University of Saskatchewan who have developed a plan to succeed in the workplace following graduation. Of the total commitment, \$12,000 was paid by the end of 2019 and the remaining \$48,000 is to be paid over 2020 to 2023.

**4) Mitacs Memorandum of Understanding:** the Organization committed to funding \$540,000 for this special project which focuses on creating a new model for increasing minerals sector research development, and demonstration capacities by partnering together under a collaborative multi-year framework to advance innovations that matter to mining in the Saskatchewan minerals, and to provide funding and training to technical students, graduate students, and post-doctoral fellows through industry-academic research collaboration. The total commitment of \$540,000 is to be paid over 2020 to 2023.

Contributions towards E&T project 5 and R&D projects 6 and 8 were approved by the Board of Directors on December 12, 2019. R&D project 7 was approved by the Board of Directors on November 18, 2019. R&D project 8 was approved by the Board of Directors June 20, 2019. These project agreements are still in the process of being finalized.

A summary of expenditures committed as of December 31, 2019 include:

	2020	2021	2022	2023	Total
Total Education & Training Commitments	460,313	252,667	166,666	-	879,646
Total Research & Development Commitments	723,275	284,130	-	-	1,007,405
Total Special Project Commitments	447,000	872,000	247,000	197,000	1,763,000
<b>Total per year</b>	<b>1,630,588</b>	<b>1,408,797</b>	<b>413,666</b>	<b>197,000</b>	<b>3,650,051</b>

The Organization also occupies leased premises subject to minimum monthly rent of \$3,073 until January 31, 2021.

**12. Return of sponsorships**

In some cases, the Organization has received funding to be allocated to projects of which the full amounts of funding received were not used by the allocated recipient. In this case, the funding is to be returned to the Organization, who is to then distribute out to the appropriate funders. During 2019, the return of sponsorships consists of the following projects:

- University of Saskatchewan: Mining Materials Research Cluster - Corrosion Project: Each of Agrium, BHP, Mosaic Potash, and Nutrien Ltd. contributed funds to this project. \$88,167 of this funding received was not fully spent for the project and the unspent amount is to be refunded equally to each of the four funders.
- University of Saskatchewan: Deep Hydrogeology Research to Support Brine Management Project: Each of Agrium, BHP, Mosaic Potash, and Nutrien Ltd. contributed funds to this project. \$83,261 of this funding received was not fully spent for the project and the unspent amount is to be refunded equally to each of the four funders. The Organization has a receivable of \$111,015 from the University of Saskatchewan for this project that will be used to fund this \$83,261 payable, as per Note 14.

**13. Return of education and training funding**

In some cases, the Organization has funded projects in prior years, of which the full amounts were not used by the recipient. In this case, funding is then returned to the Organization. During 2018, funding returned consisted of the following projects:

- University of Saskatchewan: A Healthy Workplace for a Healthy Workforce: Prior to 2018, the Organization committed to funding \$40,000 for the purposes of sponsoring research on identifying the predictors of health impacting workplace productivity in the mining industry of Saskatchewan. The final installment of \$16,459 was paid out by the Organization during 2017 and expensed, however the funding was not fully spent for the project and the unspent amount of \$11,871 was refunded to the Organization in 2018 as a result.
- University of Saskatchewan: Mining Engineering Program: Prior to 2018, the Organization committed to funding \$1,676,000 for the purposes of developing a Mining Engineering program. The final installment of \$337,918 was paid out to the Organization during 2017 and expensed, however the funding was not fully spent for the project and the unspent amount of \$39,521 was refunded to the Organization in 2018 as a result.

Return of education and training funding did not occur in 2019.

**14. Return of research and development funding**

In some cases, the Organization has funded projects in prior years, of which the full amounts were not used by the recipient. In this case, funding is then returned to the Organization. During 2019, funding returned consisted of the following projects:

- University of Saskatchewan: Deep Hydrogeology Research to Support Brine Management Project: Prior to 2019, the Organization committed to funding \$203,500 for the purposes of research. The final installment was paid out by the Organization during 2019 and expensed, however the funding was not fully spent for the project and the unspent amount of \$111,015 is to be refunded by the University of Saskatchewan to the Organization as a result. Furthermore, \$83,261 of the project funding to be received back from the University of Saskatchewan is a portion that was contributed to the Organization by Agrium, BHP, Mosaic Potash, and Nutrien Ltd. as per Note 12. Upon receiving the full balance of \$111,015 from the University of Saskatchewan, \$83,261 will be distributed evenly to each of these four funders, as described in Note 12.