

**NEVADA**  
Mining Association

# ANNUAL CONVENTION 2013

LAKE TAHOE, NEVADA



NEVADA ECONOMY 2013:

## THE ROLE OF THE STATE'S MINING INDUSTRY

APPLIED  
ANALYSIS 

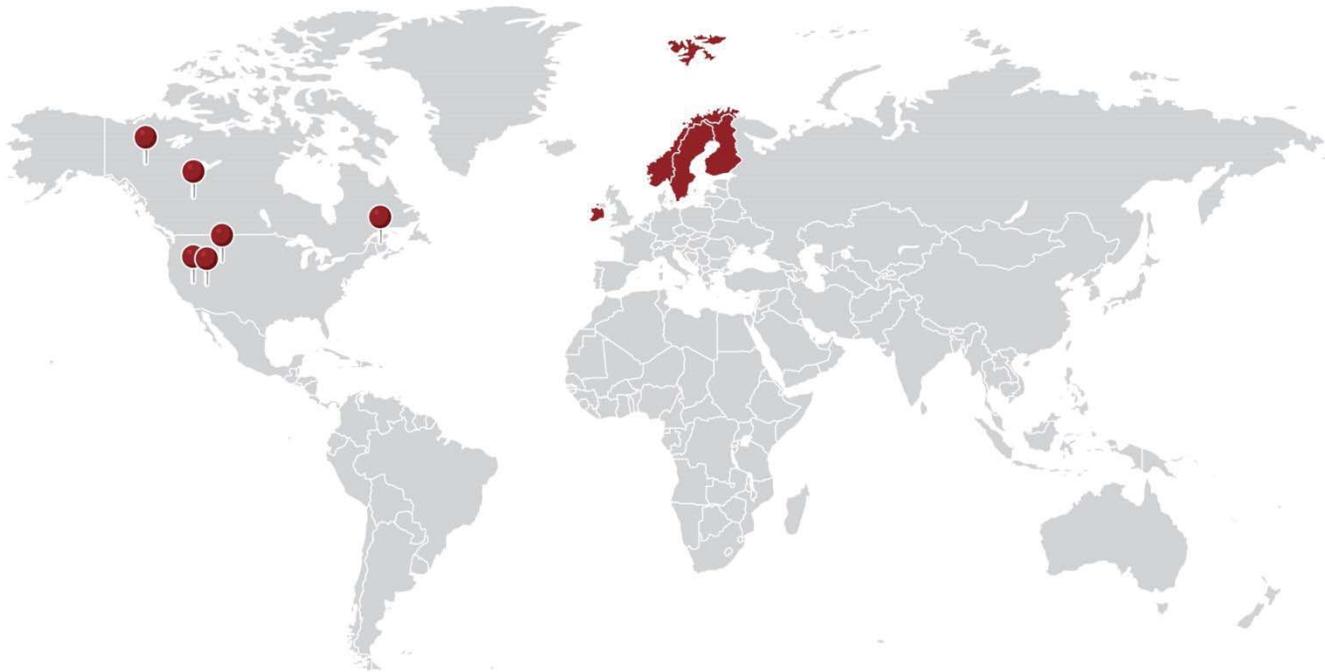


# GLOBAL OUTLOOK





# POLICY POTENTIAL INDEX



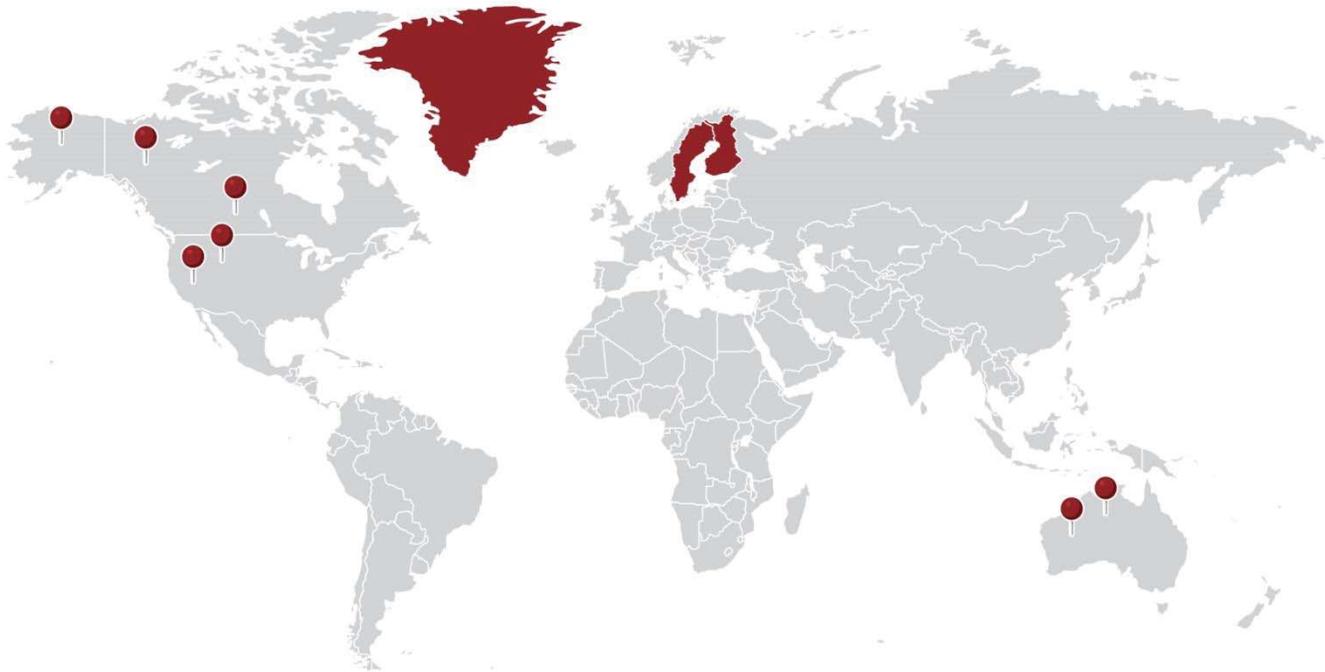
	Country	Score
1	Finland	95.5
2	Sweden	93.6
3	Alberta	92.6
4	New Brunswick	90.8
5	Wyoming	90.1
6	Ireland	89.7
7	<b>Nevada</b>	<b>85.3</b>
8	Yukon	83.8
9	Utah	83.8
10	Norway	82.4

Source: Fraser Institute Survey of Mining Companies (2012/2013) and Applied Analysis





# CURRENT MINERAL POTENTIAL INDEX



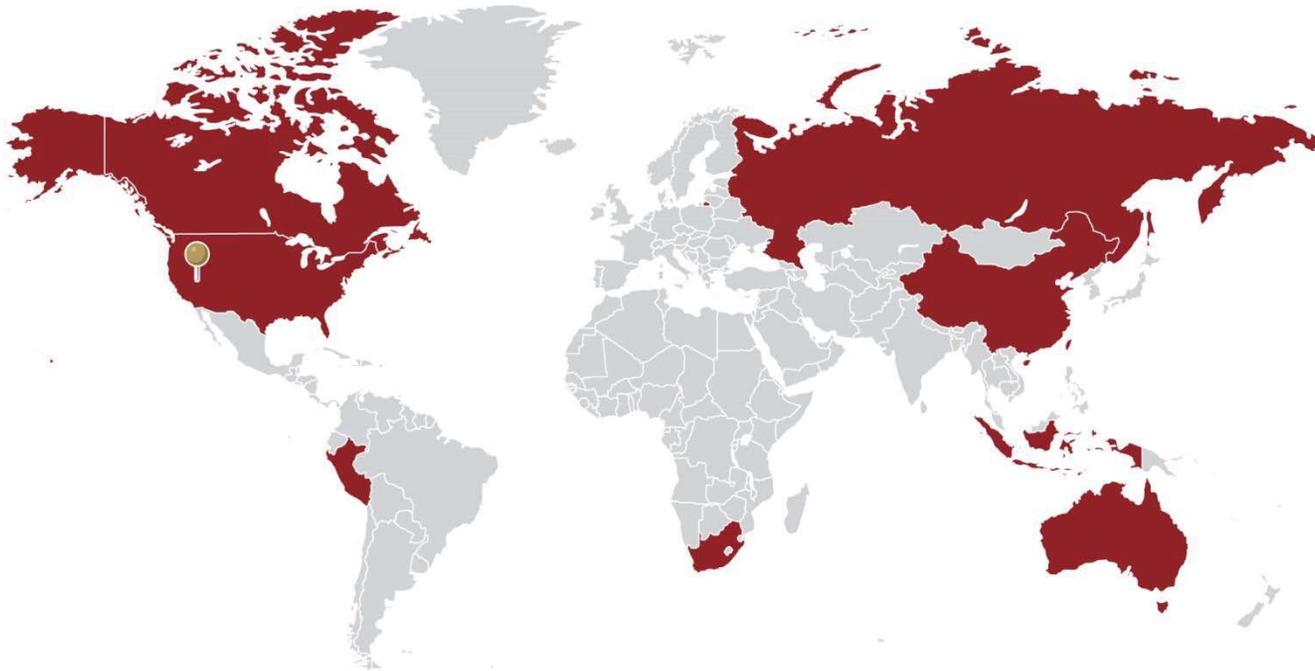
	Country	Score
1	Greenland	0.76
2	Finland	0.74
3	Sweden	0.73
4	<b>Nevada</b>	<b>0.72</b>
5	Saskatchewan	0.72
6	Alaska	0.72
7	Yukon	0.71
8	Wyoming	0.71
9	W. Australia	0.67
10	Northern Territory	0.65

Source: Fraser Institute Survey of Mining Companies (2012/2013) and Applied Analysis





# GLOBAL GOLD PRODUCTION



	Country	Percent of Total
1	Other	24.1%
2	China	13.6%
3	Australia	9.7%
4	United States	8.8%
5	Russia	7.5%
6	South Africa	6.8%
7	Peru	6.2%
8	<b>Nevada</b>	<b>5.9%</b>
9	Canada	3.6%
10	Indonesia	3.6%

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis





# GLOBAL SILVER PRODUCTION



	Country	Percent of Total
1	Mexico	17.8%
2	China	15.9%
3	Other	15.5%
4	Peru	14.6%
5	Australia	7.4%
6	Russia	5.8%
7	Chile	5.5%
8	Bolivia	5.2%
9	Poland	5.0%
10	United States	4.8%
<b>12</b>	<b>Nevada</b>	<b>0.9%</b>

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis





# GLOBAL COPPER PRODUCTION



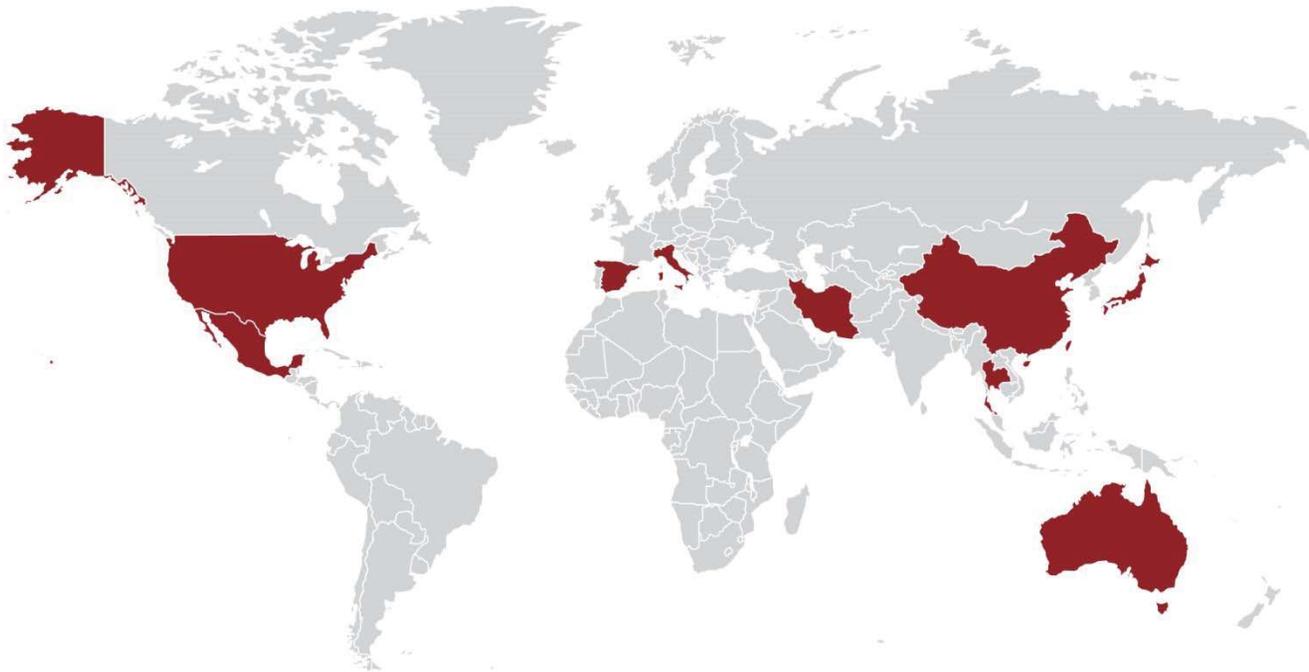
	Country	Percent of Total
1	Chile	32.7%
2	Other	12.2%
3	China	8.1%
4	Peru	7.7%
5	United States	6.9%
6	Australia	6.0%
7	Russia	4.4%
8	Zambia	4.1%
9	Canada	3.5%
10	Indonesia	3.4%
<b>15</b>	<b>Nevada</b>	<b>0.3%</b>

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis





# GLOBAL GYPSUM PRODUCTION



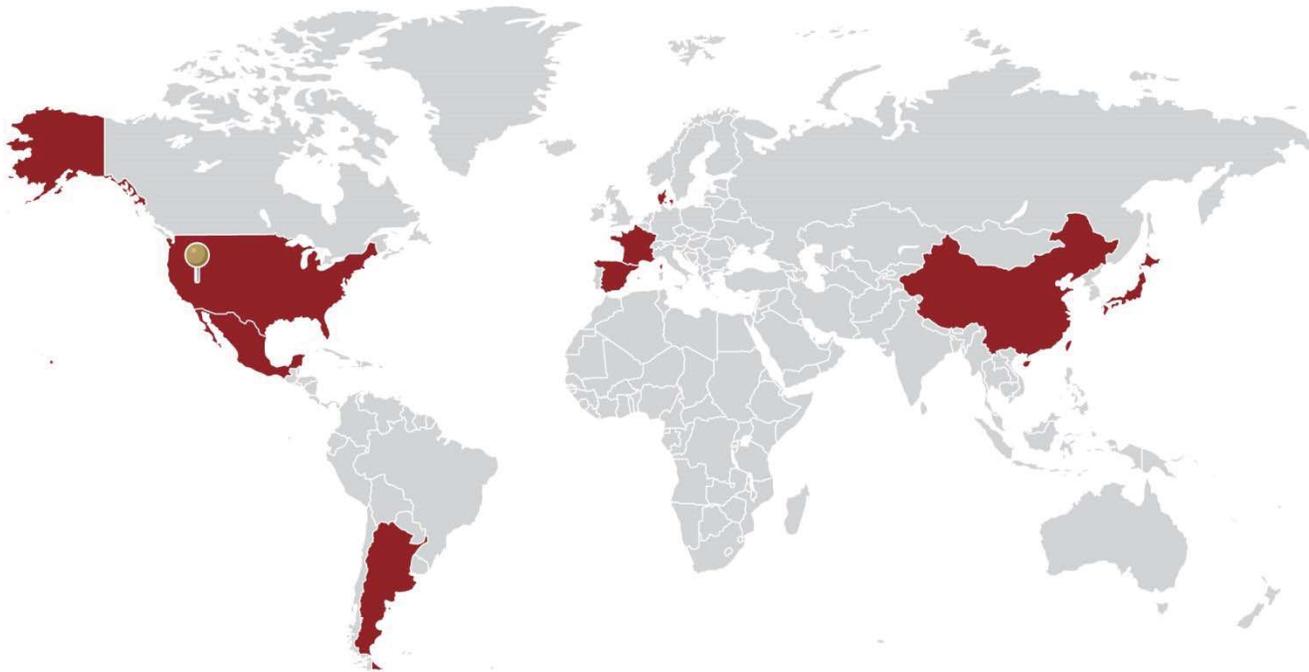
	Country	Percent of Total
1	China	32.2%
2	Other	9.7%
3	Iran	8.7%
4	Spain	7.7%
5	Thailand	6.6%
6	United States	6.0%
7	Japan	3.8%
8	Italy	2.8%
9	Mexico	2.6%
10	Australia	2.3%
<b>23</b>	<b>Nevada</b>	<b>0.6%</b>

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis



# D

## GLOBAL DIATOMITE PRODUCTION



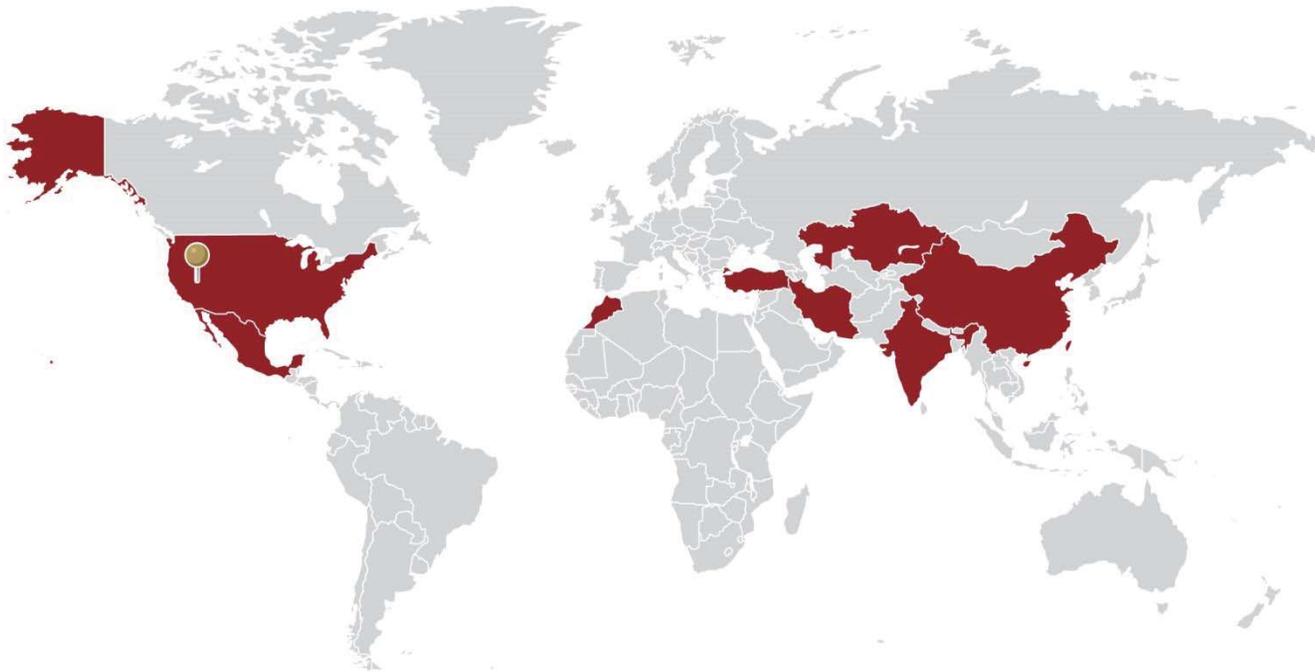
	Country	Percent of Total
1	United States	38.7%
2	<b>Nevada</b>	<b>21.6%</b>
3	China	21.0%
4	Denmark	10.7%
5	Other	7.6%
6	Japan	4.8%
7	Mexico	4.3%
8	France	3.6%
9	Argentina	3.0%
10	Spain	2.4%

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis



# B

## GLOBAL BARITE PRODUCTION



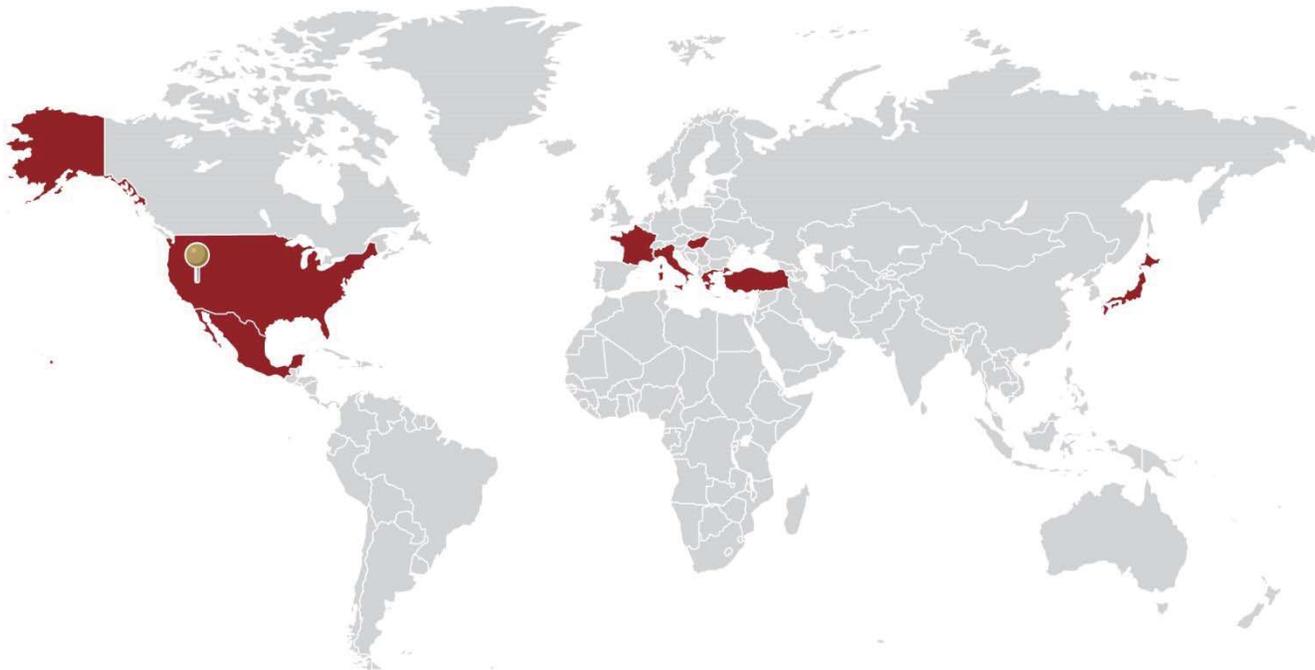
	Country	Percent of Total
1	China	49.0%
2	India	16.1%
3	United States	8.5%
4	<b>Nevada</b>	<b>7.9%</b>
5	Morocco	7.2%
6	Iran	4.2%
7	Turkey	2.7%
8	Other	2.6%
9	Kazakhstan	2.4%
10	Mexico	1.9%

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis





# GLOBAL PERLITE PRODUCTION



	Country	Percent of Total
1	Greece	28.2%
2	United States	23.7%
3	Japan	16.9%
4	Turkey	14.1%
5	Other	8.5%
6	Hungary	3.7%
7	Italy	3.4%
8	Mexico	1.7%
9	<b>Nevada</b>	<b>0.5%</b>

Source: U.S Geological Survey (2011), Nevada Division of Minerals (2011) and Applied Analysis





# POLICY FACTORS INFLUENCING NEVADA MINING

- Rank the following policy factors relative to how they will influence your company's decisions to make future investments in Nevada:

Policy Factor	Score	
	Average	Median
Uncertainty about state tax structure	7.8	8
Regulatory uncertainty	7.2	8
Environmental regulation uncertainty	7.2	8
Political stability on a state level	6.6	8
Availability of labor/skilled workforce	7.4	8
Duplication/inconsistencies in regulatory environment	6.9	8
Uncertainty about national tax structure	6.7	7
Uncertainty about future protected areas	6.1	7
Infrastructure	6.3	7
Political stability on a national level	6.1	7
Labor/employment agreements	5.3	6
Socioeconomic or local community development conditions or agreements	5.7	6
Trade barriers	4.1	5

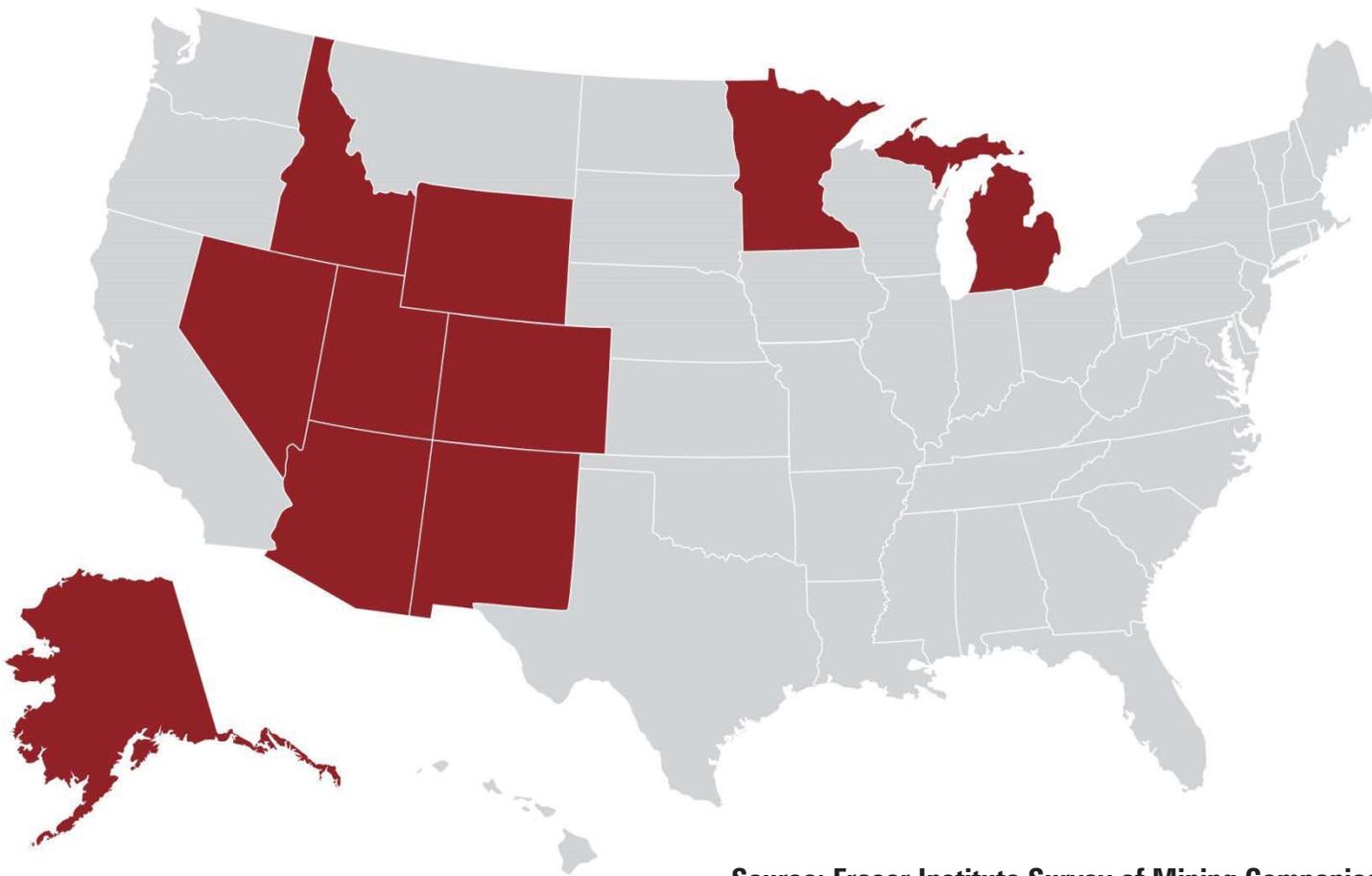
Increasing importance ↑

Source: NVMA Member Survey





# POLICY POTENTIAL INDEX



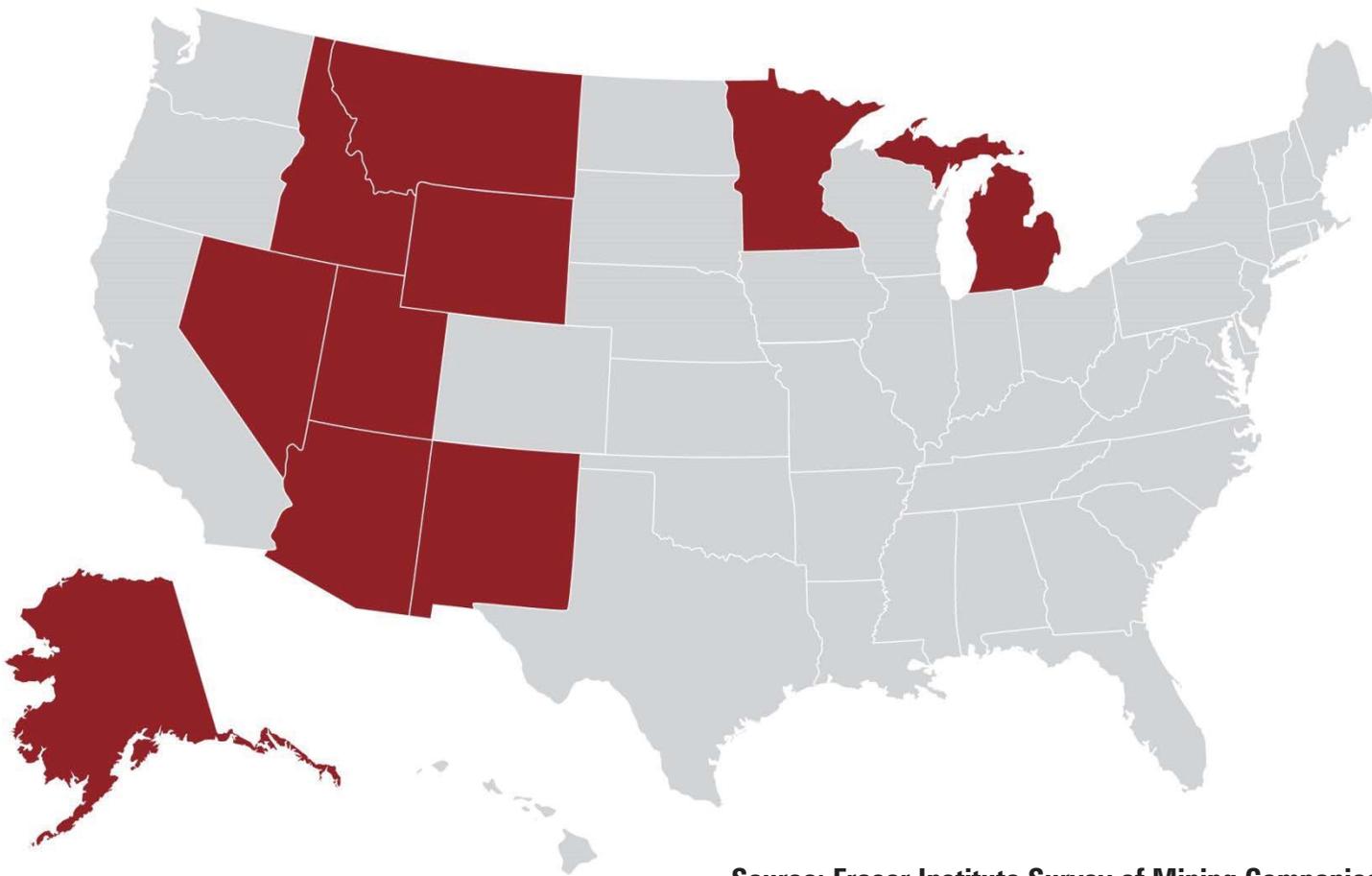
	State	Score
1	Wyoming	90.1
2	<b>Nevada</b>	<b>85.3</b>
3	Utah	83.8
4	Alaska	75.5
5	Arizona	64.2
6	Michigan	62.3
7	Colorado	61.9
8	Idaho	61.6
9	Minnesota	58.1
10	New Mexico	56.2

Source: Fraser Institute Survey of Mining Companies (2012/2013) and Applied Analysis





# CURRENT MINERAL POTENTIAL INDEX



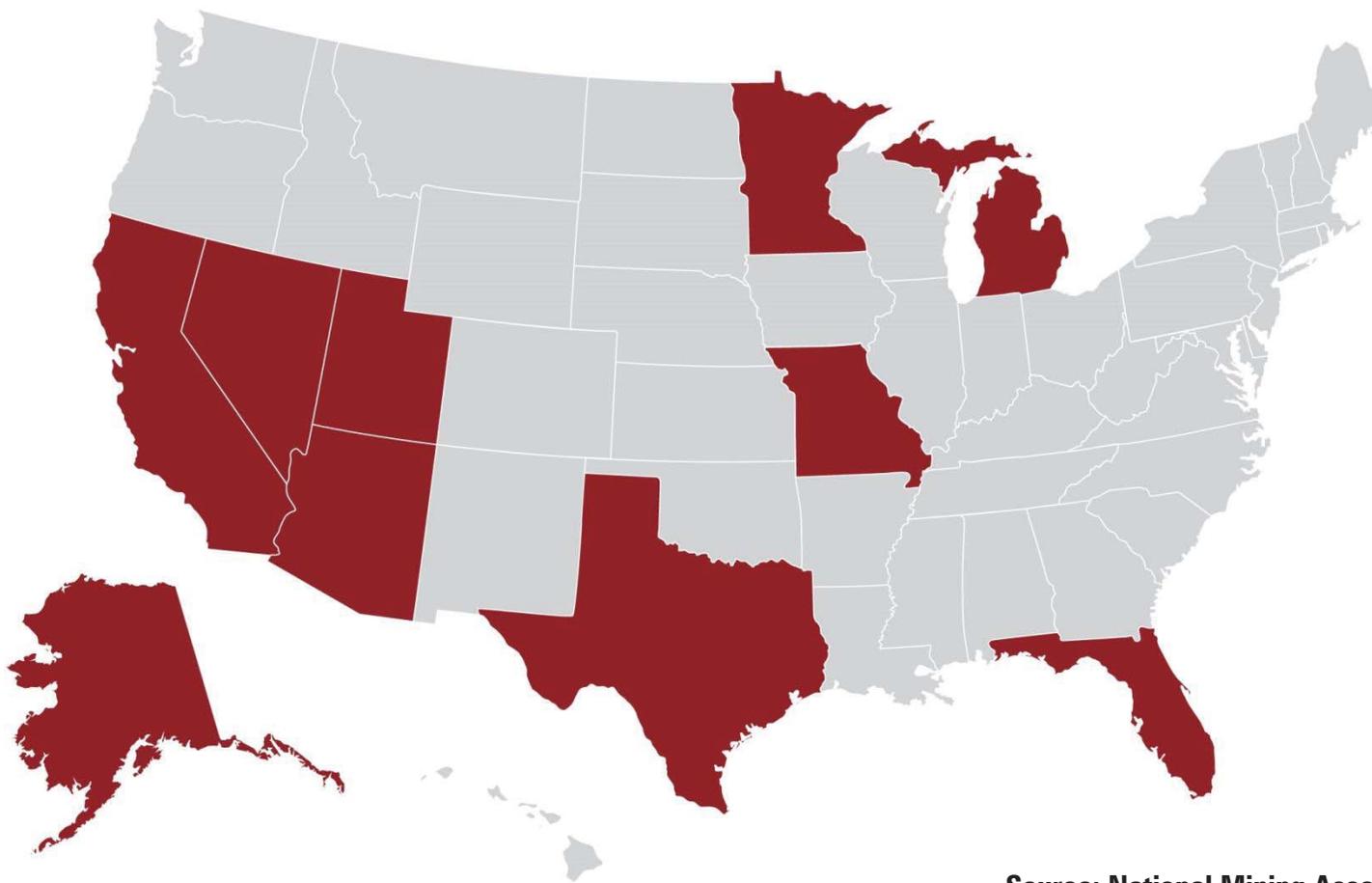
	State	Score
1	<b>Nevada</b>	<b>0.72</b>
2	Alaska	0.72
3	Wyoming	0.71
4	Utah	0.61
5	Arizona	0.60
6	Idaho	0.52
7	New Mexico	0.46
8	Minnesota	0.43
9	Michigan	0.43
10	Montana	0.41

Source: Fraser Institute Survey of Mining Companies (2012/2013) and Applied Analysis





# US NON-FUEL MINERAL PRODUCTION

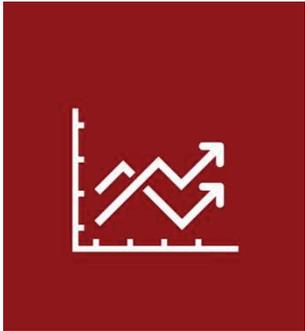


	State	Percent of Total
1	<b>Nevada</b>	<b>14.6%</b>
2	Arizona	10.5%
3	Minnesota	5.9%
4	Florida	4.8%
5	California	4.7%
6	Alaska	4.6%
7	Utah	4.6%
8	Texas	4.4%
9	Missouri	3.5%
10	Michigan	2.9%

Source: National Mining Association (2012) and Applied Analysis







# ECONOMIC FACTORS INFLUENCING NEVADA MINING

- Rank the following economic factors relative to how they will influence your company's decisions to make future investments in Nevada:

Increasing importance ↑

Economic Factor	Score	
	Average	Median
Mineral price trends	8.0	10
Availability of capital	7.4	8
North America economy	6.9	8
Cost of capital	7.0	8
Global economy	6.1	7
U.S. economy	6.2	7
Nevada economy	5.9	6
Stock market performance	5.4	5
Asia Pacific economy	5.3	5
South America economy	4.6	5
Europe economy	4.7	5
Africa economy	4.1	4
Middle East economy	3.7	3

Source: NVMA Member Survey



# DAILY GOLD PRICE



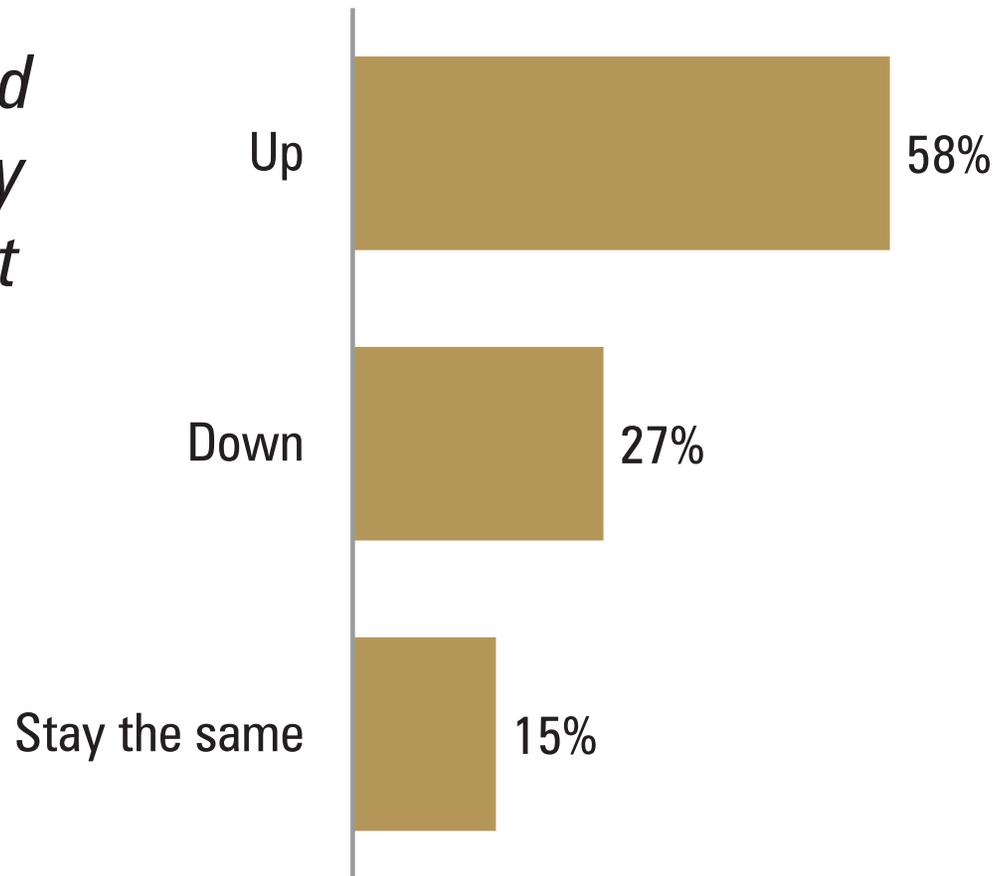
Source: London Bullion Market Association





# NVMA MEMBERS' GOLD PRICE PREDICTIONS

- *Will the price of gold go up, down, or stay the same in the next 12 months?*

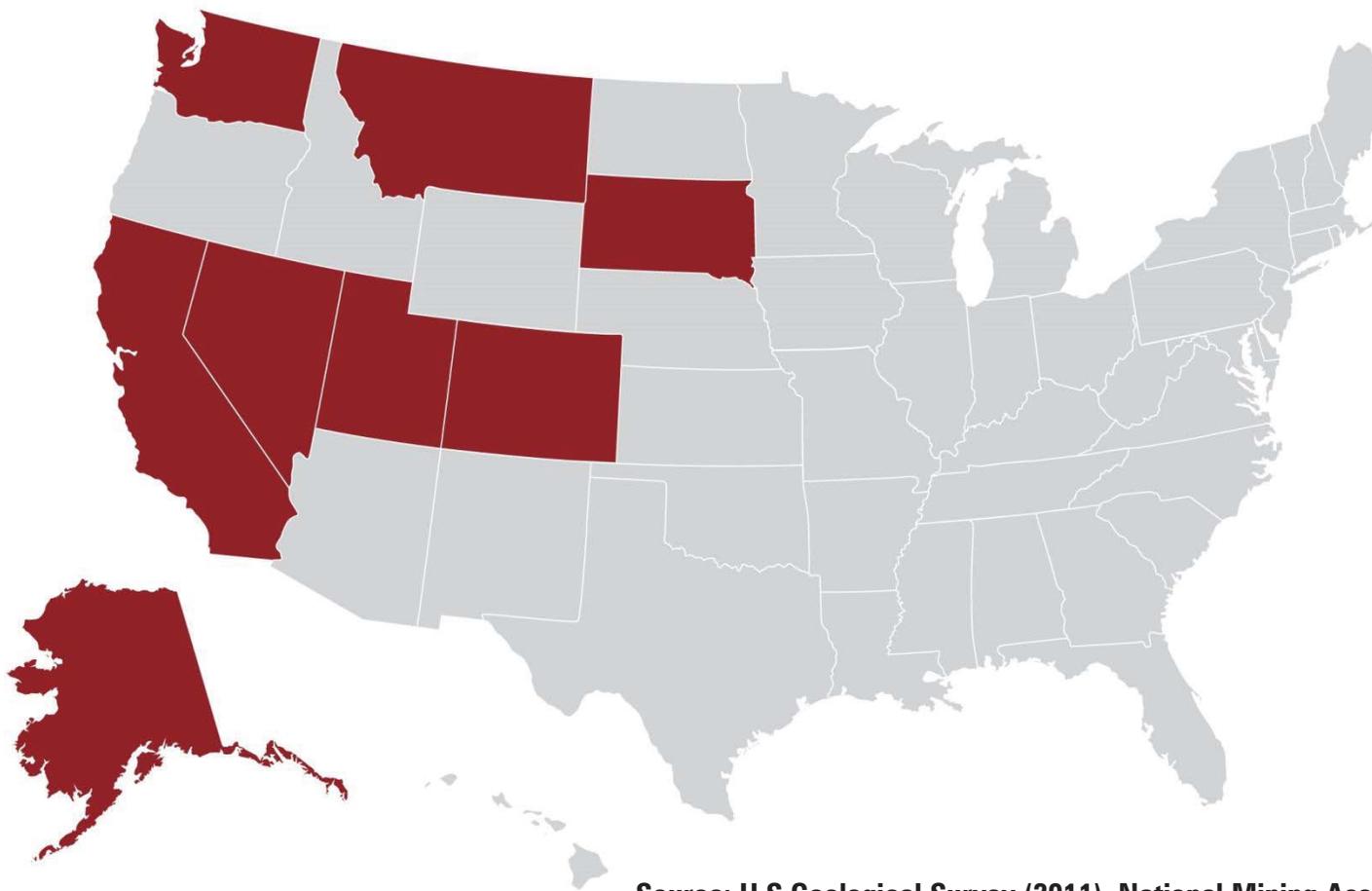


Source: NVMA Member Survey





# US GOLD PRODUCTION



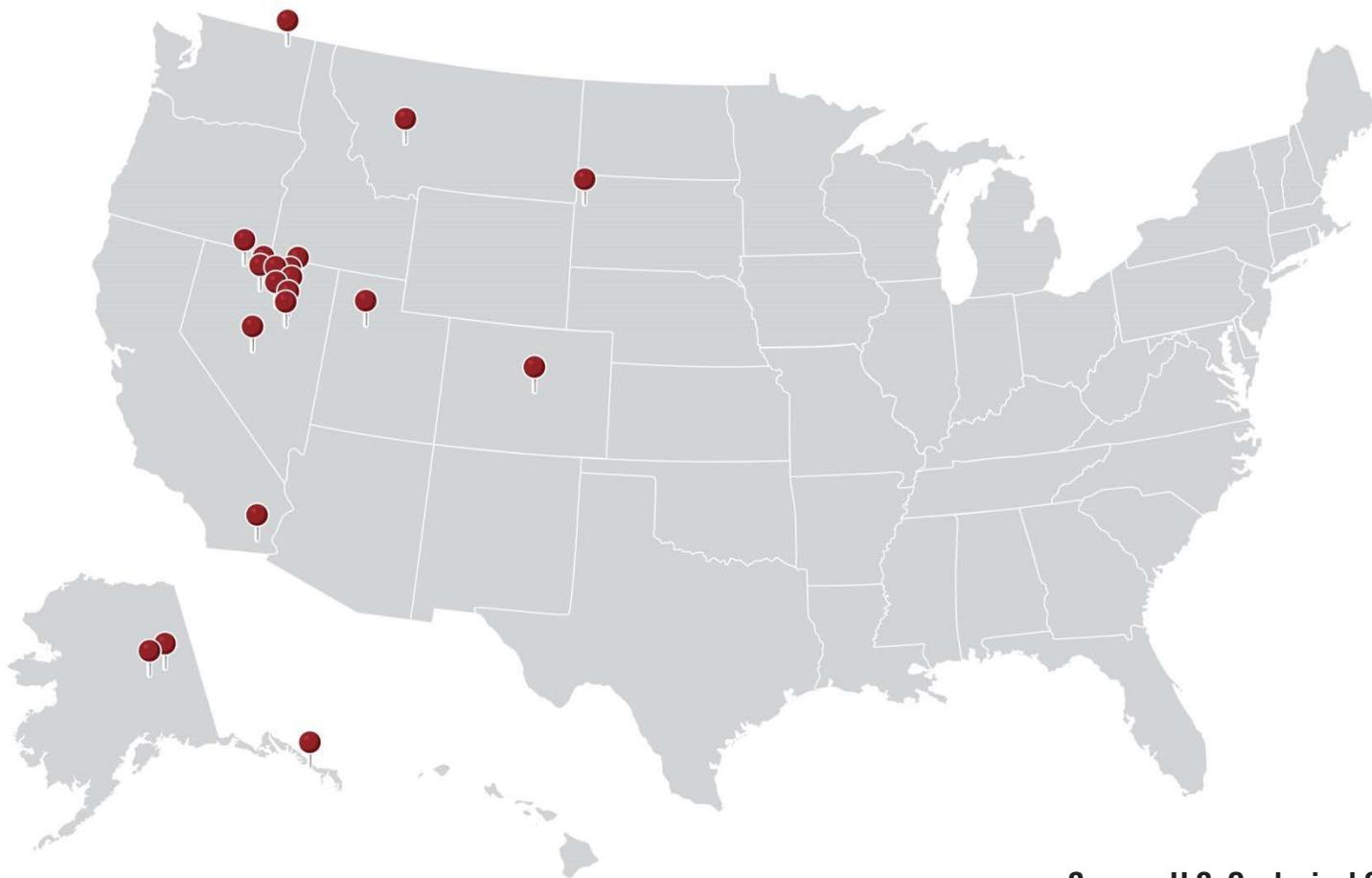
	State	Percent of Total
1	<b>Nevada</b>	<b>73.5%</b>
2	Alaska	10.9%
3	Utah	5.0%
4	Colorado	3.6%
5	California	2.7%
6	Washington	2.3%
7	South Dakota	0.9%
8	Montana	0.8%

Source: U.S Geological Survey (2011), National Mining Association (2011) and Applied Analysis





# TOP GOLD-PRODUCING MINES



**11 of the top 20 gold-producing mines in the United States are located in Nevada.**

Source: U.S. Geological Survey (2011) and Applied Analysis





# NEVADA ECONOMY HIGHLIGHTS



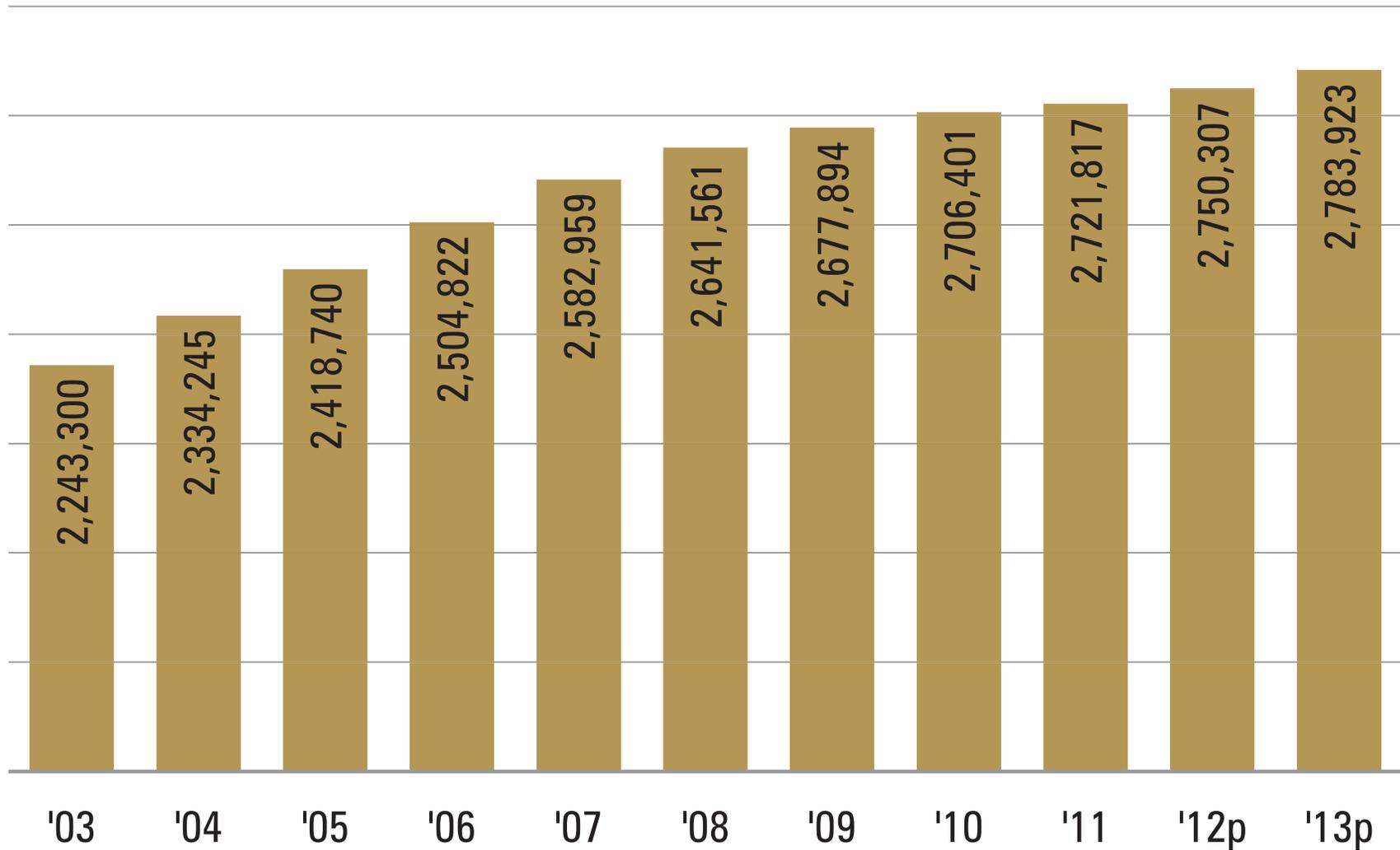
Indicators	Peak		Present		%Δ	
	Month	Value	Month	Value	Change	Direction
<b>Total Nonfarm Employment</b>	Jan-08	1,292,533	Jul-13	1,155,575	-10.6%	▼
<b>Average Weekly Hours Worked</b>	Dec-07	37.3	Jul-13	33.8	-9.4%	▼
<b>Unemployment Rate</b>	Feb-07	4.3%	Jul-13	9.9%	+5.6%	▲
<b>Initial UI Claims</b>	Feb-06	129,012	Jul-13	209,680	+62.5%	▲
<b>Private Businesses</b>	Q4-08	75,809	Q1-13	71,961	-5.1%	▼
<b>Personal Income (Billions)</b>	Q3-08	\$106.7	Q1-13	\$103.7	-2.8%	▼
<b>Residential Units Permitted</b>	Mar-06	49,520	Jun-13	9,714	-80.4%	▼
<b>Housing Price Index</b>	Q4-06	406.4	Q2-13	195.7	-51.8%	▼
<b>Taxable Retail Sales (Billions)</b>	Mar-07	\$49.6	Jun-13	\$45.2	-8.9%	▼
<b>Gross Gaming Revenue (Billions)</b>	Oct-07	\$13.0	Jul-13	\$10.8	-16.6%	▼
<b>Visitor Volume (Millions)</b>	Dec-07	54.6	Mar-13	52.1	-4.7%	▼
<b>Hotel Occupancy</b>	Jun-07	85.2%	Mar-13	79.3%	-6.0%	▼



Indicators	Prior Year		Present		%Δ	
<b>Total Nonfarm Employment</b>	Jul-12	1,133,325	Jul-13	1,155,575	+2.0%	
<b>Average Weekly Hours Worked</b>	Jul-12	34.0	Jul-13	33.8	-0.8%	
<b>Unemployment Rate</b>	Jul-12	12.1%	Jul-13	9.9%	-2.2%	
<b>Initial UI Claims</b>	Jul-12	223,906	Jul-13	209,680	-6.4%	
<b>Private Businesses</b>	Q1-12	70,360	Q1-13	71,961	+2.3%	
<b>Personal Income (Billions)</b>	Q1-12	\$101.1	Q1-13	\$103.7	+2.5%	
<b>Residential Units Permitted</b>	Jun-12	6,624	Jun-13	9,714	+46.6%	
<b>Housing Price Index</b>	Q2-12	184.2	Q2-13	195.7	+6.3%	
<b>Taxable Retail Sales (Billions)</b>	Jun-12	\$43.0	Jun-13	\$45.2	+5.2%	
<b>Gross Gaming Revenue (Billions)</b>	Jul-12	\$10.9	Jul-13	\$10.8	-0.3%	
<b>Visitor Volume (Millions)</b>	Mar-12	51.7	Mar-13	52.1	+0.8%	
<b>Hotel Occupancy</b>	Mar-12	78.8%	Mar-13	79.3%	+0.5%	



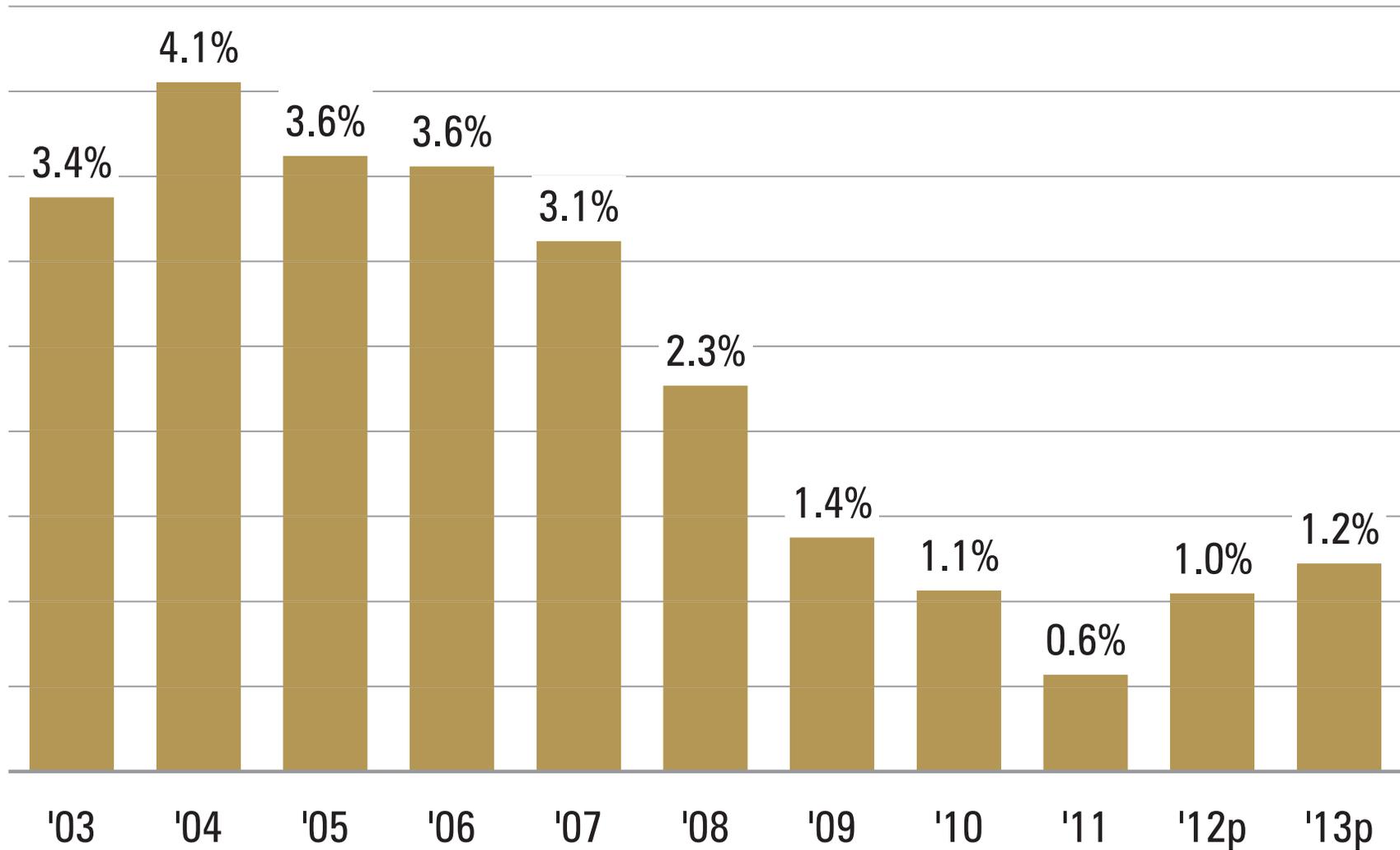
# NEVADA POPULATION



Source: Nevada State Demographer and Applied Analysis



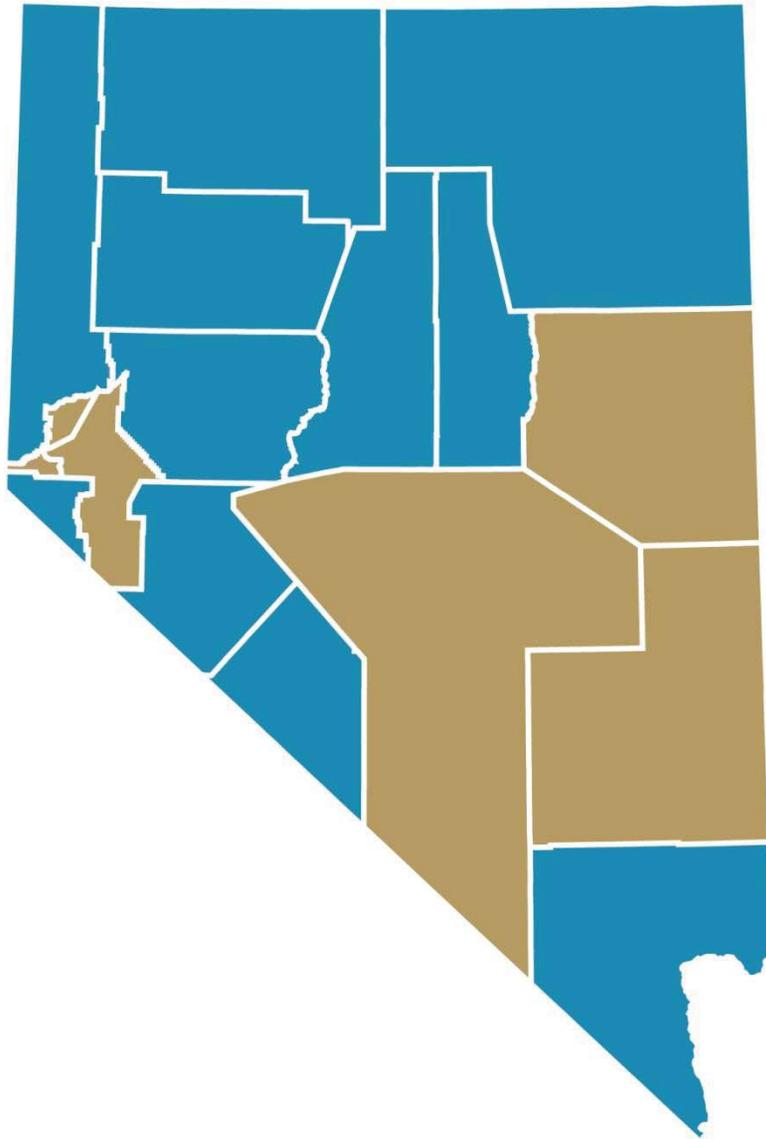
# NEVADA POPULATION GROWTH



Source: Nevada State Demographer and Applied Analysis



# NEVADA POPULATION GROWTH BY COUNTY

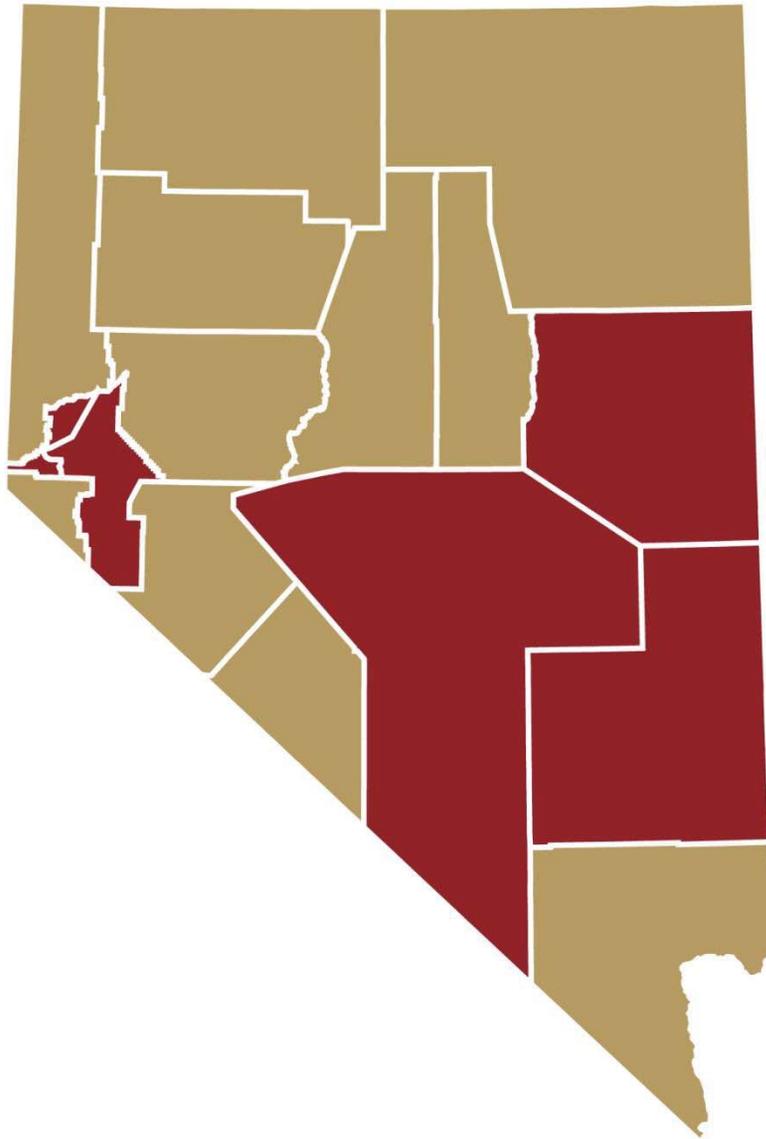


POSITIVE YEAR-OVER-YEAR GROWTH	PERCENT CHANGE
ESMERALDA	4.2%
LANDER	3.9%
ELKO	3.8%
PERSHING	2.4%
CLARK	2.1%
MINERAL	1.7%
HUMBOLDT	1.5%
WASHOE	1.4%
EUREKA	0.9%
DOUGLAS	0.7%
CHURCHILL	0.4%

Source: Nevada State Demographer and Applied Analysis



# NEVADA POPULATION GROWTH BY COUNTY

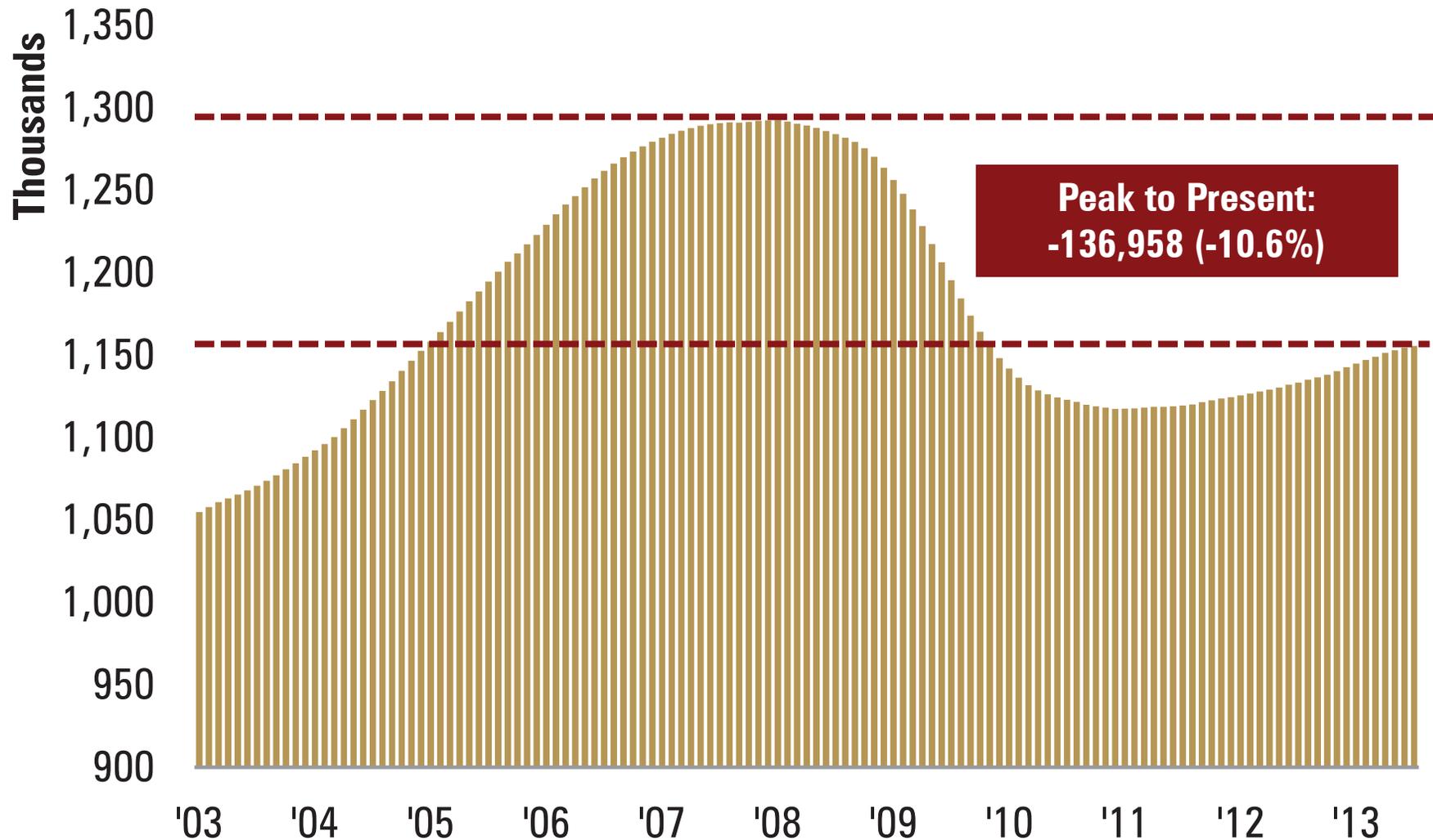


NEGATIVE YEAR-OVER-YEAR GROWTH	PERCENT CHANGE
LINCOLN	-3.5%
CARSON CITY	-1.1%
WHITE PINE	-0.6%
NYE	-0.5%
STOREY	-0.5%
LYON	-0.4%

Source: Nevada State Demographer and Applied Analysis



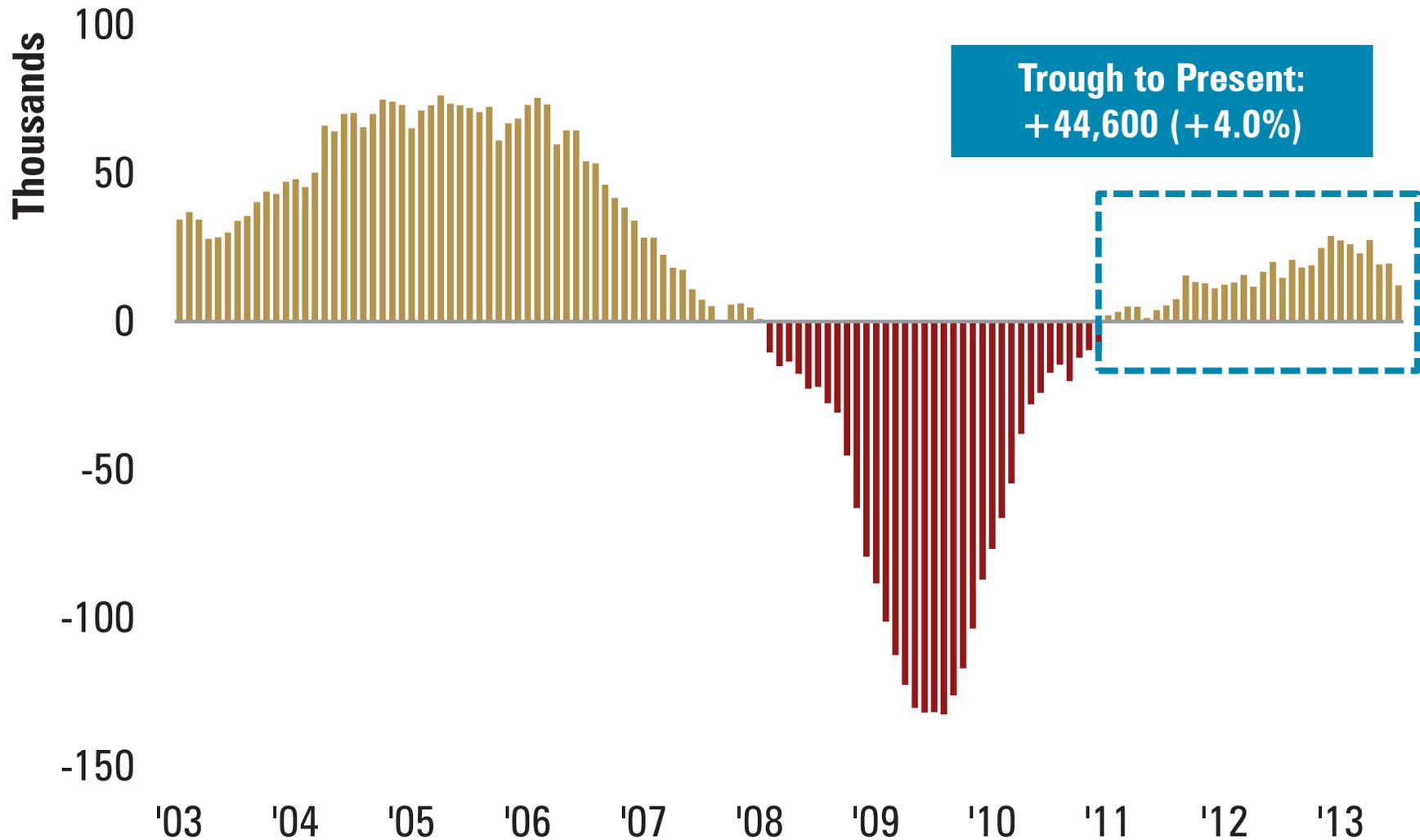
# NEVADA EMPLOYMENT TRAILING 12-MONTH AVERAGE



Source: Nevada Department of Employment, Training and Rehabilitation; U.S. Bureau of Labor Statistics and Applied Analysis



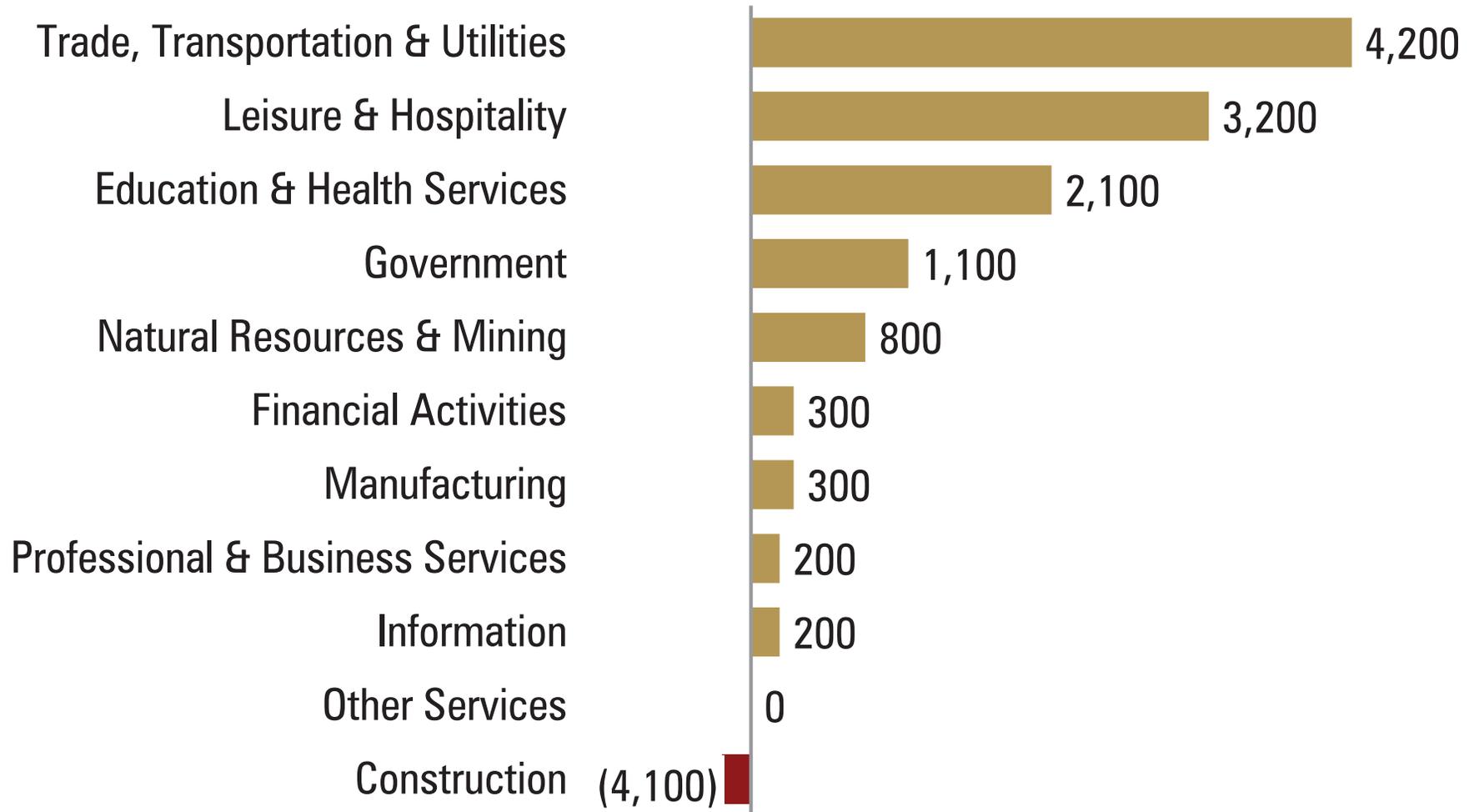
# NEVADA EMPLOYMENT GROWTH



Source: Nevada Department of Employment, Training and Rehabilitation; U.S. Bureau of Labor Statistics and Applied Analysis



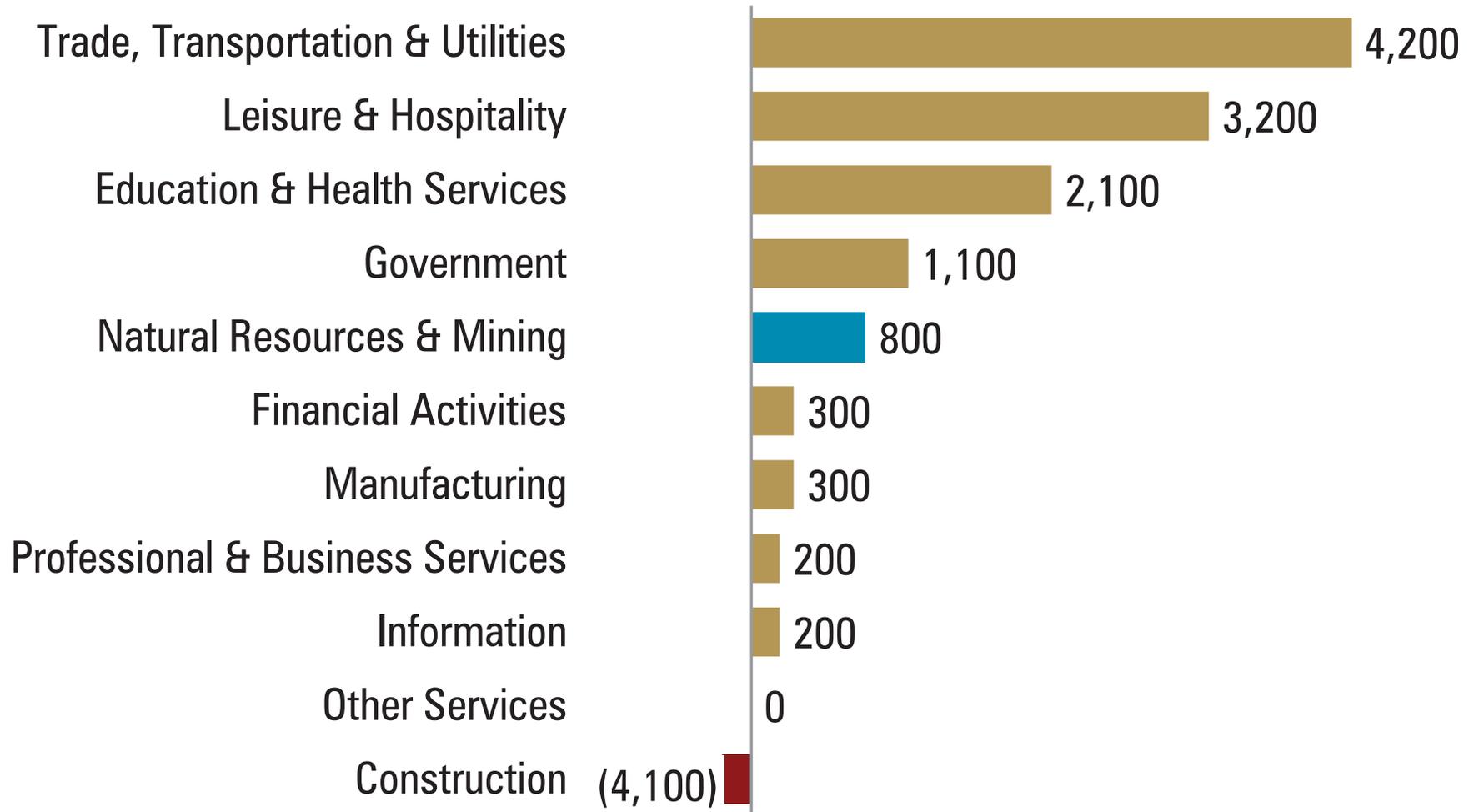
# NEVADA EMPLOYMENT GROWTH BY SECTOR



Source: Nevada Department of Employment, Training and Rehabilitation



# NEVADA EMPLOYMENT GROWTH BY SECTOR

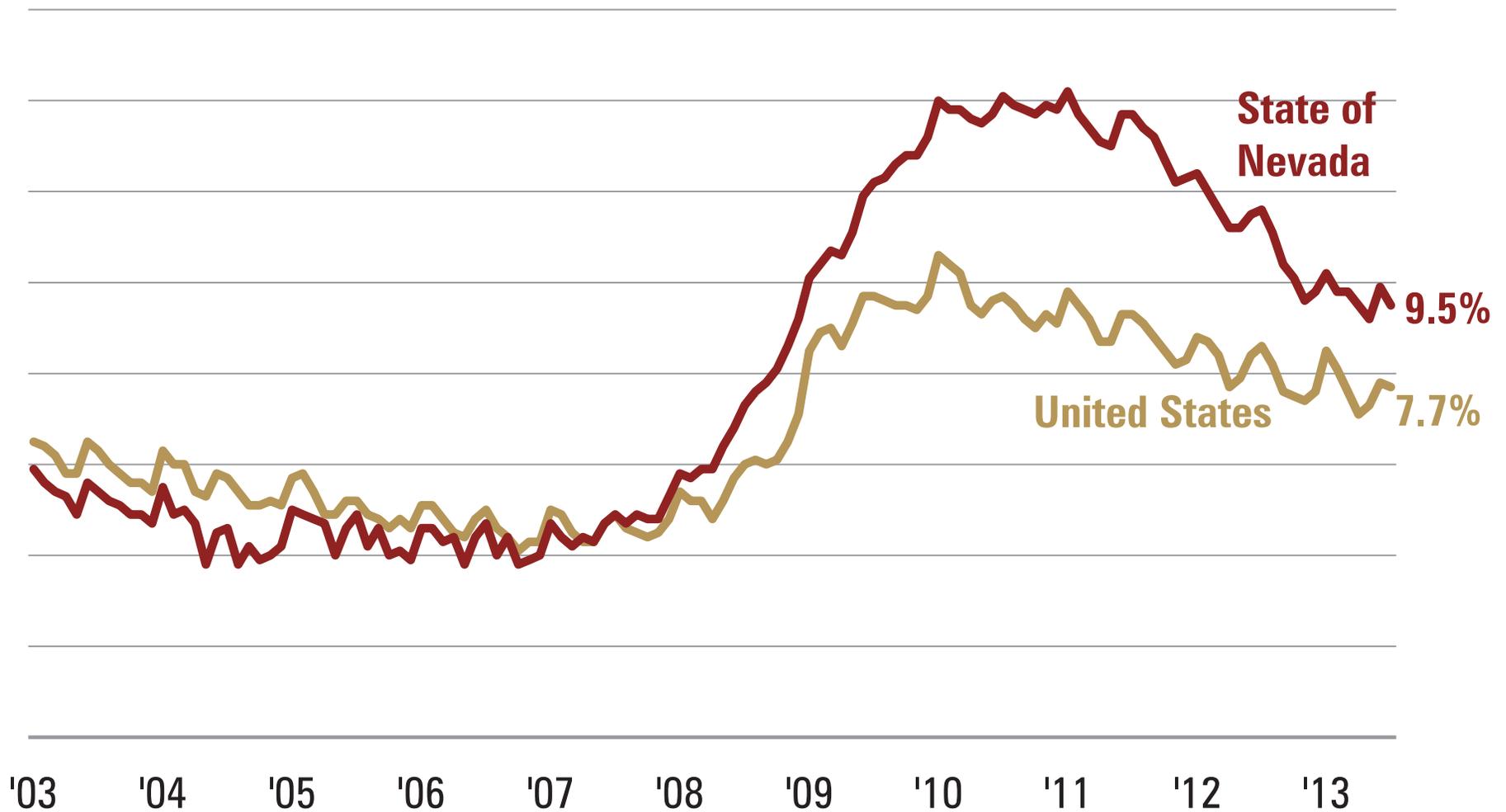


Source: Nevada Department of Employment, Training and Rehabilitation



# UNEMPLOYMENT RATE COMPARISON

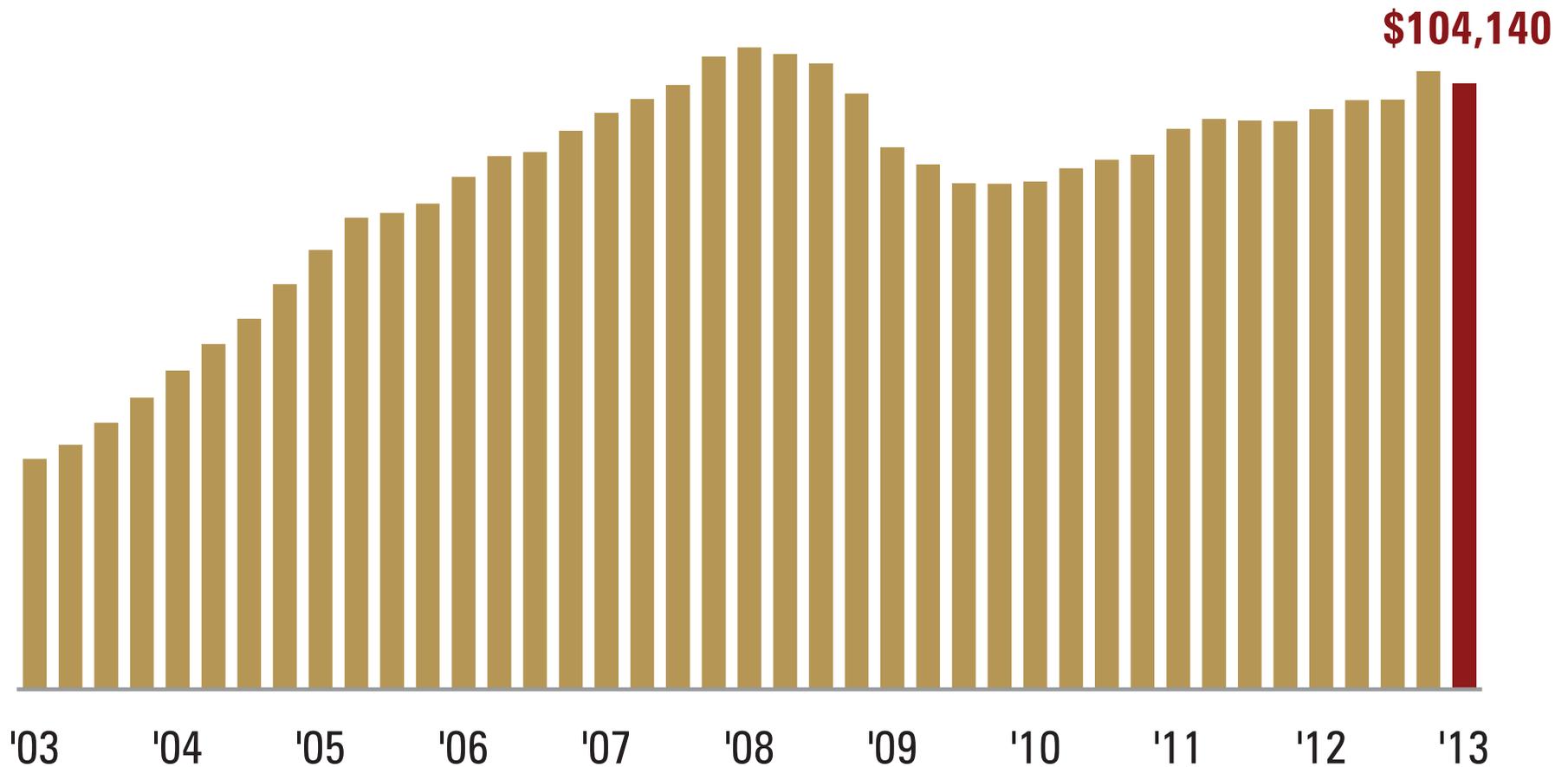
## NEVADA AND THE UNITED STATES



Source: U.S. Bureau of Labor Statistics and Applied Analysis



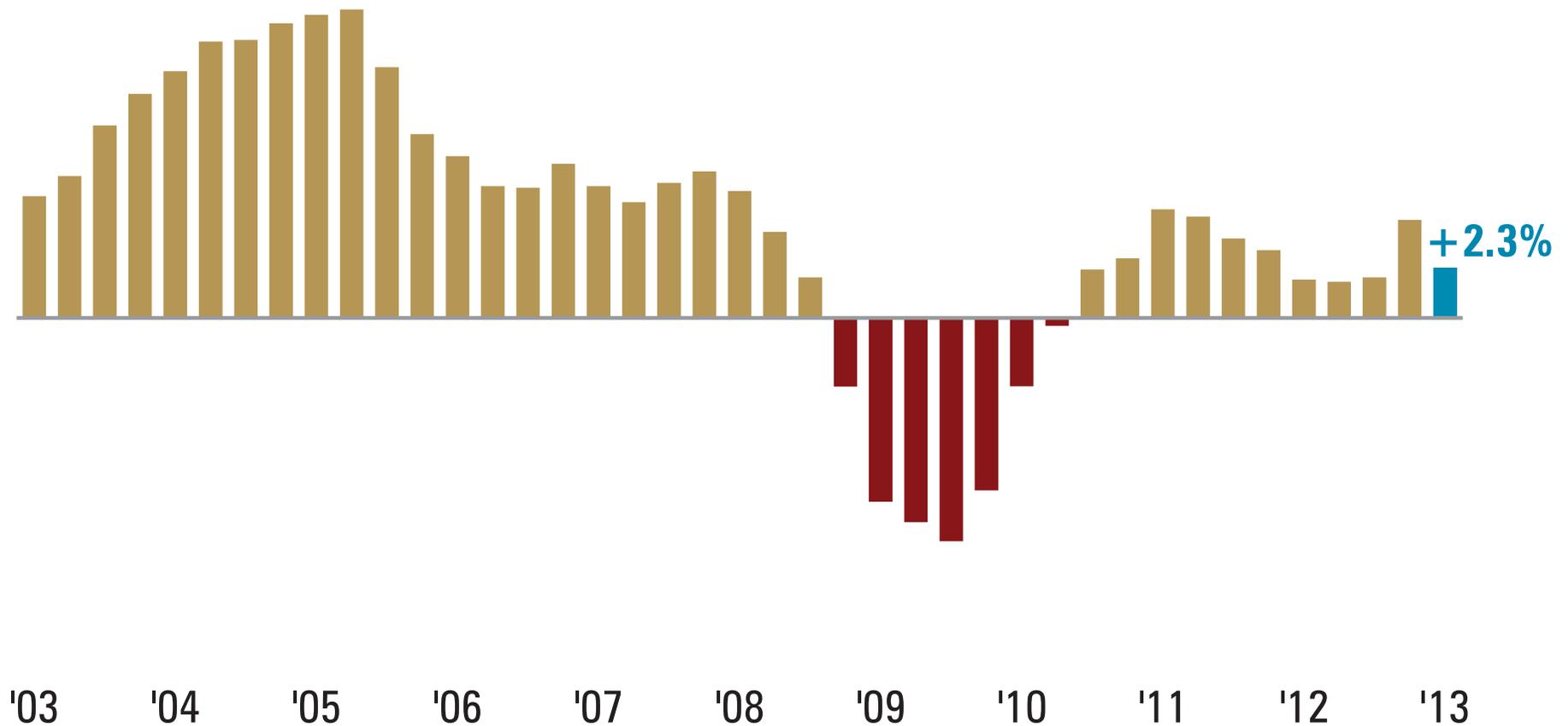
# NEVADA PERSONAL INCOME IN MILLIONS



Source: U.S. Bureau of Economic Analysis



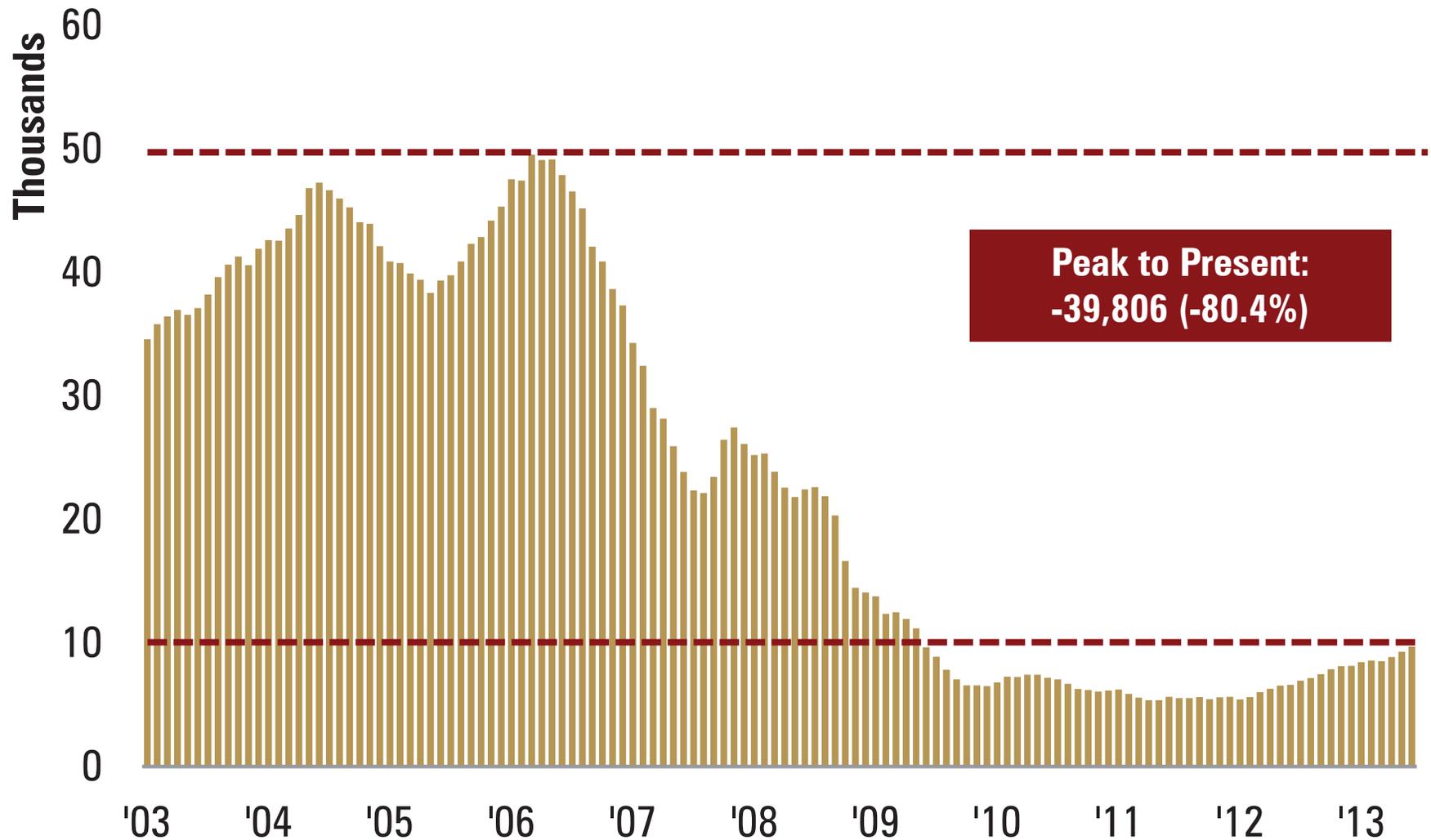
# NEVADA PERSONAL INCOME GROWTH



Source: U.S. Bureau of Economic Analysis



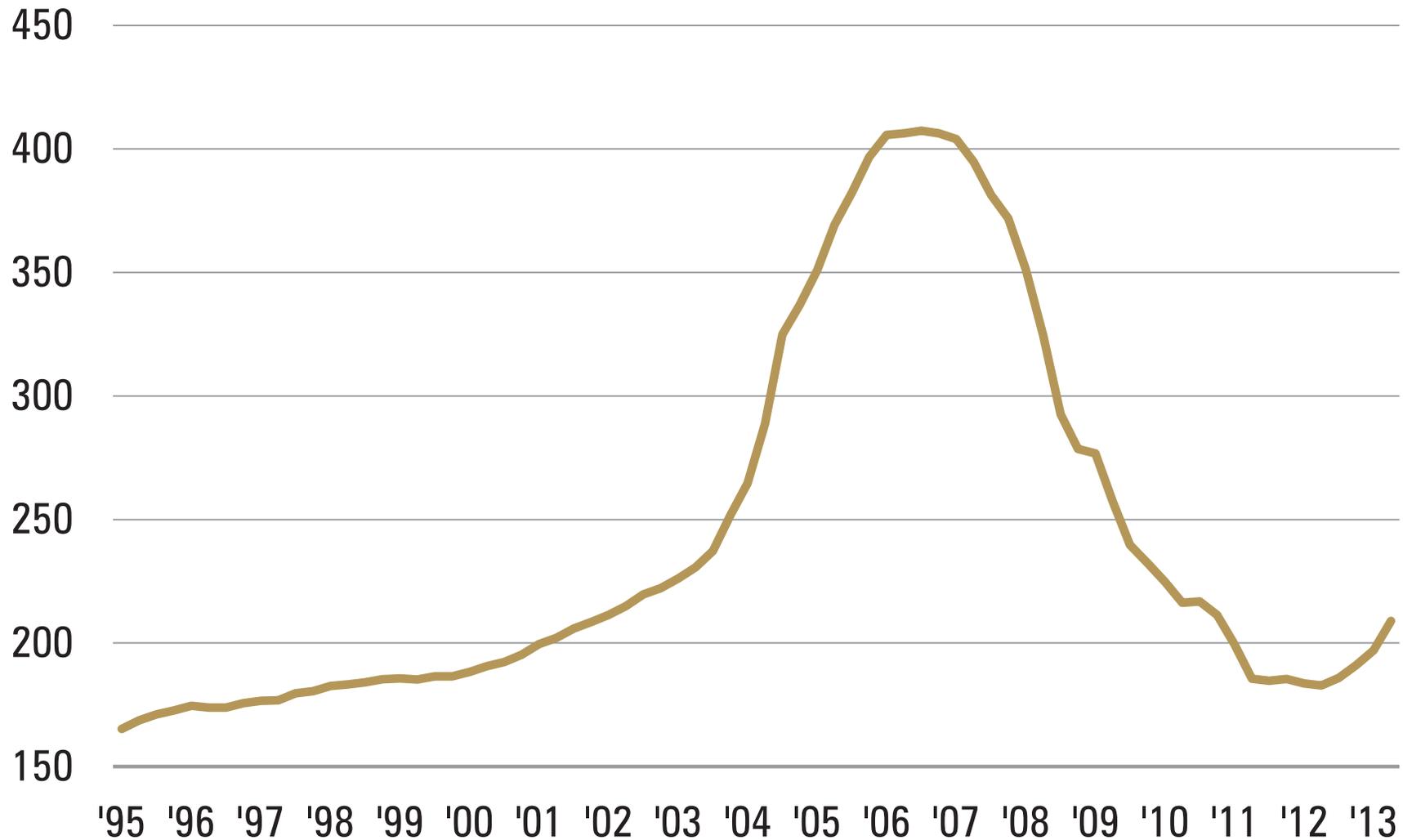
# NEVADA RESIDENTIAL UNITS PERMITTED



Source: UNLV CBER and Applied Analysis



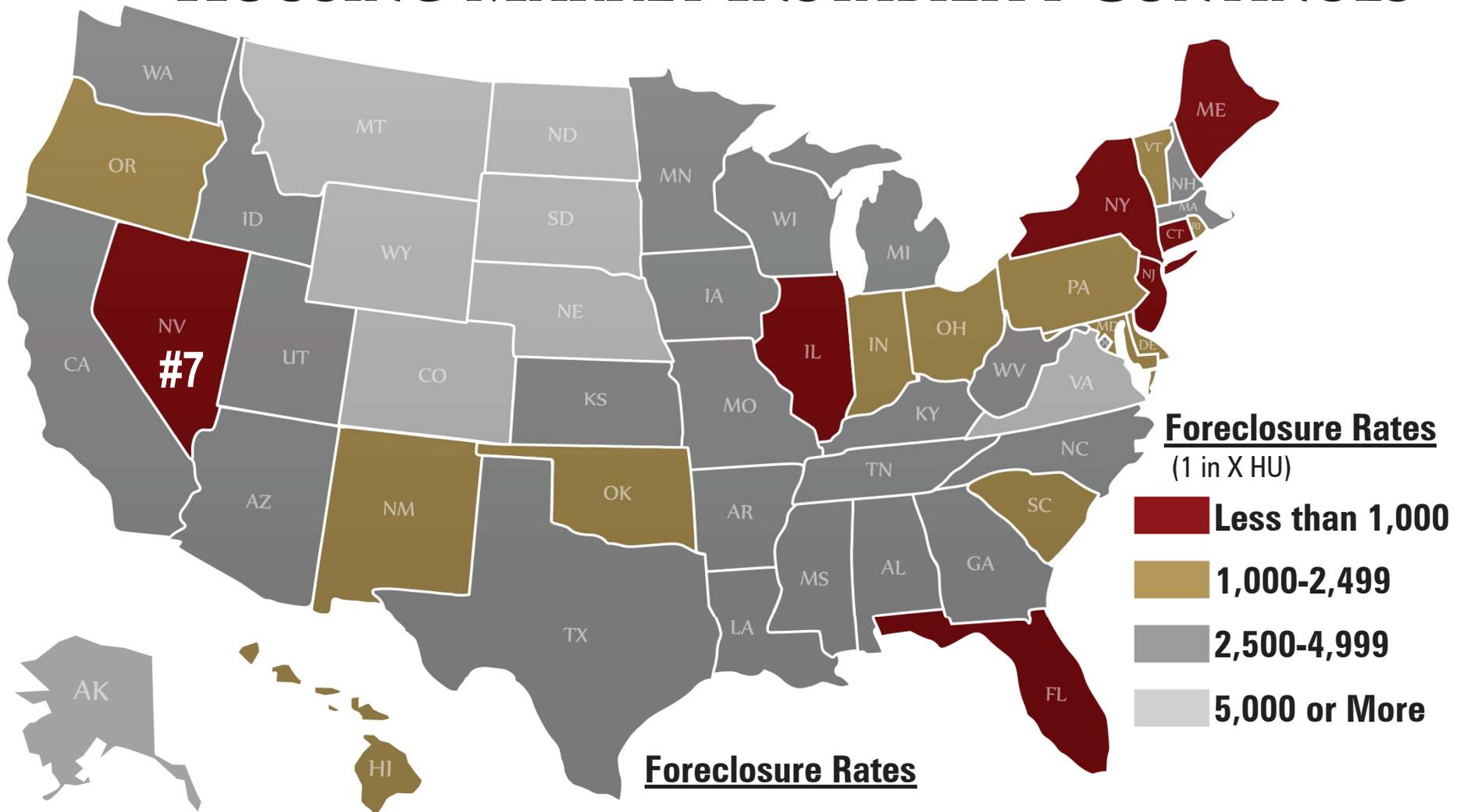
# NEVADA HOUSING PRICE INDEX



Source: Federal Housing Finance Agency



# HOUSING MARKET INSTABILITY CONTINUES



## Foreclosure Rates

United States: 1 in 1,001 Units  
 Nevada: 1 in 731 Units  
 Clark County: 1 in 613 Units

## Foreclosure Rates

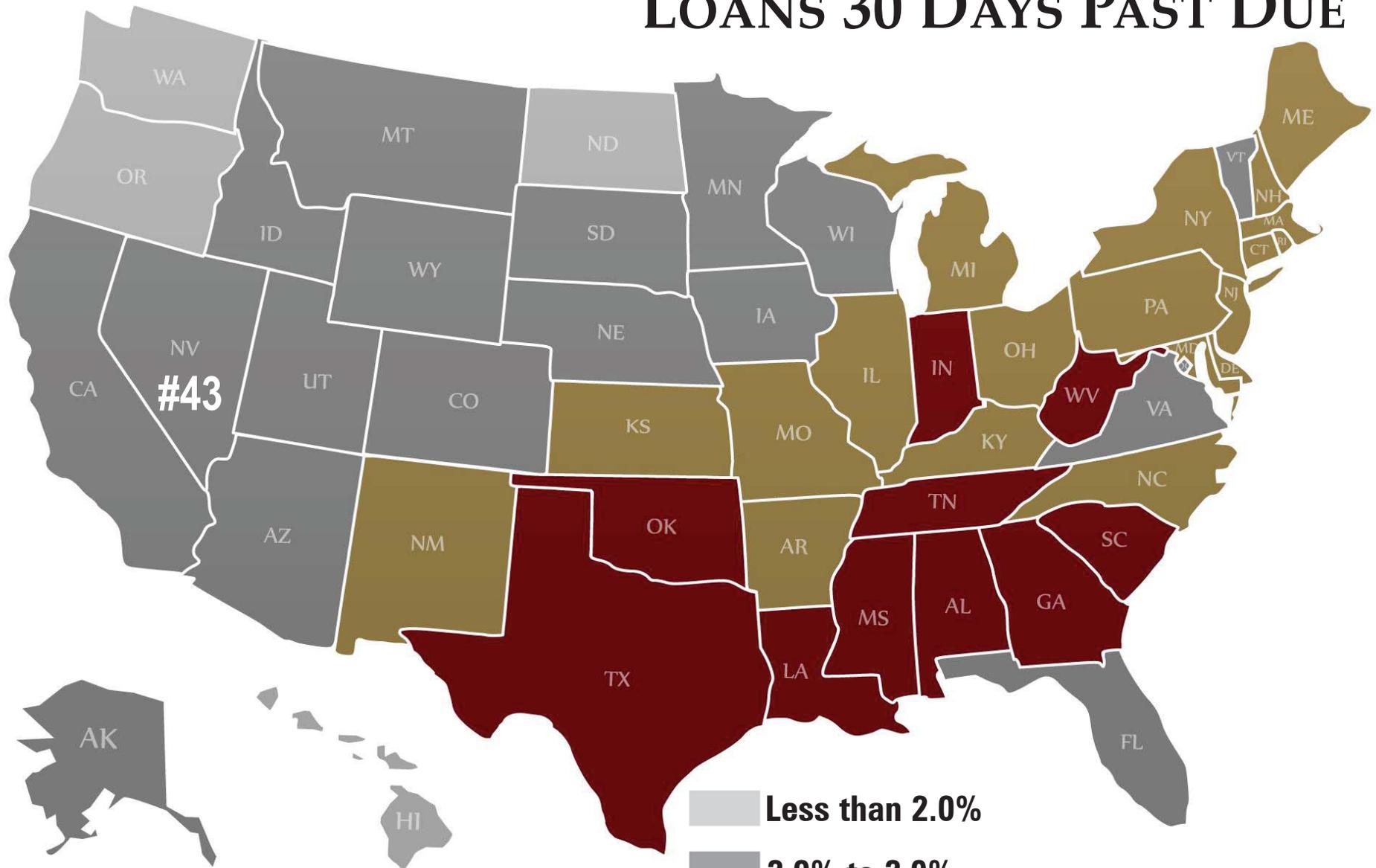
(1 in X HU)

- Less than 1,000
- 1,000-2,499
- 2,500-4,999
- 5,000 or More

Source: RealtyTrac (July 2013)



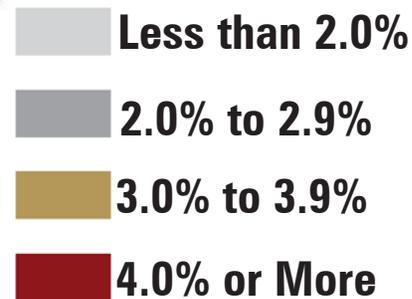
# LOANS 30 DAYS PAST DUE



#43

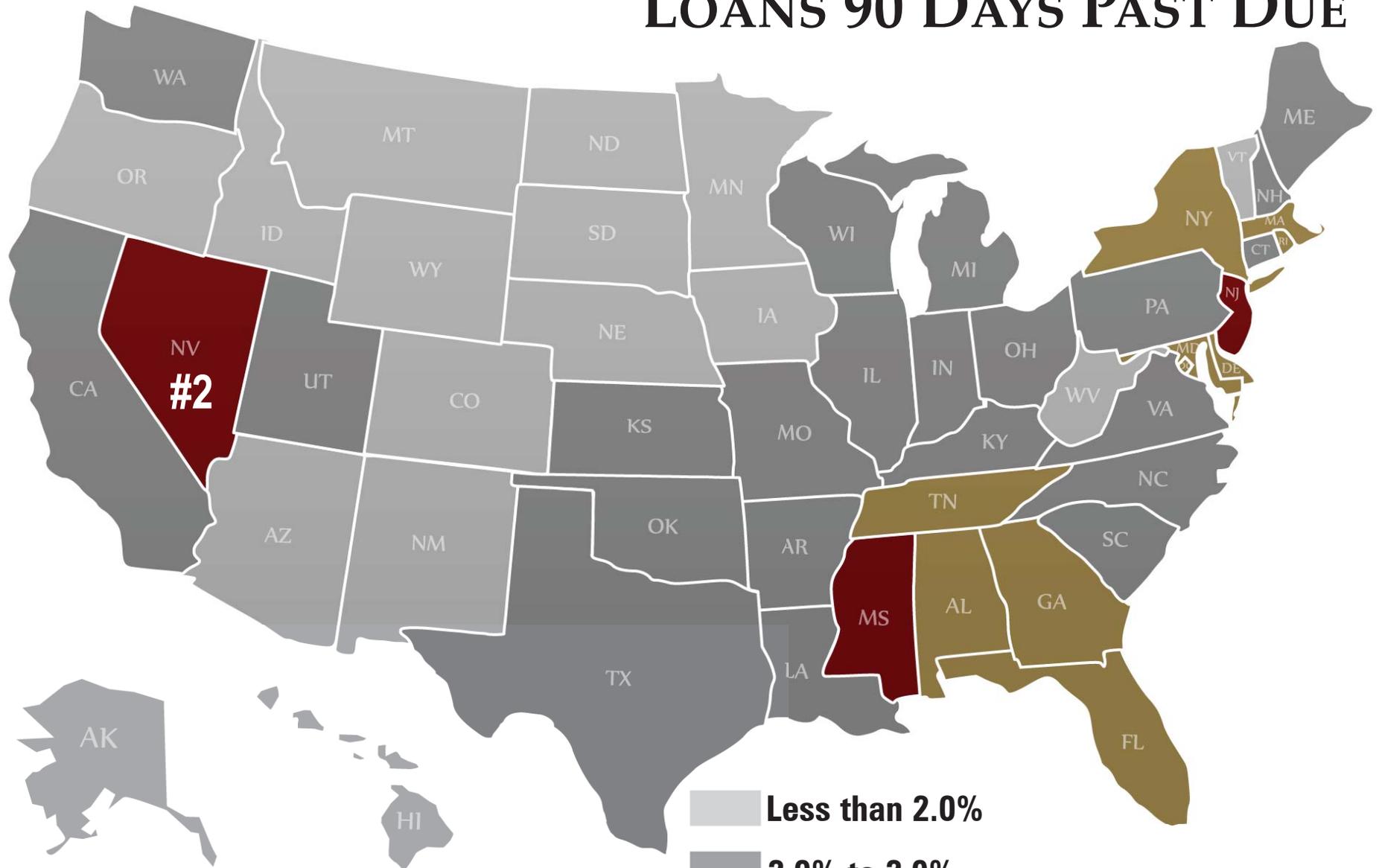
**US Average: 3.2%**

**Nevada: 2.3%**



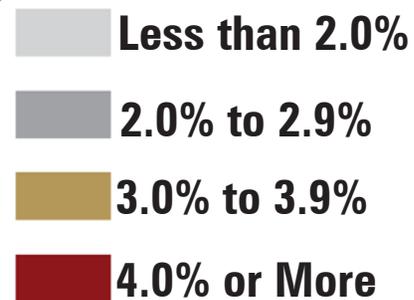
Source: Mortgage Bankers Association Q2 2013

# LOANS 90 DAYS PAST DUE



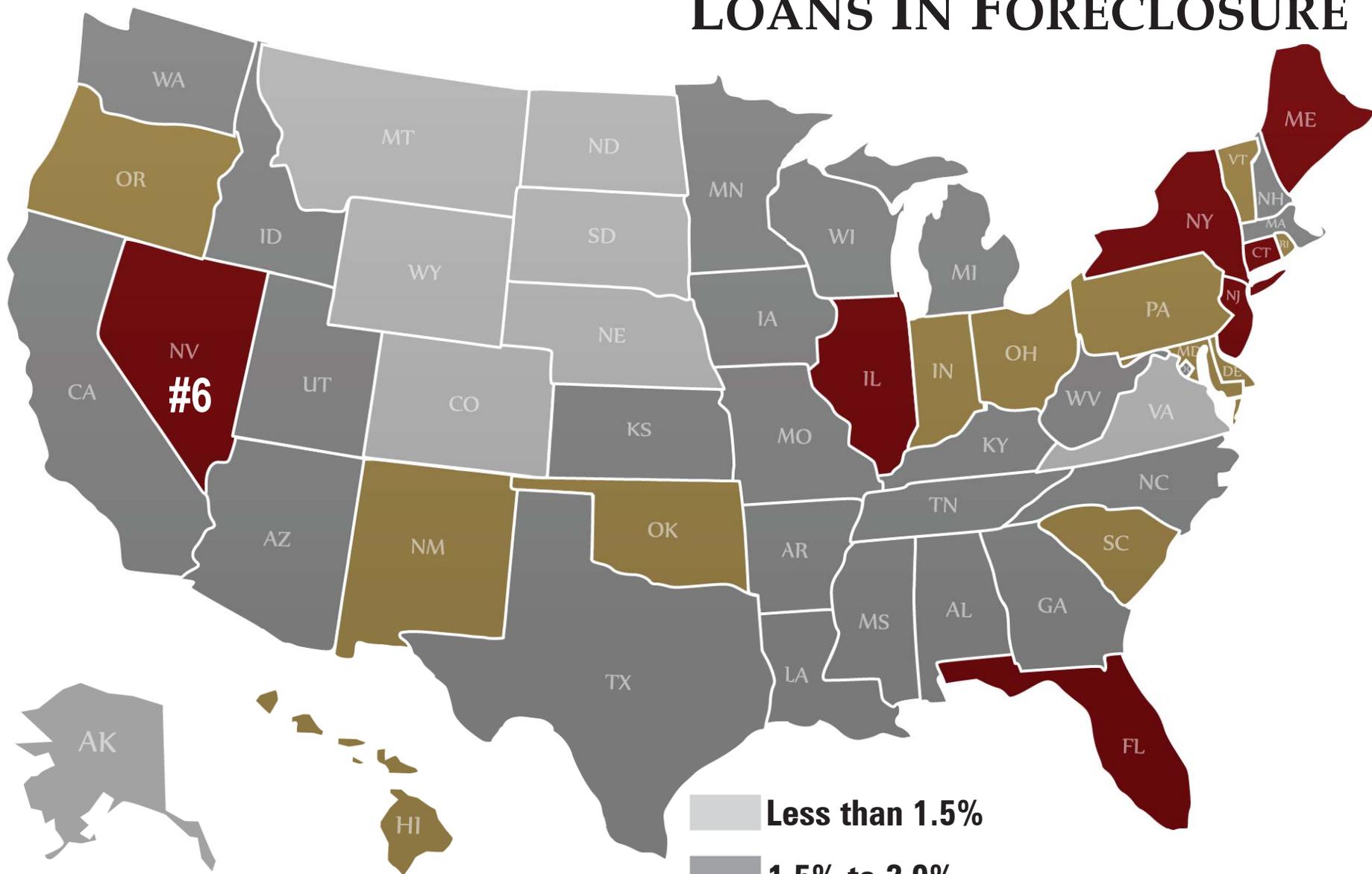
**Nevada: 4.2%**

**US Average: 2.6%**



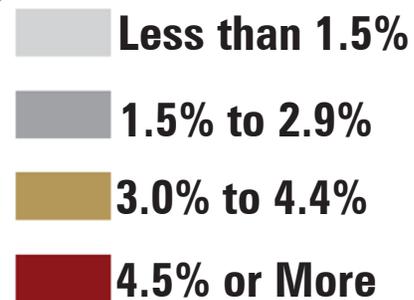
Source: Mortgage Bankers Association Q2 2013

# LOANS IN FORECLOSURE



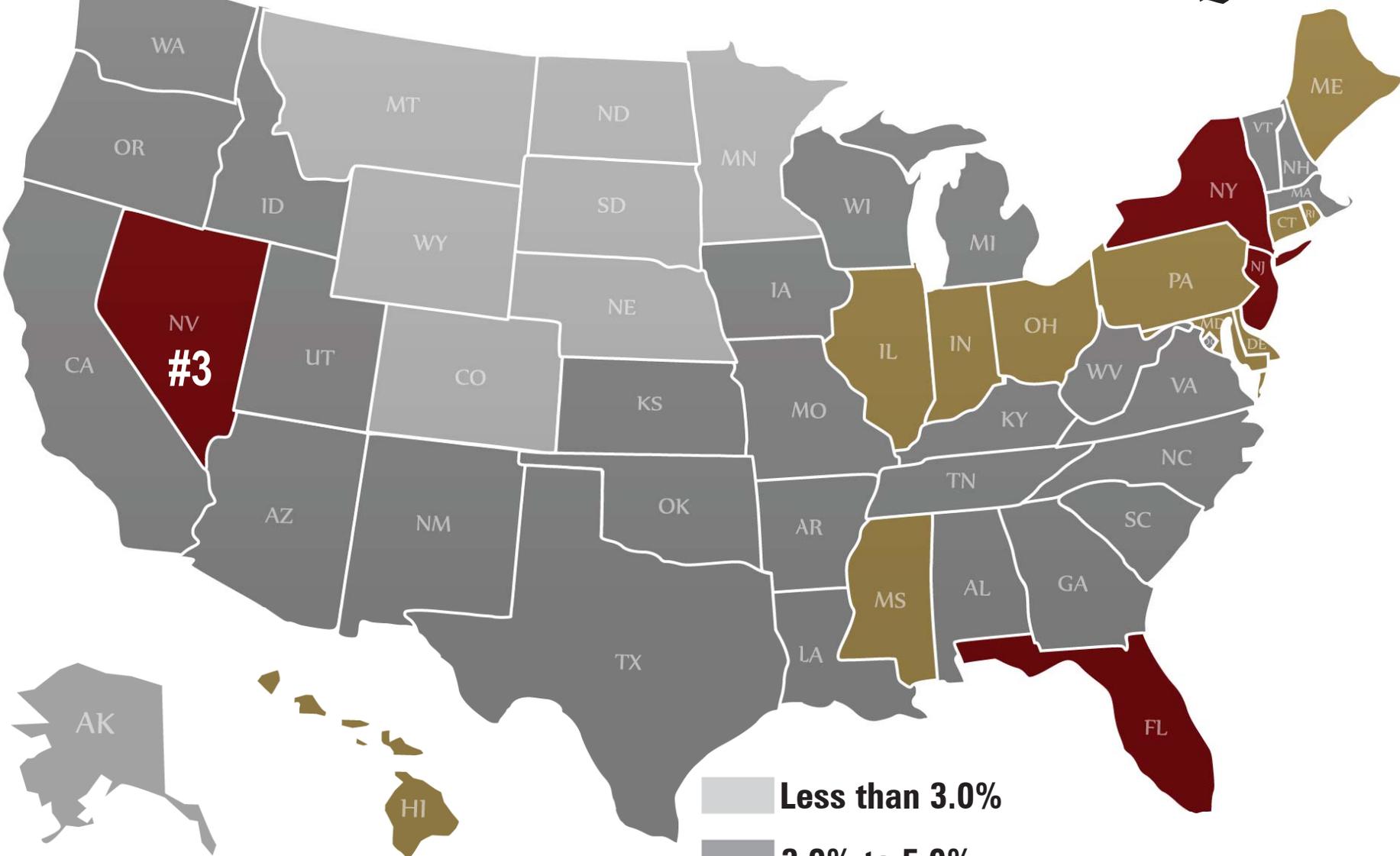
**Nevada: 5.2%**

**US Average: 3.3%**

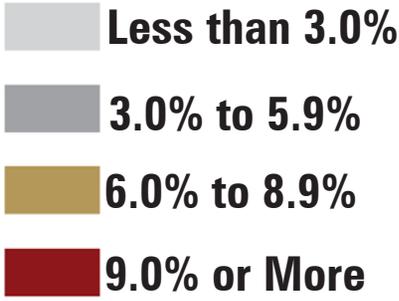


Source: Mortgage Bankers Association Q2 2013

# LOANS SERIOUSLY DELINQUENT

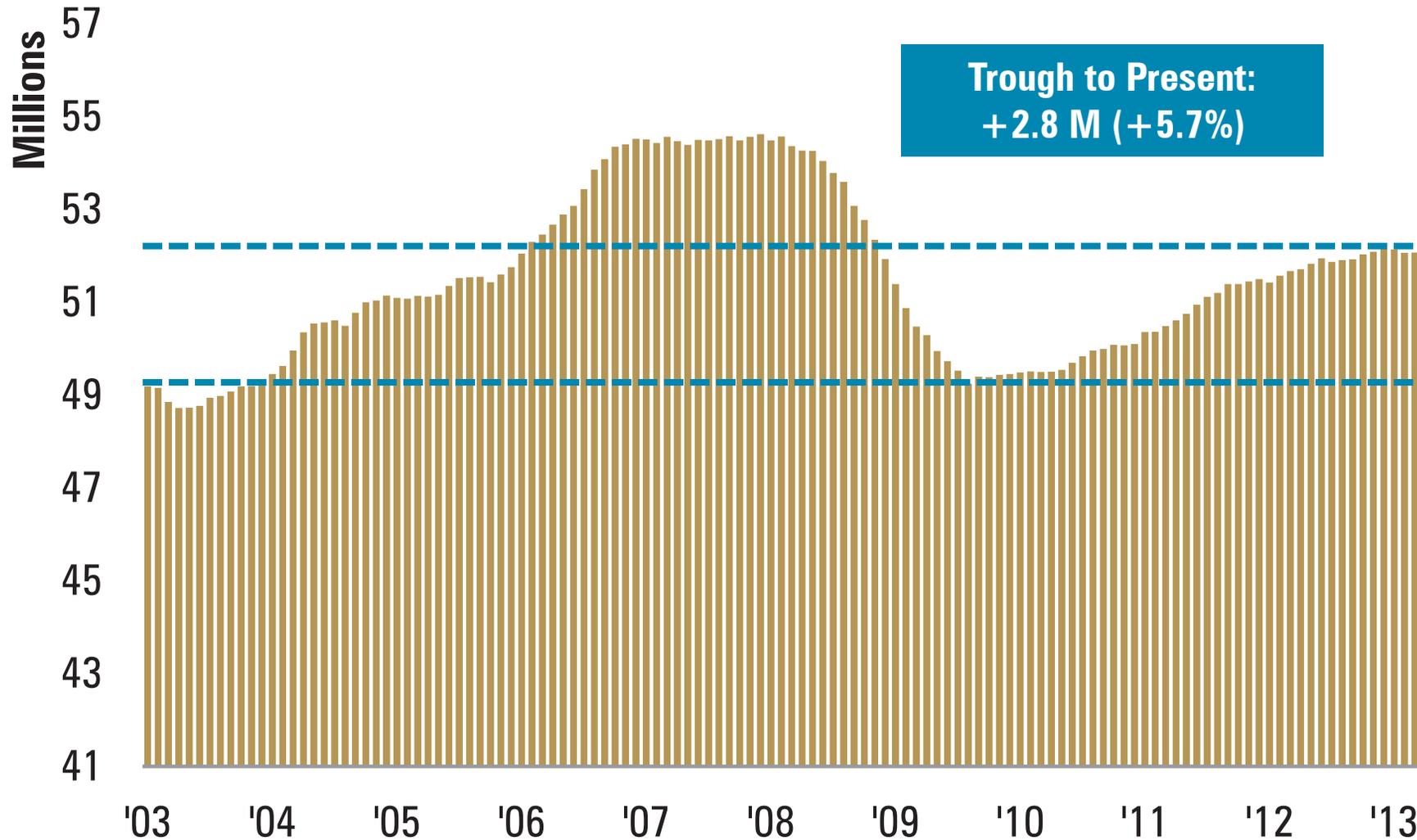


**Nevada: 9.4%**  
**US Average: 5.9%**



Source: Mortgage Bankers Association Q2 2013

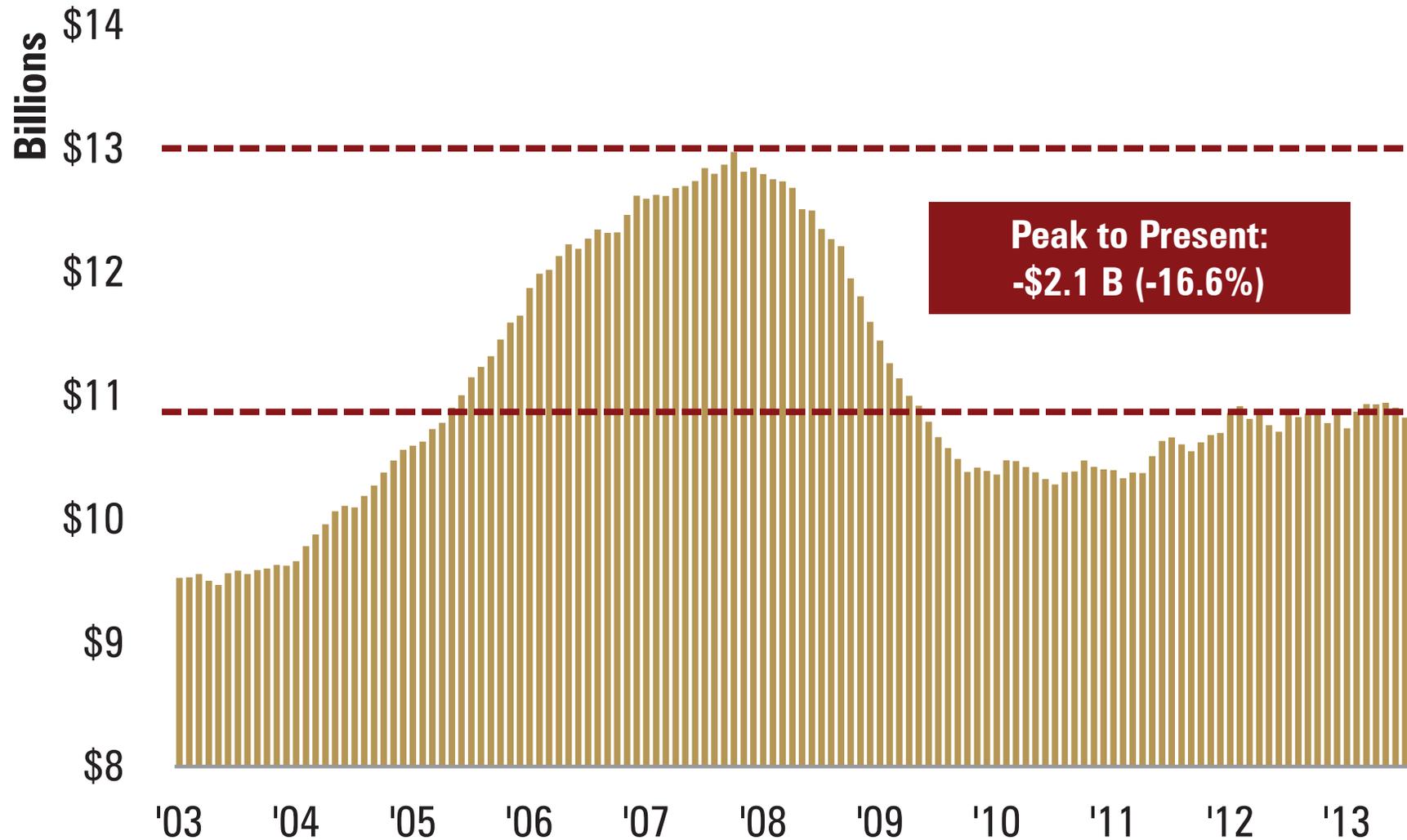
# NEVADA VISITOR VOLUME TRAILING 12-MONTH TOTAL



Source: Nevada Commission on Tourism



# NEVADA GROSS GAMING REVENUE TRAILING 12-MONTH TOTAL



Source: Nevada Gaming Control Board



# NEVADA'S TOURISM ECONOMY

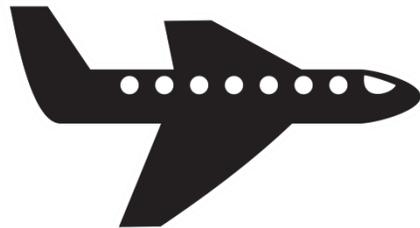
## ANNUAL GROWTH (TRAILING 12 MONTHS)



**Visitor  
Volume**  
**+0.8%**



**Occupancy  
Rate**  
**+0.5%**



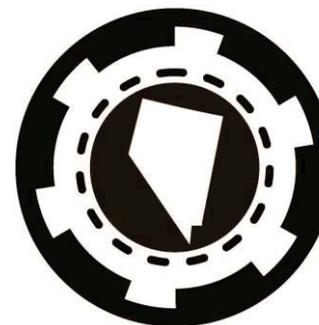
**Airport  
Traffic**  
**-0.8%**



**Convention  
Attendance**  
**+1.2%**



**Highway  
Traffic**  
**+14.2%**



**Gaming  
Revenue**  
**-0.3%**

Source: Nevada Commission on Tourism, Nevada Gaming Control Board and Applied Analysis

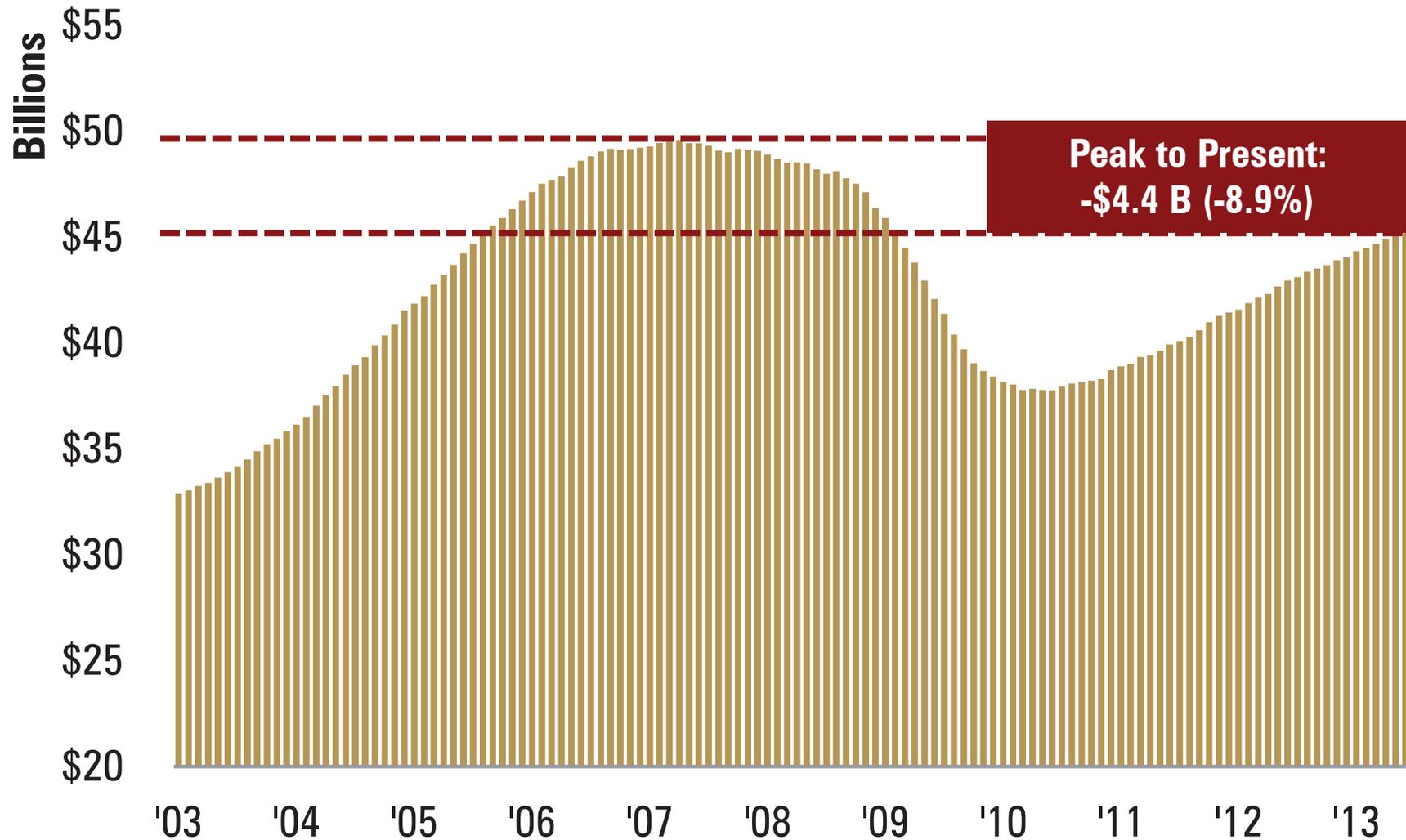




# NEVADA FISCAL HIGHLIGHTS



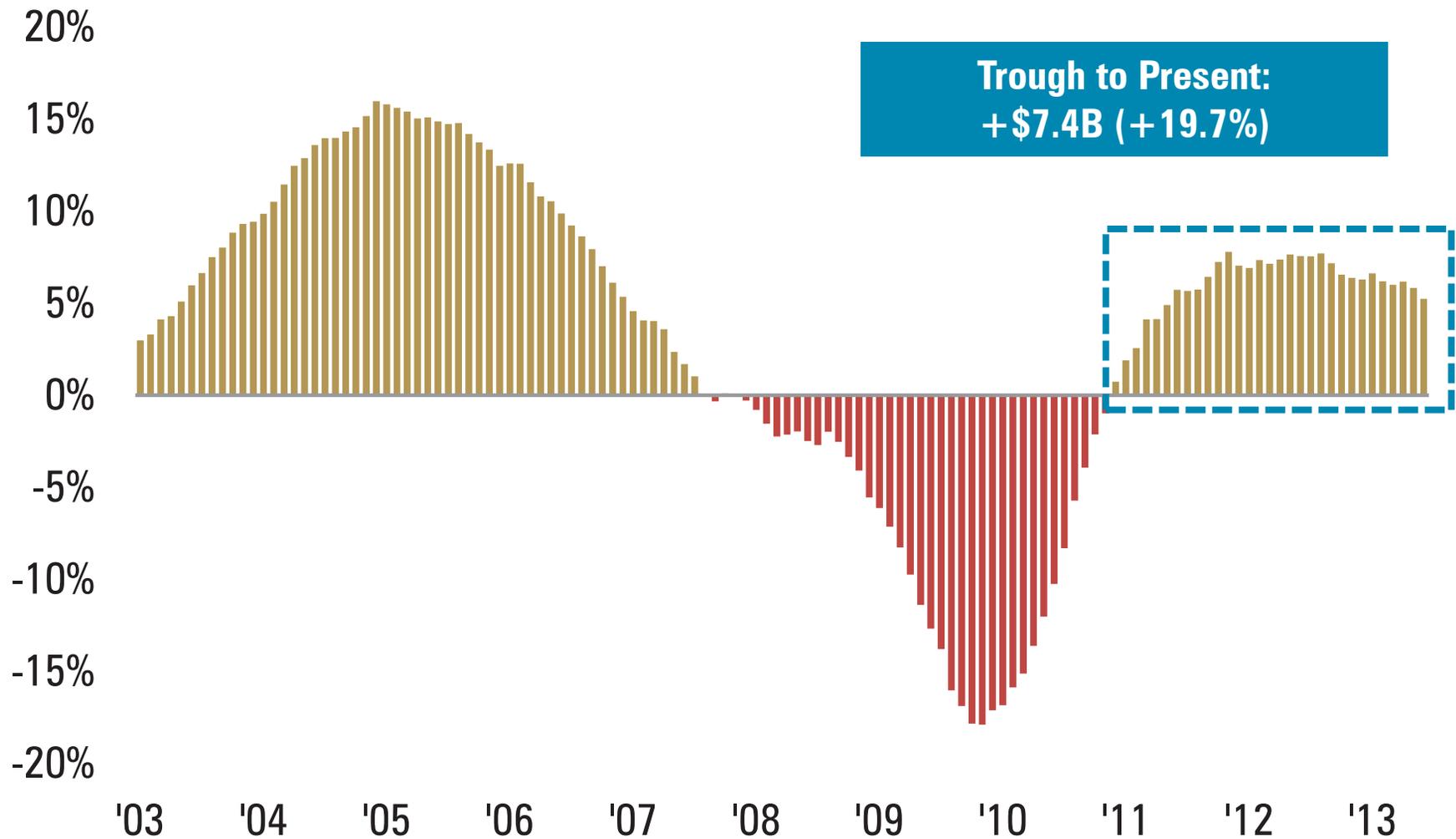
# NEVADA TAXABLE RETAIL SALES TRAILING 12-MONTH TOTAL



Source: Nevada Department of Taxation and Applied Analysis



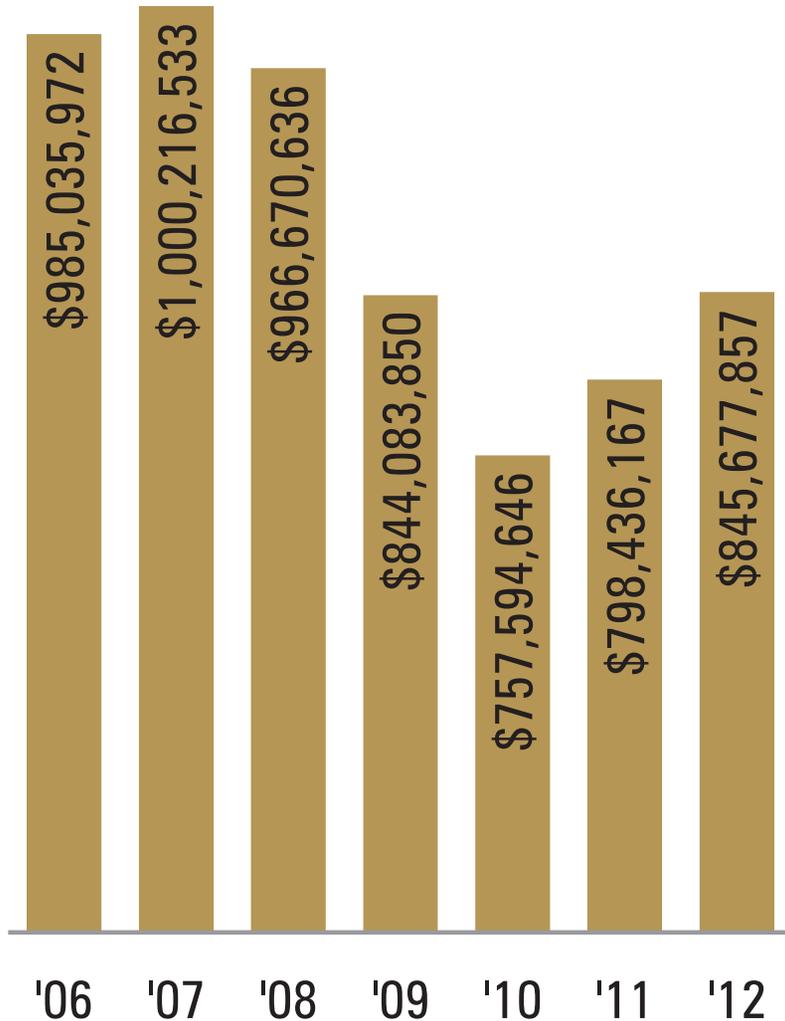
# NEVADA TAXABLE RETAIL SALES GROWTH



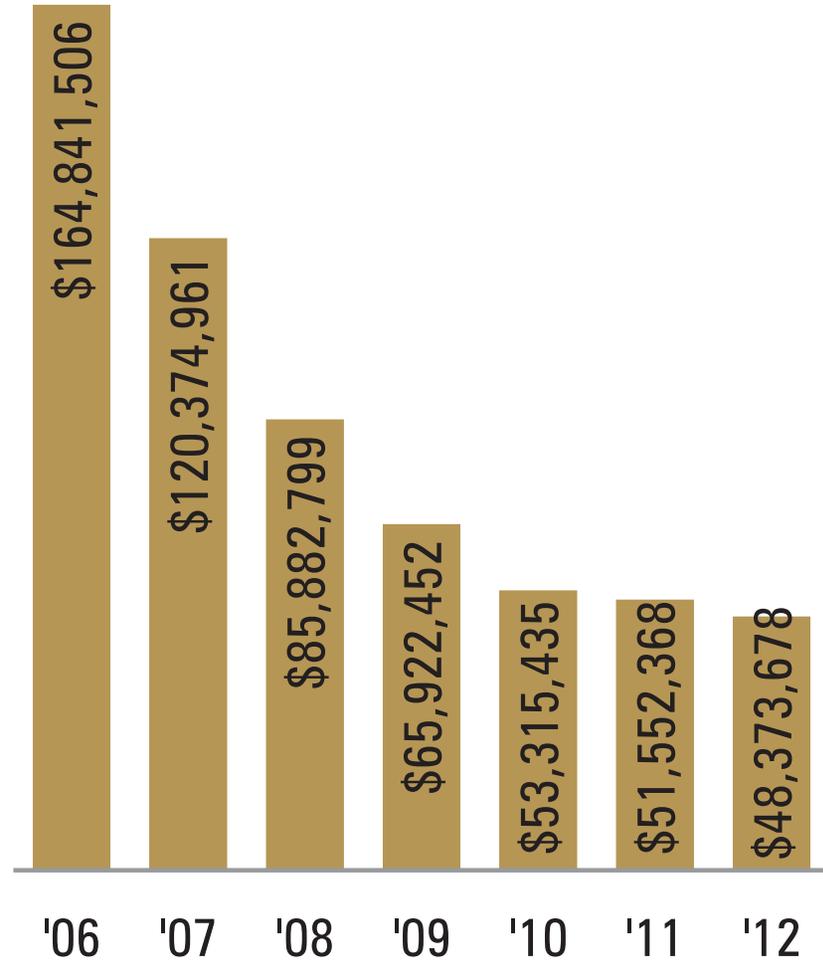
Source: Nevada Department of Taxation and Applied Analysis



## NEVADA SALES TAX COLLECTIONS (STATE PORTION)



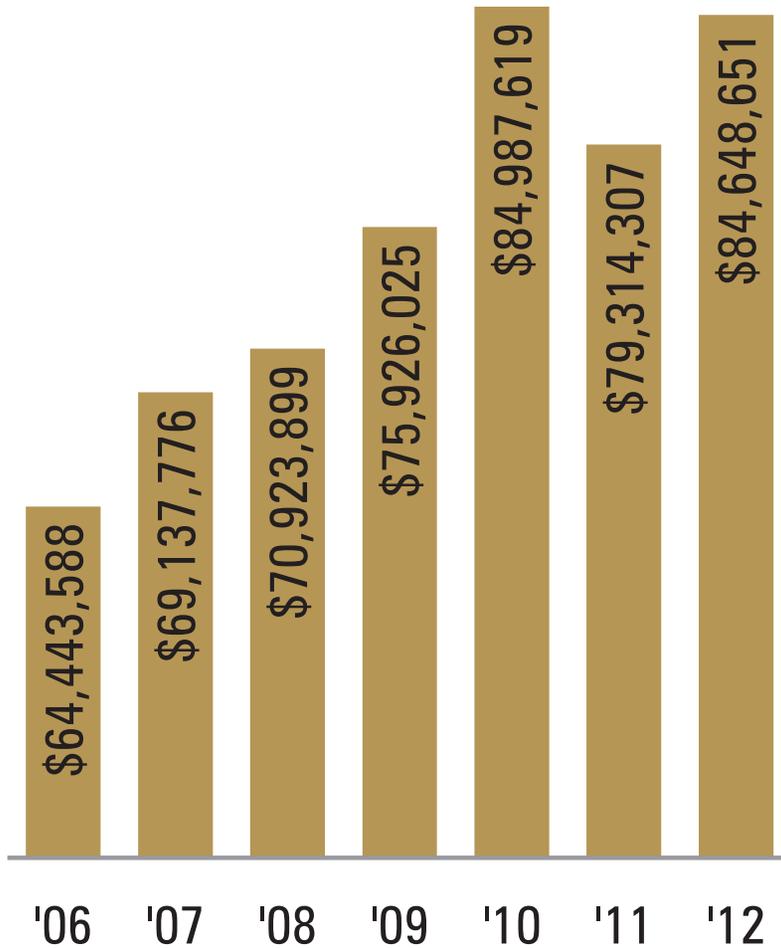
## NEVADA REAL PROPERTY TRANSFER TAX COLLECTIONS



Source: Nevada Department of Taxation and Applied Analysis

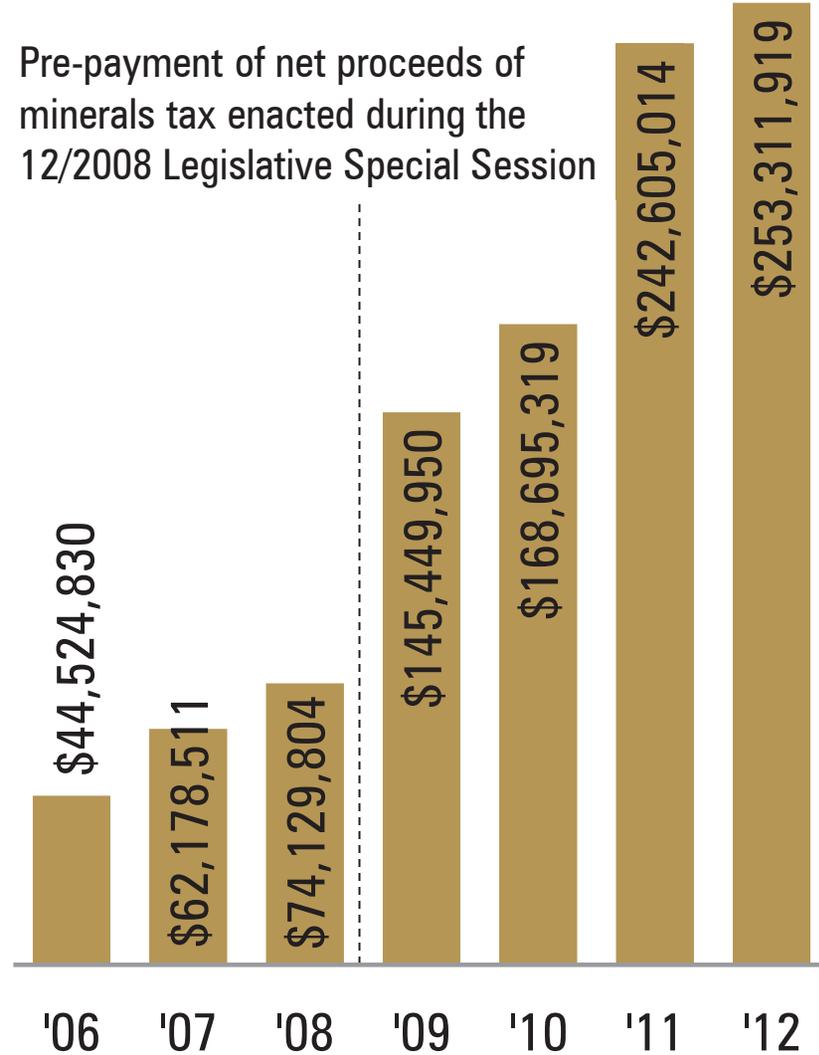


## NEVADA PROPERTY TAX COLLECTIONS (STATE PORTION)



## NEVADA NET PROCEEDS OF MINERALS TAX COLLECTIONS

Pre-payment of net proceeds of minerals tax enacted during the 12/2008 Legislative Special Session



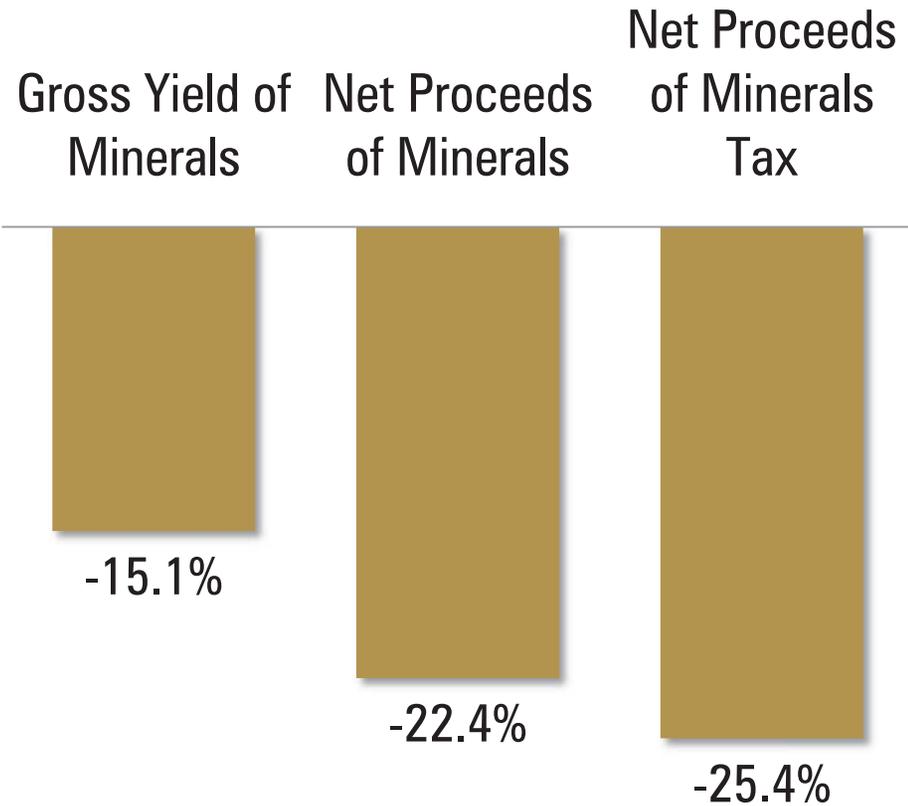
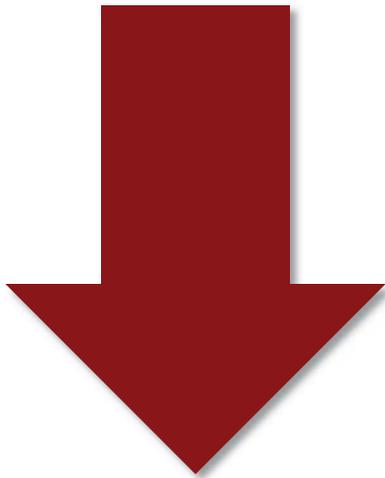
Source: Nevada Department of Taxation and Applied Analysis





# 2013 FISCAL OUTLOOK MINING OPERATORS

- *Industry average trend for 2013 (compared to 2012):*



Source: NVMA Member Survey

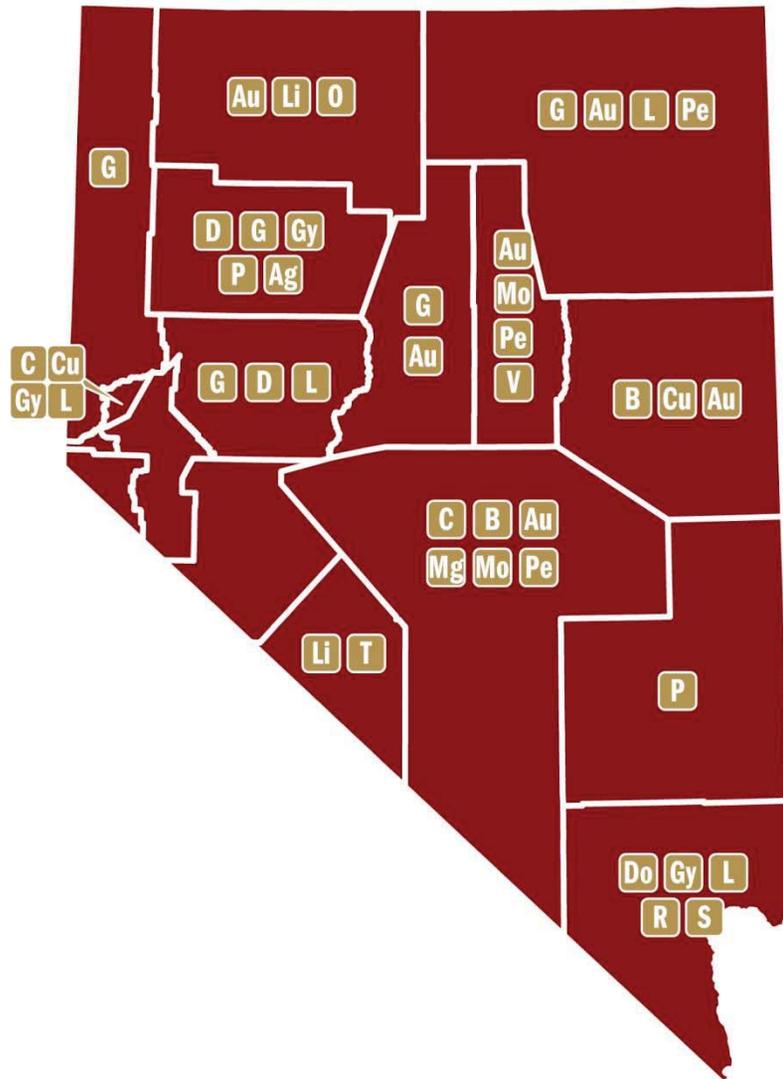




# THE ROLE OF MINING



# EXISTING MINING ACTIVITY



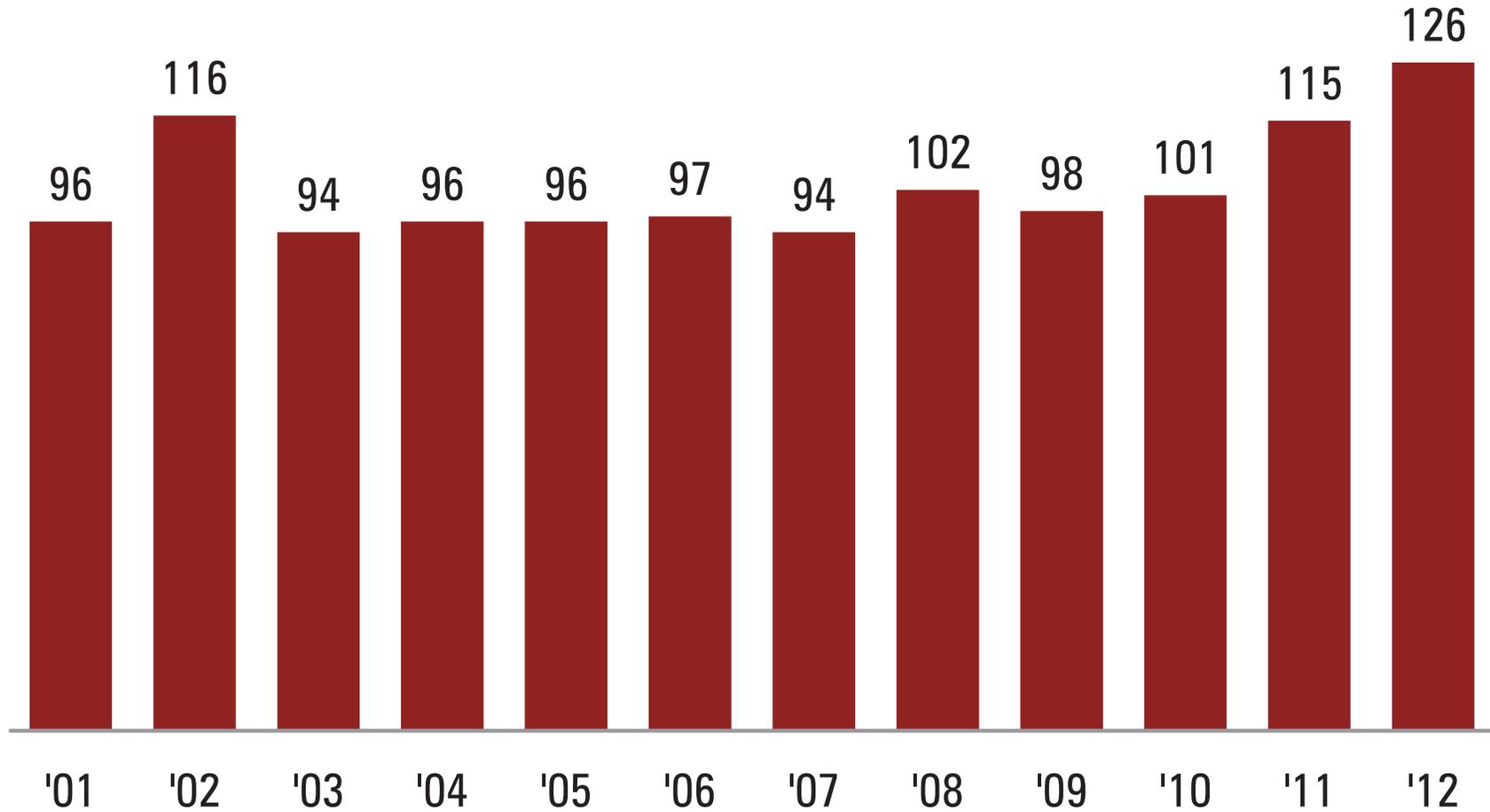
- |                            |                      |
|----------------------------|----------------------|
| <b>B</b> Barium            | <b>Mg</b> Magnesium  |
| <b>C</b> Clays             | <b>Mo</b> Molybdenum |
| <b>Cu</b> Copper           | <b>O</b> Opals       |
| <b>D</b> Diatomite         | <b>P</b> Perlite     |
| <b>Do</b> Dolomite         | <b>Pe</b> Petroleum  |
| <b>G</b> Geothermal Energy | <b>R</b> Rare Earths |
| <b>Au</b> Gold             | <b>S</b> Silica      |
| <b>Gy</b> Gypsum           | <b>Ag</b> Silver     |
| <b>L</b> Lime              | <b>T</b> Turquoise   |
| <b>Li</b> Lithium          | <b>V</b> Vanadium    |

**126 Mining Operators**

Source: NVMA and Nevada Department of Taxation



# TREND IN NUMBER OF OPERATORS



Source: Nevada Department of Taxation





# MINING INDUSTRY'S PRESENCE IN NEVADA

- In what year was your company established in Nevada?*

Oldest Respondent Company: 1918  
Youngest Respondent Company: 2012

Average Year  
Established:

**1984**



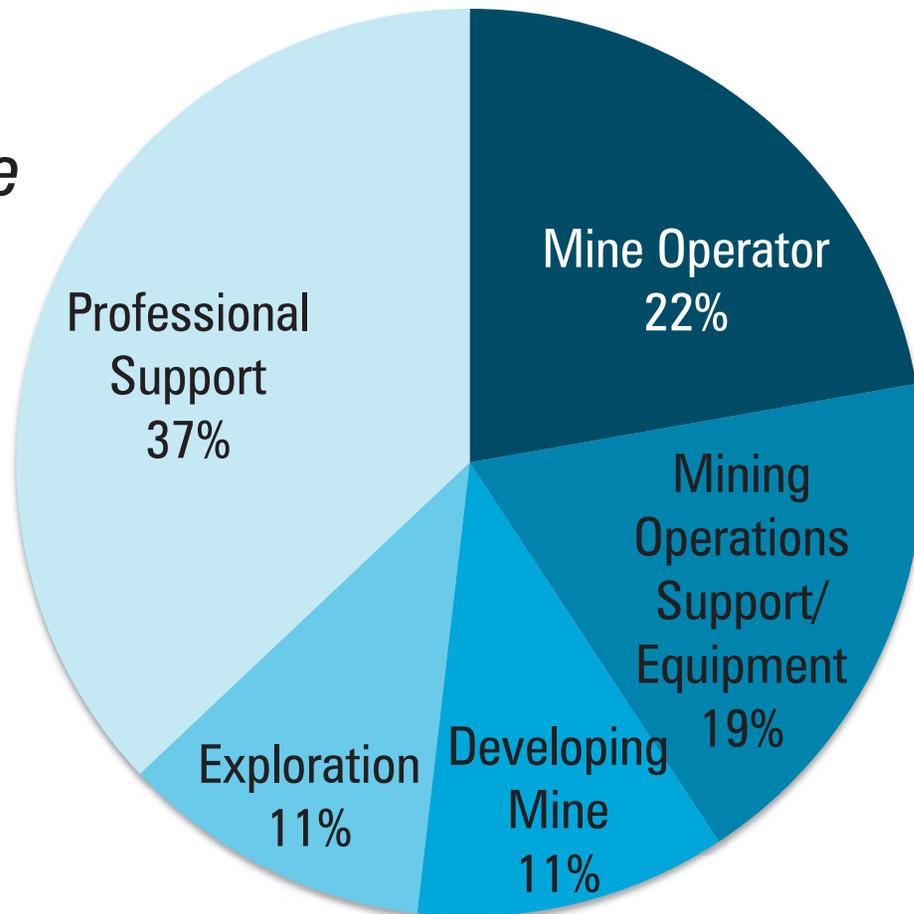
Source: NVMA Member Survey





# THE MINING INDUSTRY EXTENDS BEYOND MINE OPERATORS

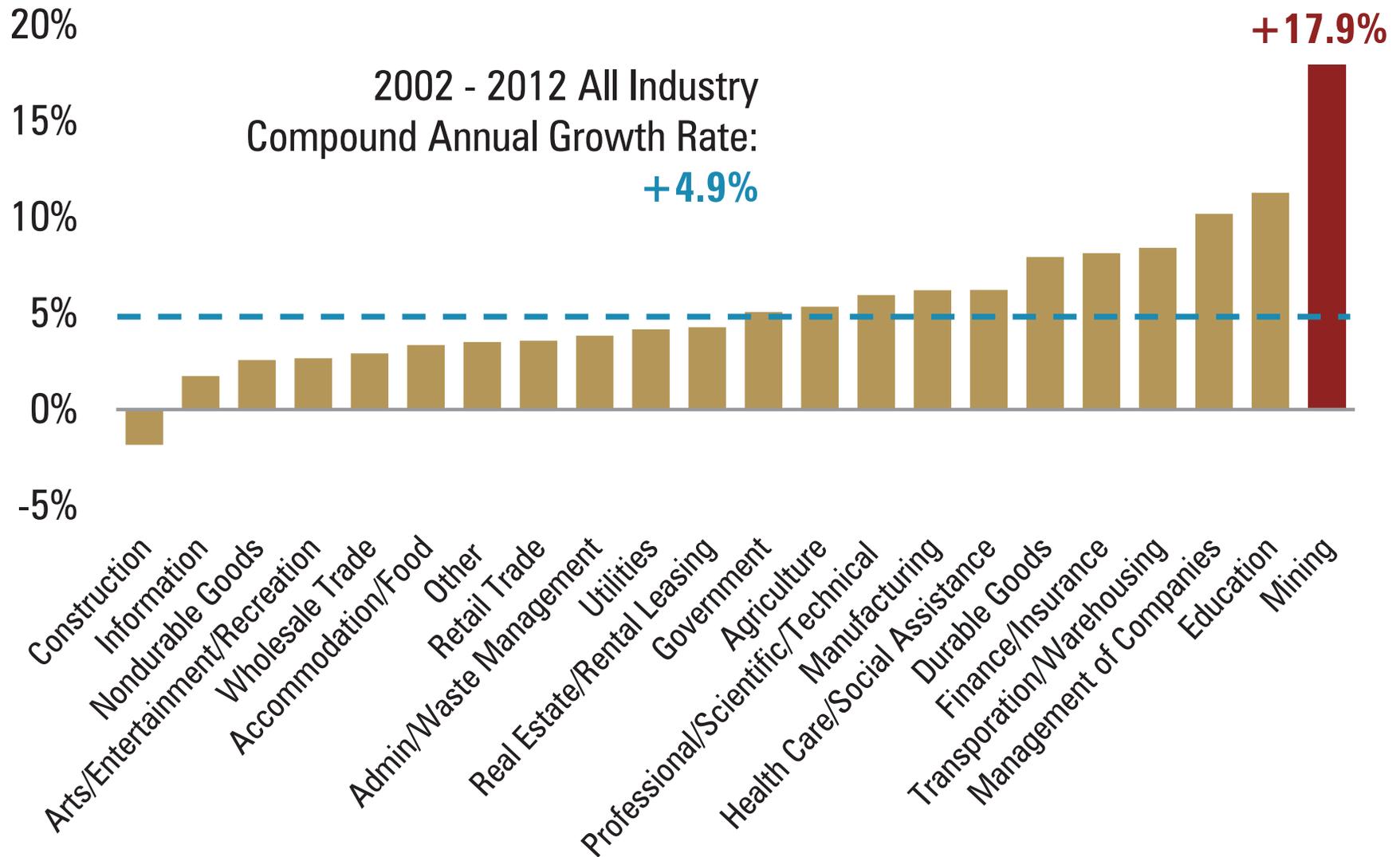
- *What role does your company fill within the mining industry?*



Source: NVMA Member Survey



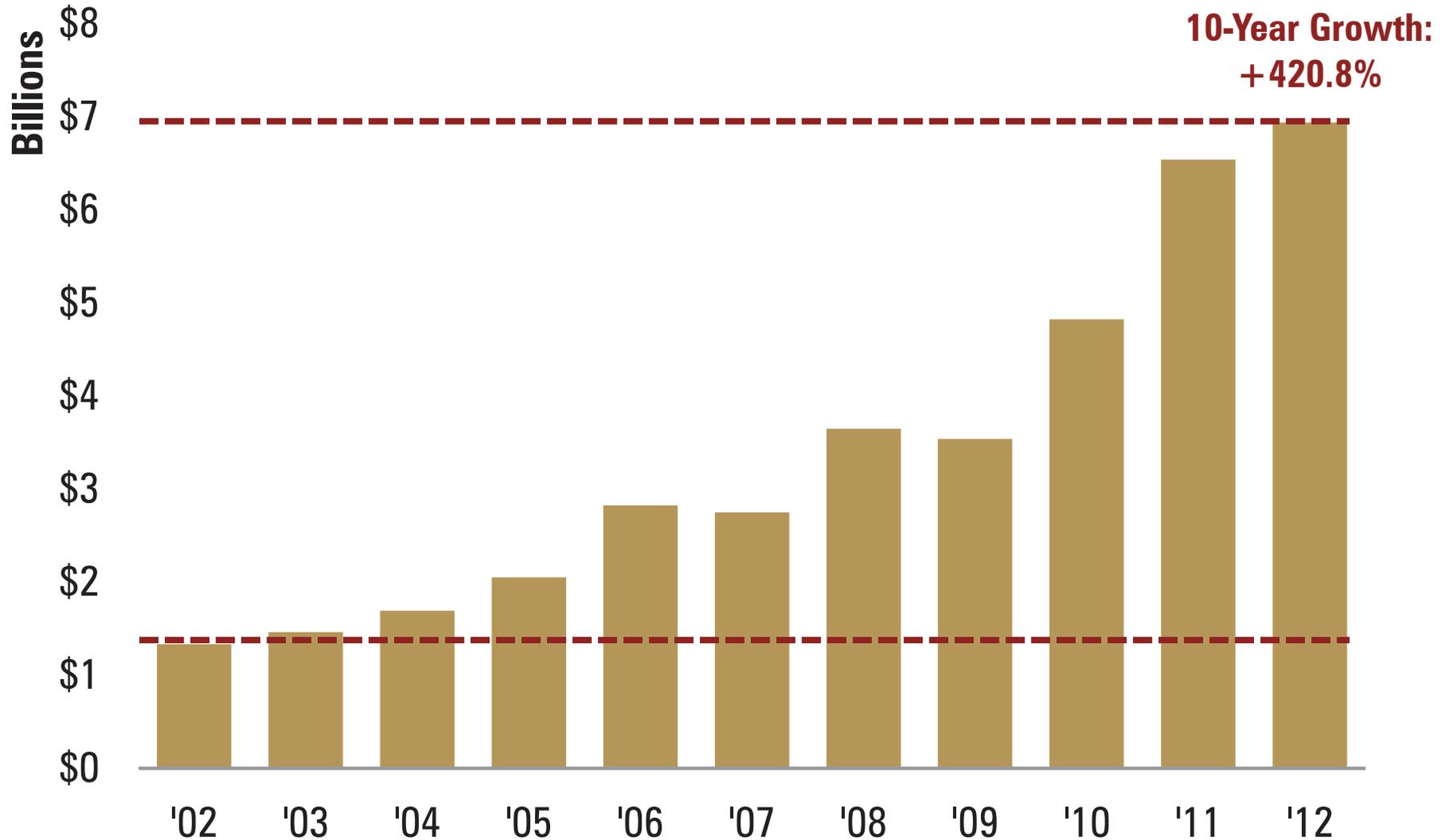
# NEVADA GDP GROWTH BY SECTOR



Source: U.S. Bureau of Economic Analysis



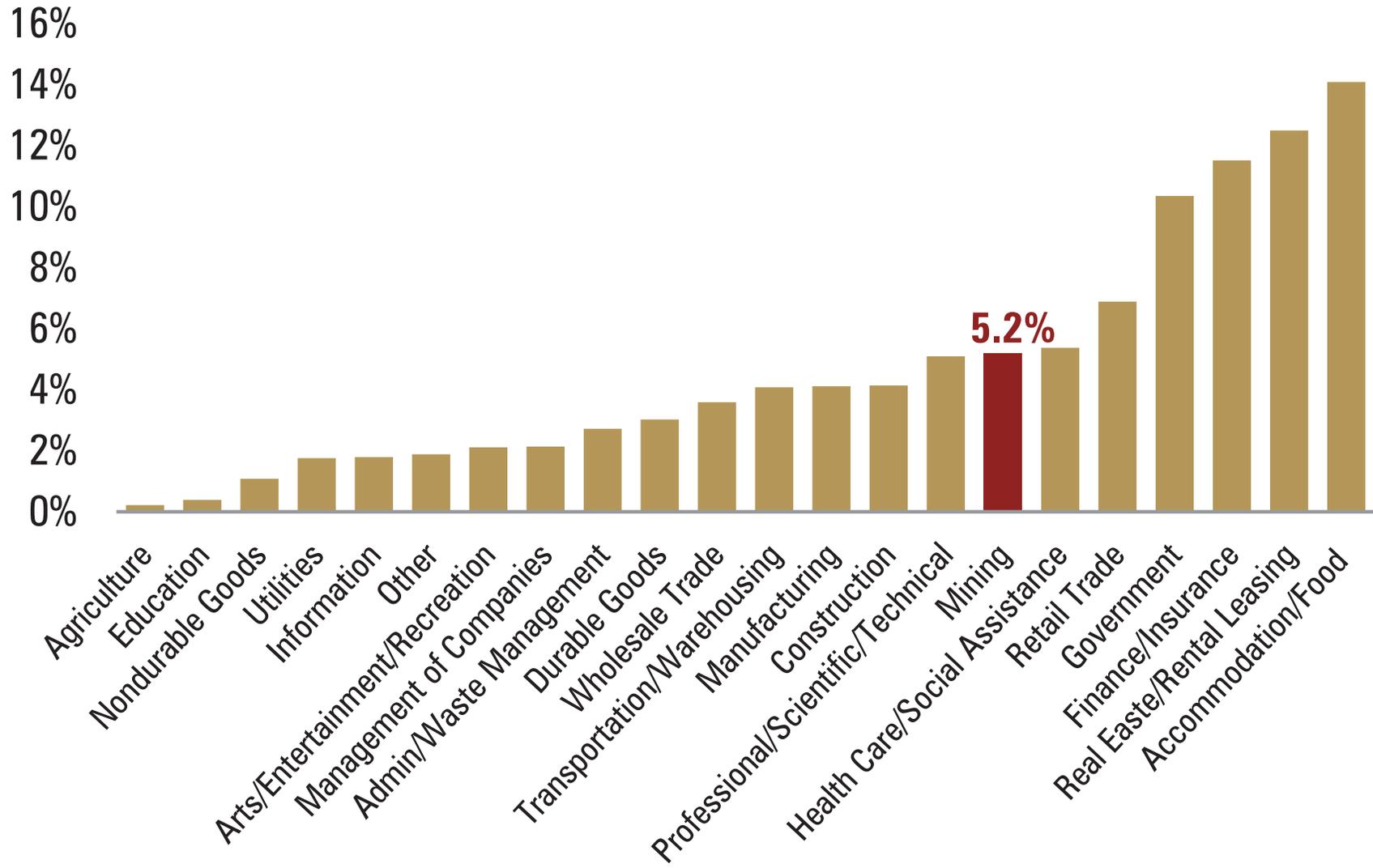
# NEVADA MINING GDP



Source: U.S. Bureau of Economic Analysis



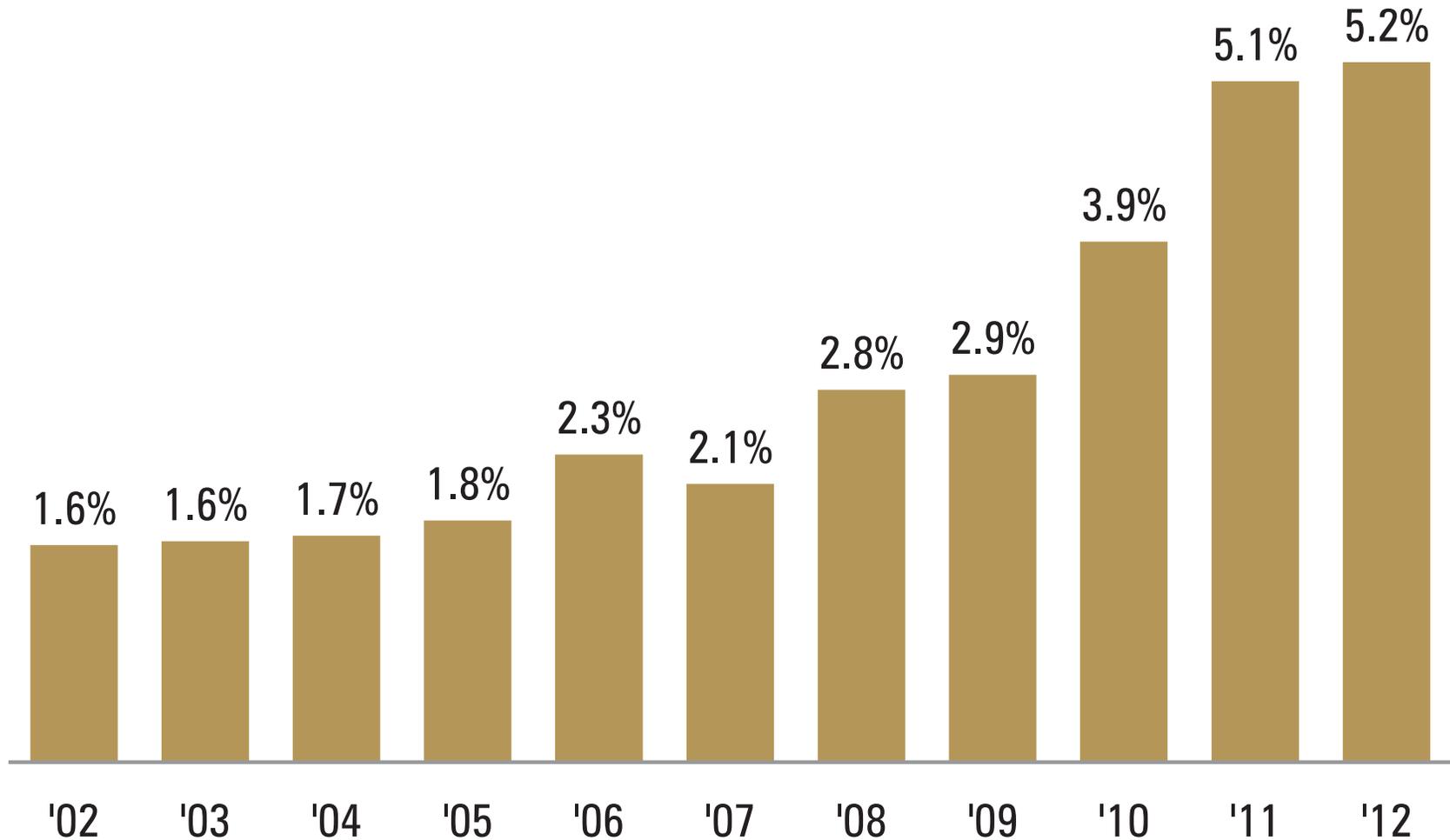
# INDUSTRY GDP AS SHARE OF TOTAL BY SECTOR



Source: U.S. Bureau of Economic Analysis



# MINING GDP AS SHARE OF TOTAL



Source: U.S. Bureau of Economic Analysis





# NEW PROJECTS AND INVESTMENTS

Goldrush (Eureka) moves forward; processing options to be added

Acquired patented materials research

New excavator (\$1.4 million)

Ongoing testing in recovery methods and cyanide neutralization

Long Canyon (Elko) continues to move forward

Possible new facility for mining operations support in Elko



Significant reserves measured and indicated in developing mine in No. NV; \$320 million capital investment with planned future development reaching more than \$1 billion total

Expanded established reserves and mine life

Return to mining at Florida Canyon Mine

New warehouse built (\$1.2 million)

More than \$6 million invested in exploration (drilling and ancillary activities) in Pershing with new gold and silver resources identified along the Oreana trend

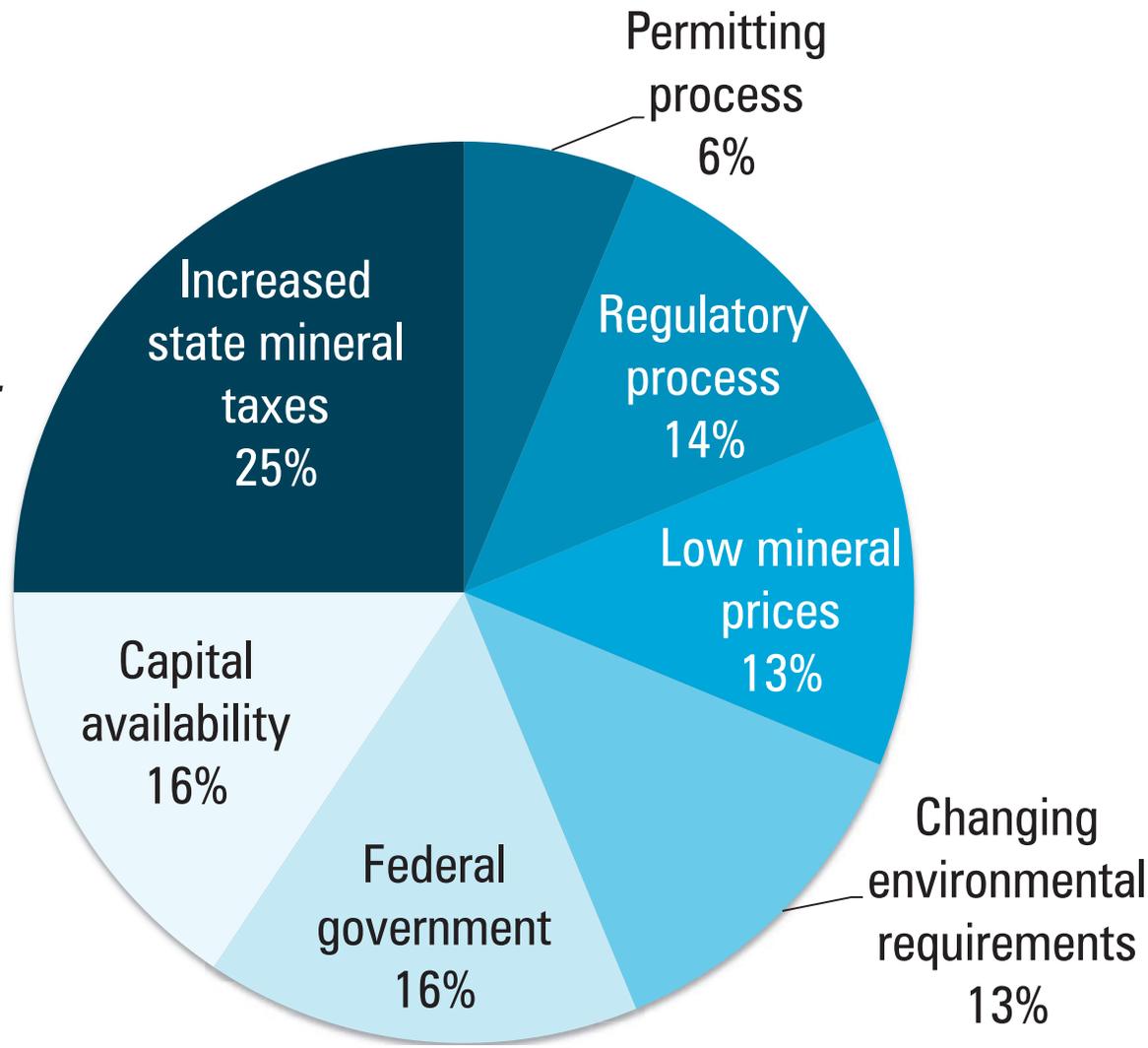
Source: NVMA Member Survey





# TOP CHALLENGES TO FUTURE GROWTH

- *What is the greatest threat to your business today?*



Source: NVMA Member Survey



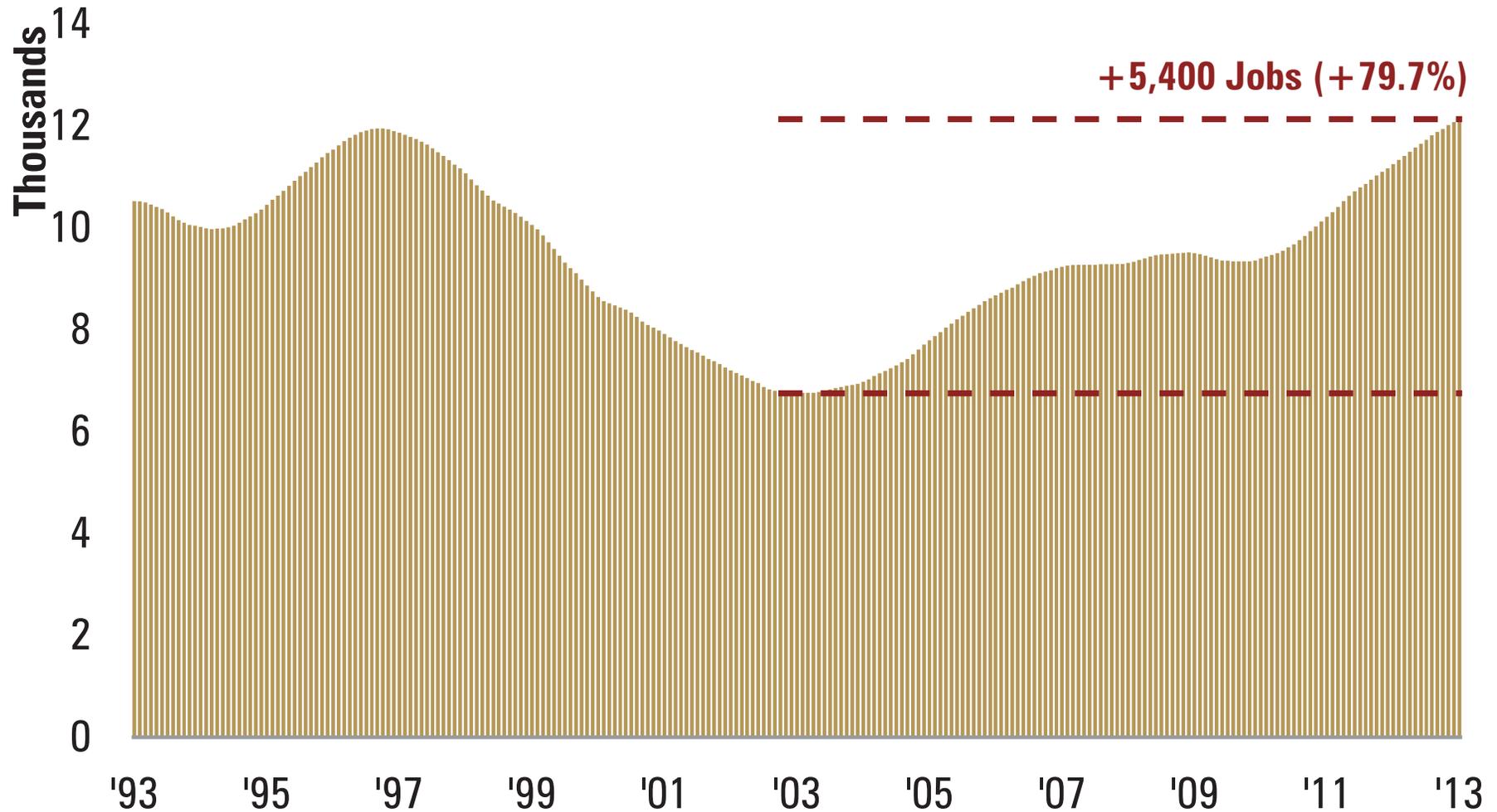




# MINING EMPLOYMENT



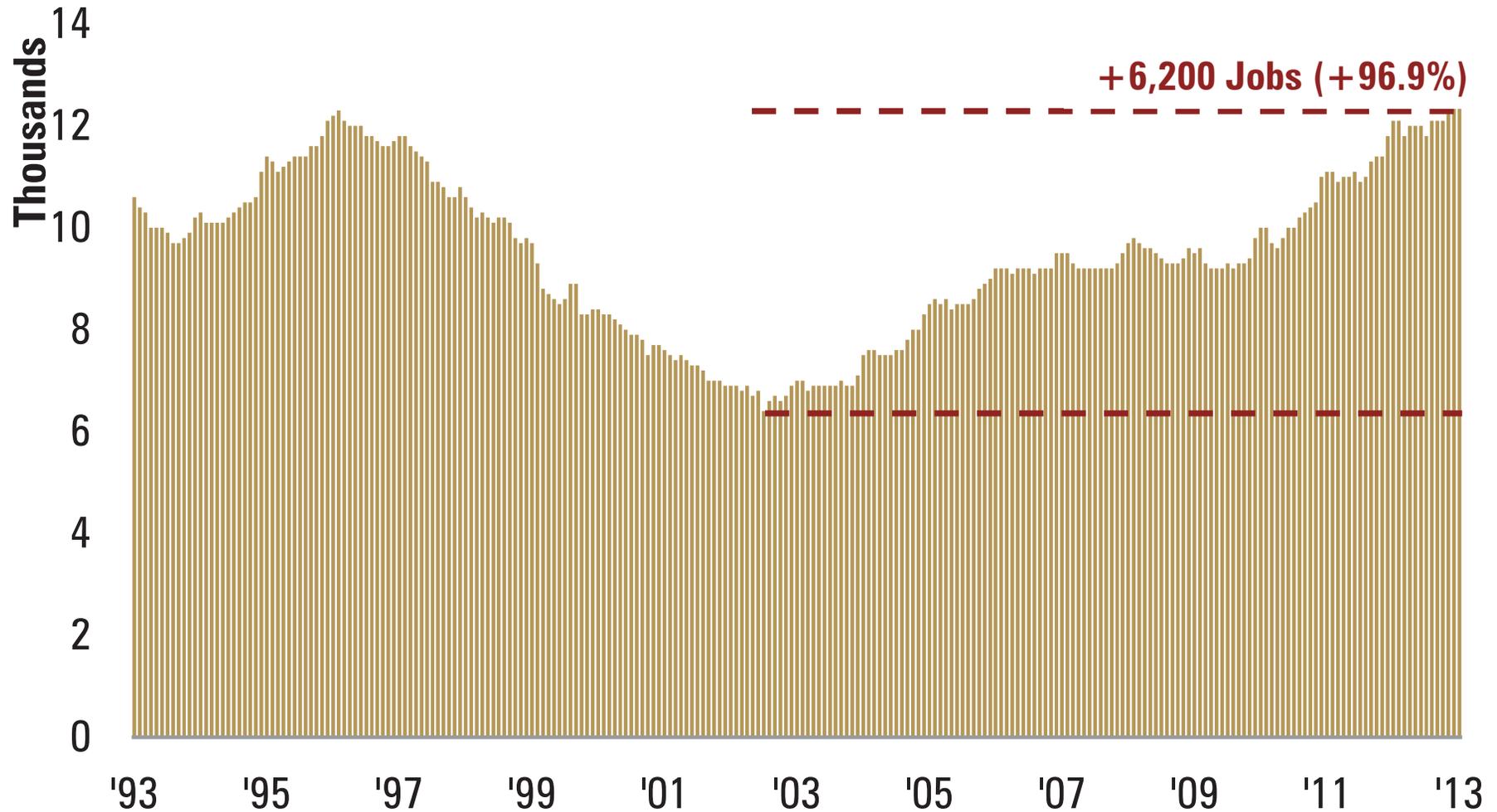
# MINING EMPLOYMENT IN NEVADA TRAILING 12-MONTH AVERAGE



Source: Nevada Department of Employment, Training and Rehabilitation



# MINING EMPLOYMENT IN NEVADA



Source: Nevada Department of Employment, Training and Rehabilitation





# NEVADA MINING IS DIVERSE

- *What percentage of your workforce do women comprise?*

16%



Industry Percentage

28%



Average Percentage of Workforce at Each Respondent Company

Source: NVMA Member Survey

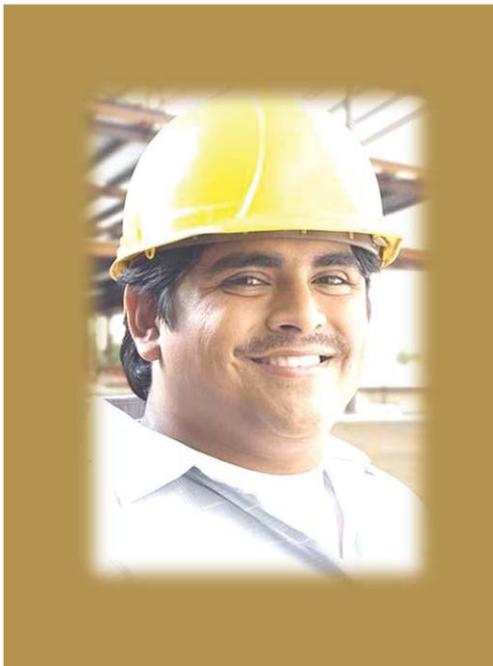




# NEVADA MINING IS DIVERSE

- *What percentage of your workforce do non-gender minorities comprise?*

18%



Industry Percentage

11%

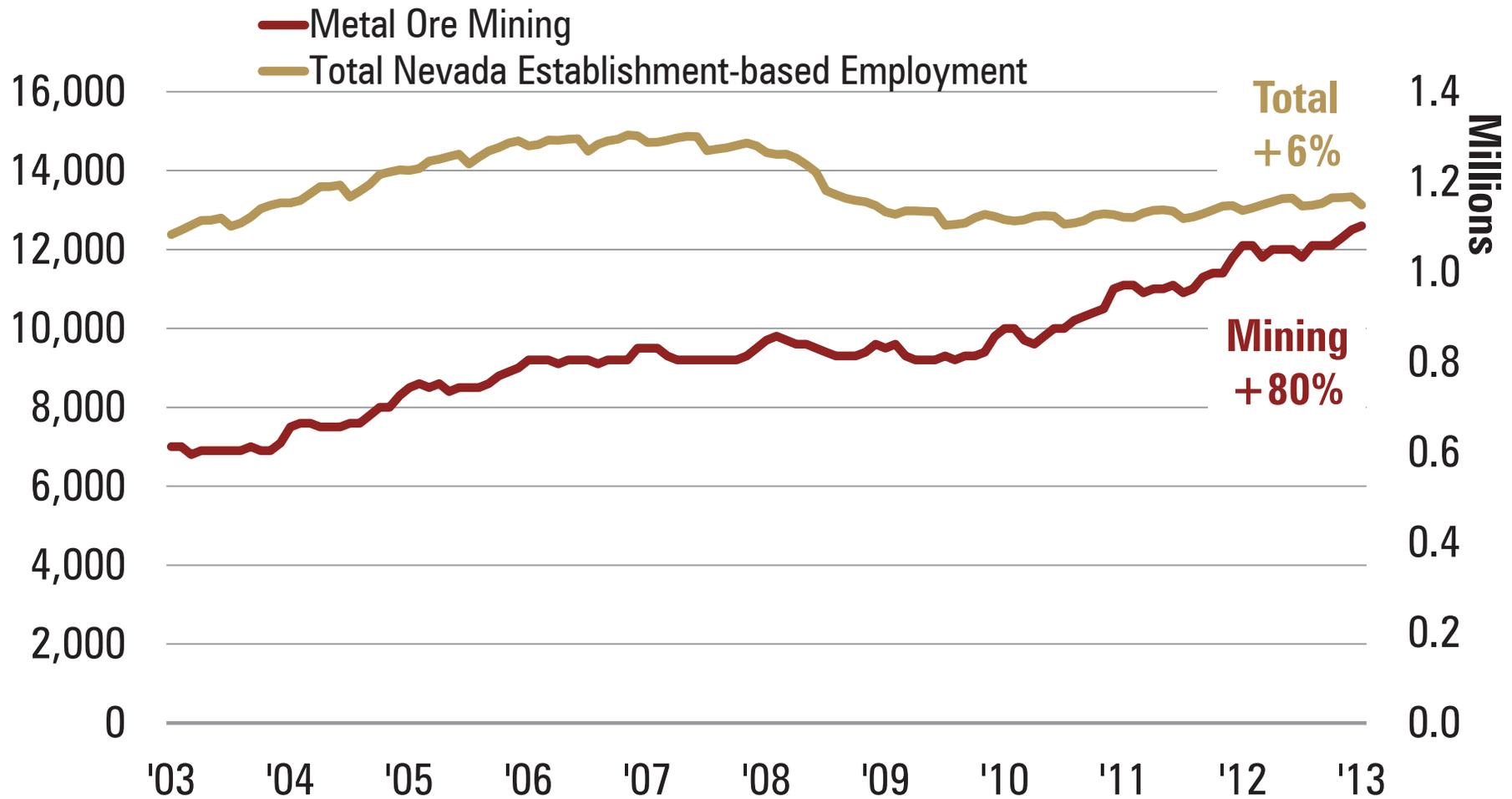


Average Percentage of Workforce at Each Respondent Company

Source: NVMA Member Survey



# NEVADA MINING VS. TOTAL EMPLOYMENT 10-YEAR GROWTH



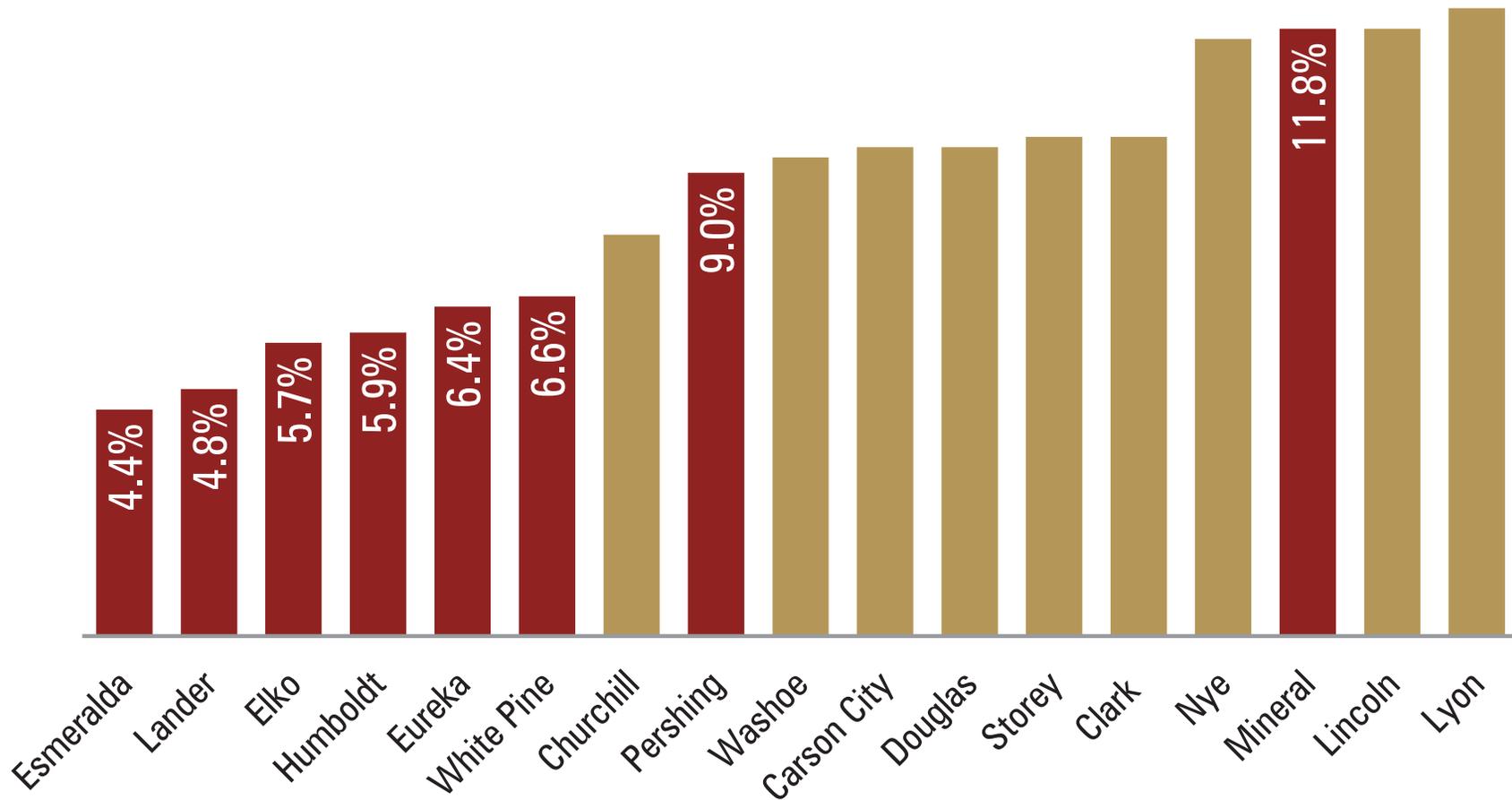
Source: Nevada Department of Employment, Training and Rehabilitation



# UNEMPLOYMENT RATE COMPARISON

## NEVADA COUNTIES; JULY 2013

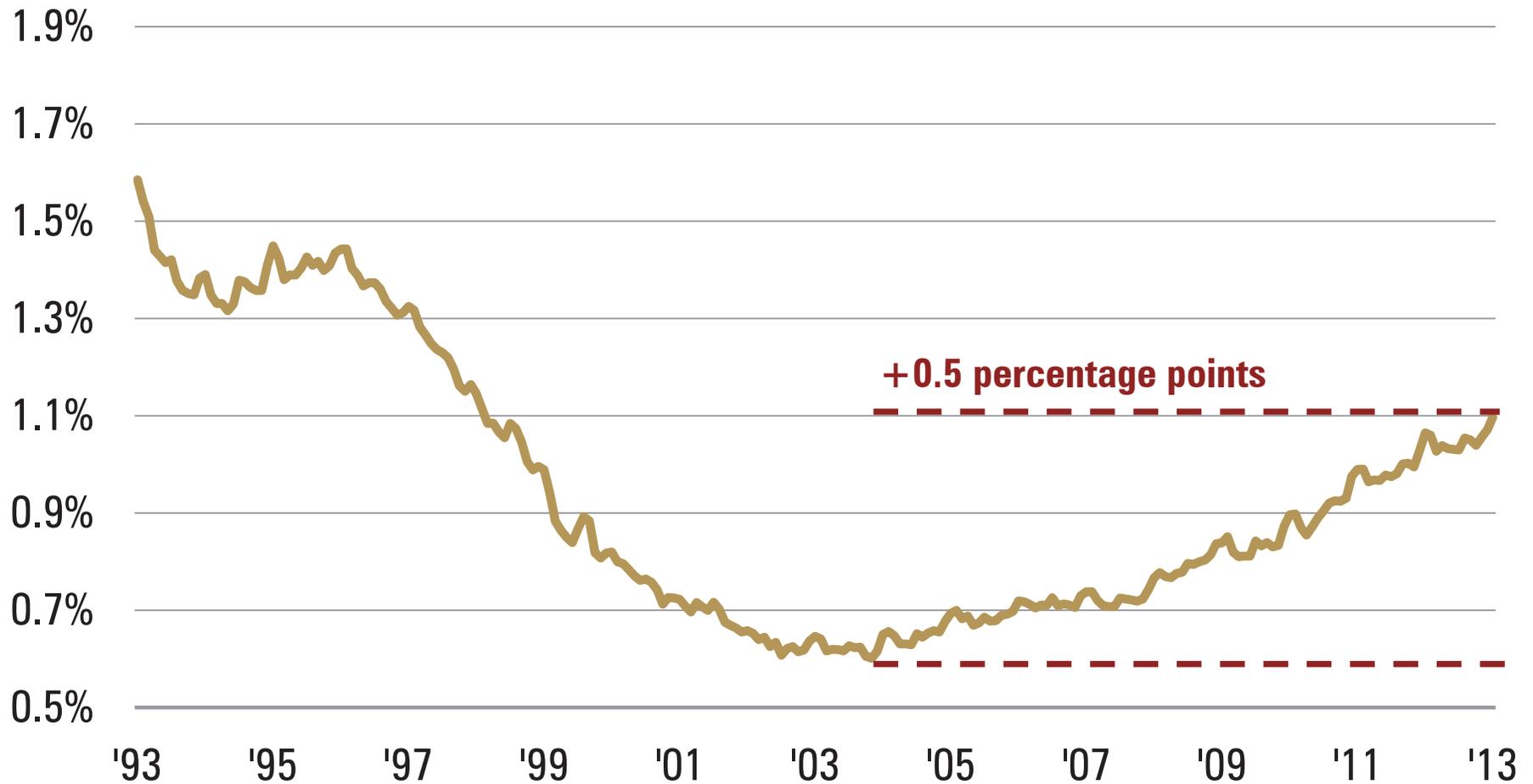
■ Counties with Major Mining Interests



Source: U.S. Bureau of Labor Statistics and Applied Analysis



# MINING AS A SHARE OF TOTAL EMPLOYMENT



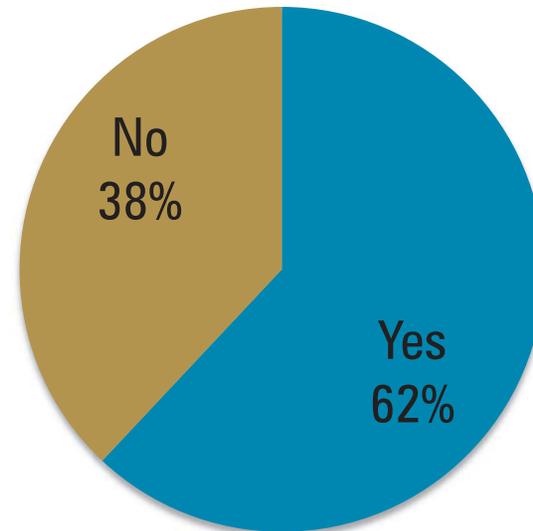
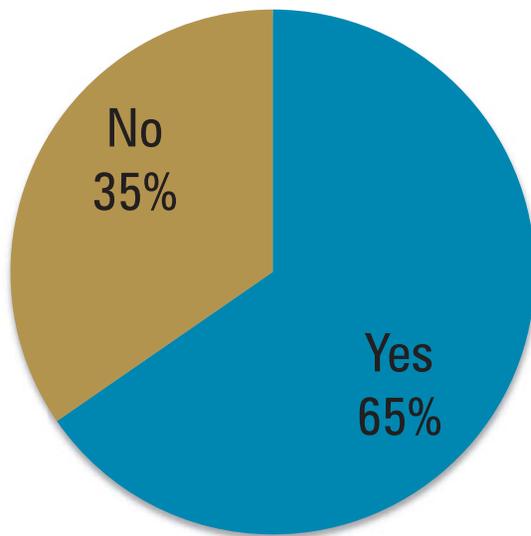
Source: Nevada Department of Employment, Training and Rehabilitation





# NEVADA MINING IS HIRING

- *Excluding replacements due to attrition, did you hire new employees in **2012**?*
- *Have you hired and/or will you hire new employees in **2013**?*



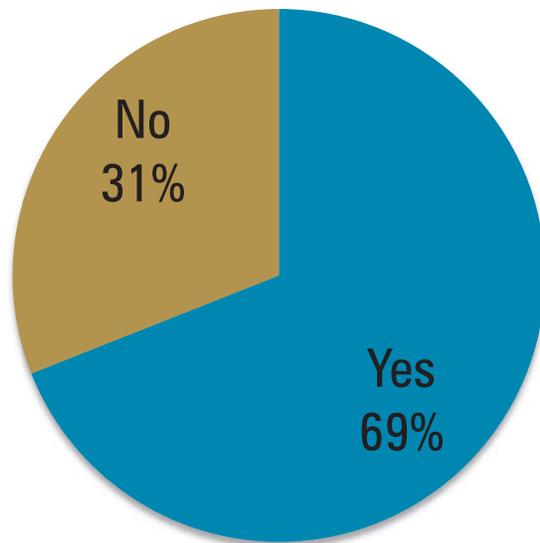
Source: NVMA Member Survey



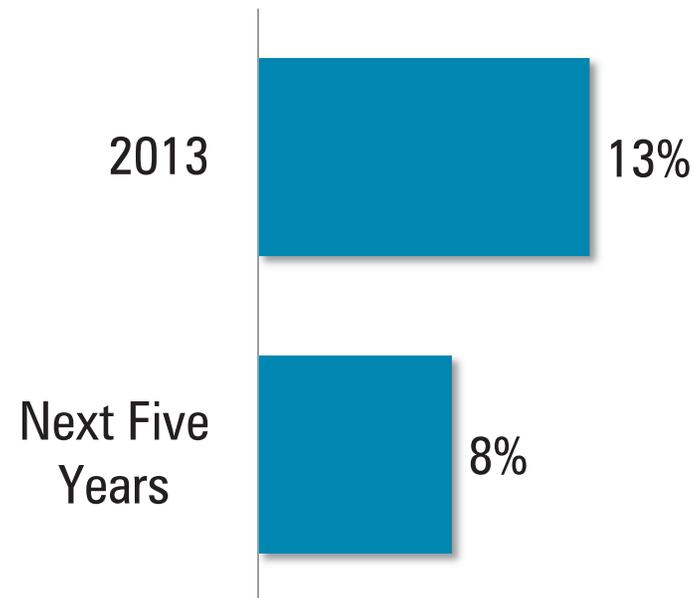


# FUTURE HIRING OUTLOOK

- *Do you expect to hire new employees in the next five years?*



- Expected average annual growth rate:



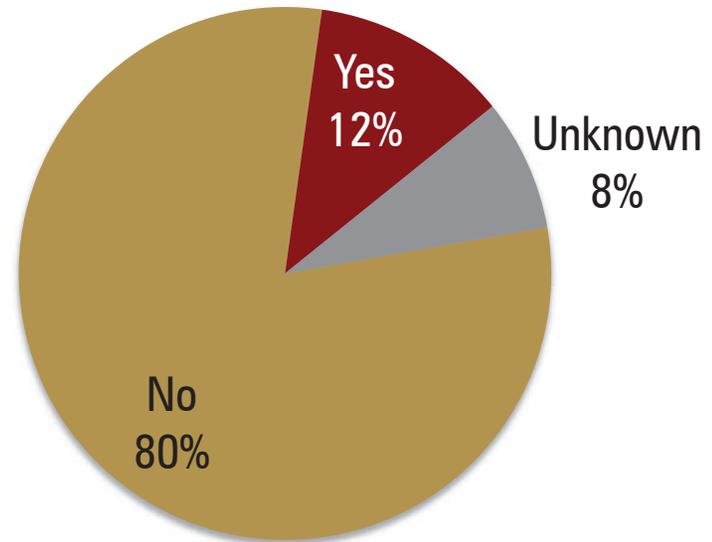
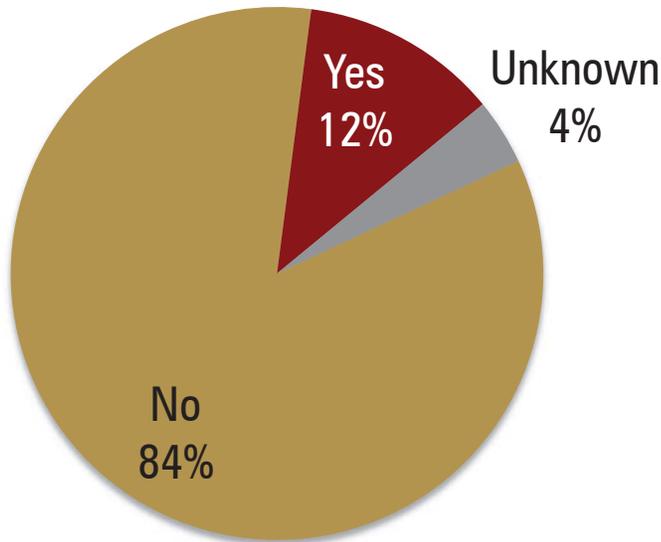
Source: NVMA Member Survey





# FUTURE REDUCTIONS OUTLOOK

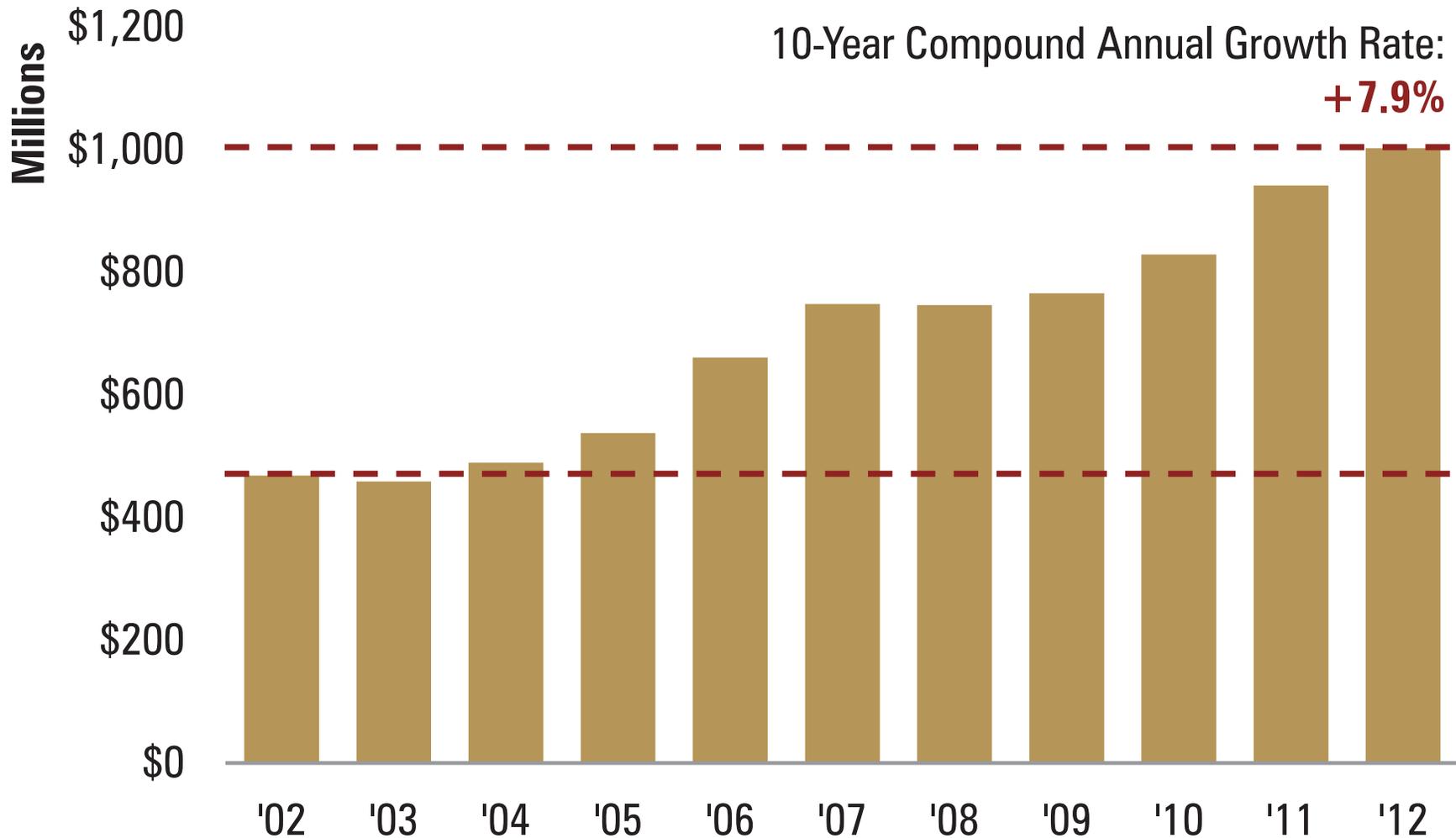
- Do you expect to reduce your workforce in the next year?*
- Do you expect to reduce your workforce in the next five years?*



Source: NVMA Member Survey



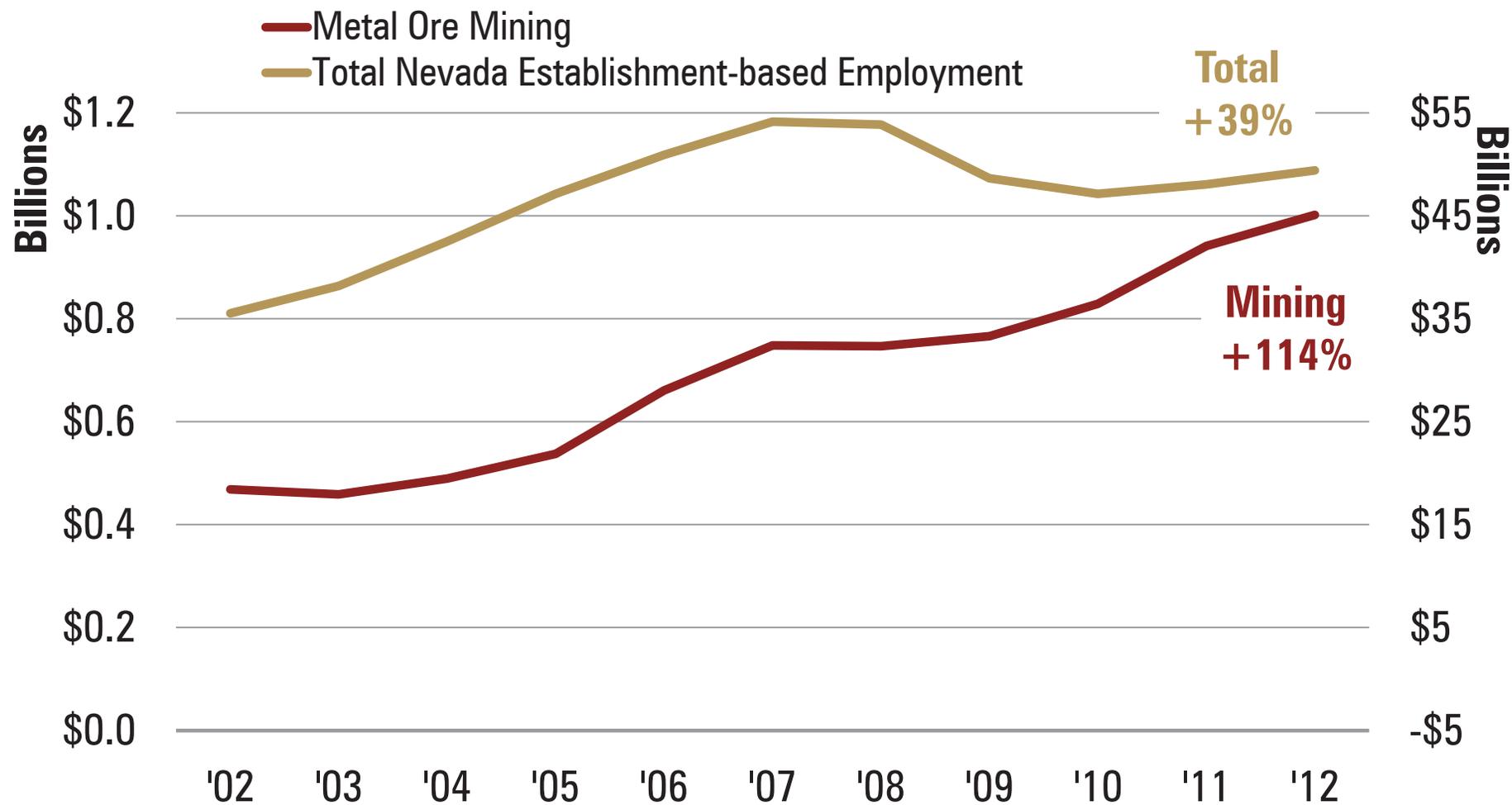
# NEVADA SALARIES AND WAGES METAL ORE MINING



Source: Nevada Department of Employment, Training and Rehabilitation



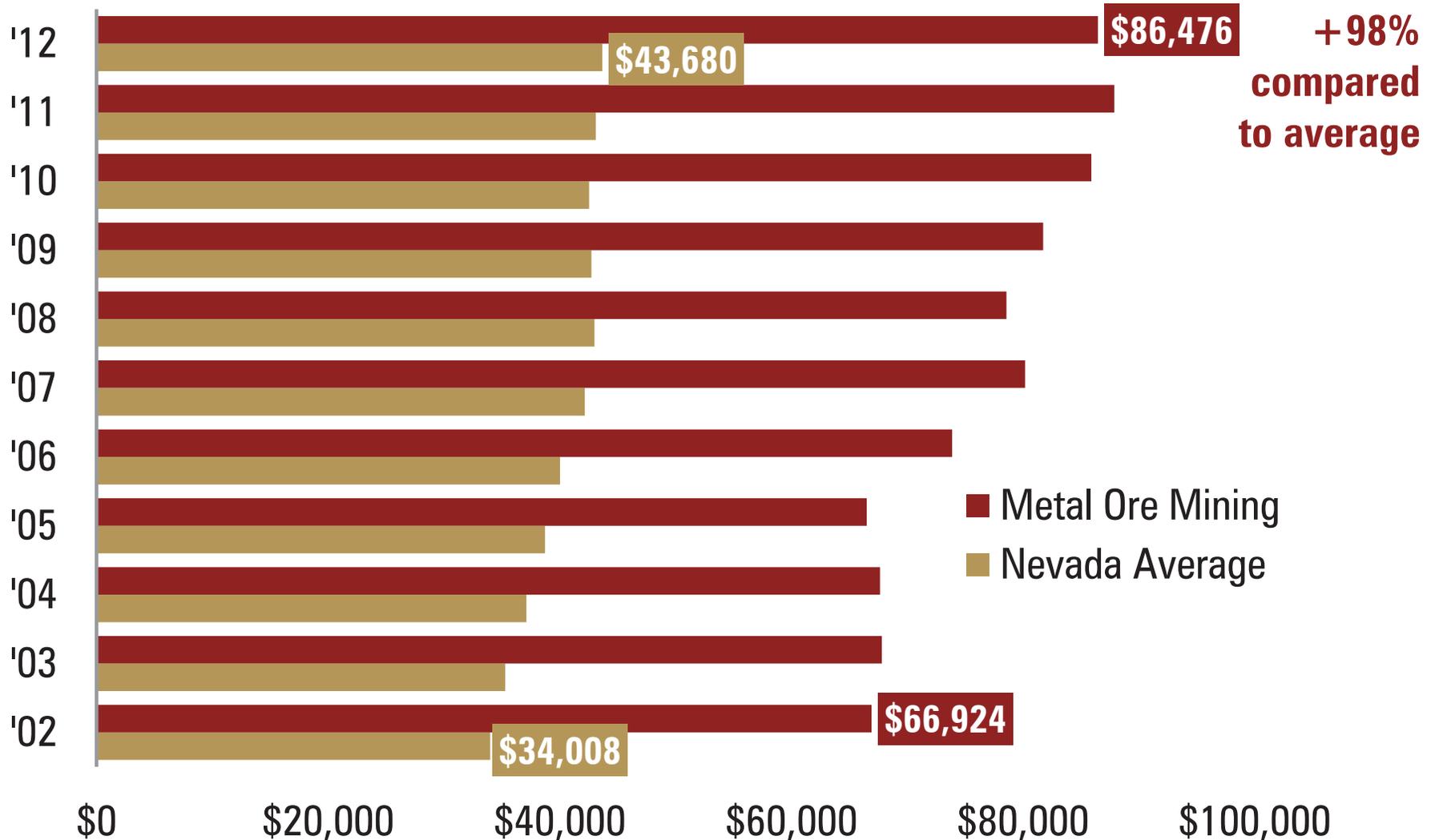
# NEVADA MINING VS. TOTAL SALARIES AND WAGES 10-YEAR GROWTH



Source: Nevada Department of Employment, Training and Rehabilitation



# NEVADA AVERAGE ANNUAL WAGES METAL ORE MINING VS. TOTAL



Source: Nevada Department of Employment, Training and Rehabilitation





# BENEFITS PAID BY NEVADA MINING



Source: NVMA Member Survey



# HEALTH INSURANCE COST AS A PERCENT OF WAGES



**8%**



**15%**

Source: Nevada Department of Taxation, Modified Business Tax Quarterly Statistics (June 2013)





# HEALTH CARE COVERAGE

- Percent of Nevada private sector establishments that offer health insurance to employees:
- *Nevada mining industry-wide health care coverage rate:*

55%

93%

Source: NVMA Member Survey and Kaiser Family Foundation



# ECONOMIC IMPACT



# ECONOMIC IMPACT CATEGORIES

**DIRECT** Jobs, wages and output sourced directly to mining industry



# ECONOMIC IMPACT CATEGORIES

**INDIRECT** Impact of mining industry suppliers and vendors



**DIRECT** Jobs, wages and output sourced directly to mining industry



# ECONOMIC IMPACT CATEGORIES

## INDUCED

Impact of direct mining industry employee spending in local community

## INDIRECT

Impact of mining industry suppliers and vendors



## DIRECT

Jobs, wages and output sourced directly to mining industry



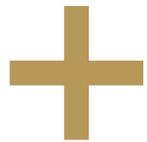
# ECONOMIC IMPACT CATEGORIES

## INDUCED

Impact of direct mining industry employee spending in local community

## INDIRECT

Impact of mining industry suppliers and vendors



## DIRECT

Jobs, wages and output sourced directly to mining industry

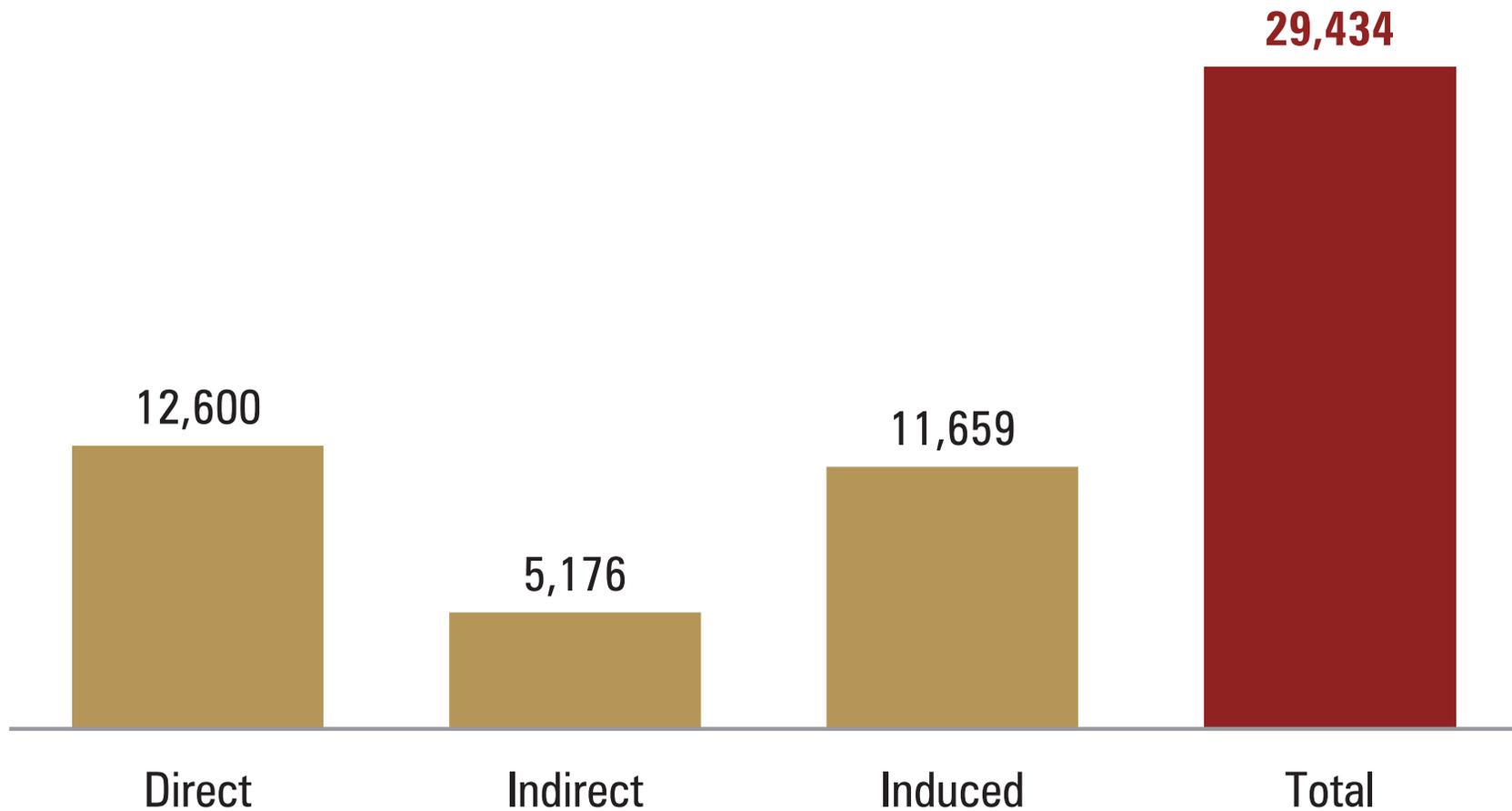
## TOTAL

Sum of direct, indirect and induced impacts



# EMPLOYMENT IMPACTS

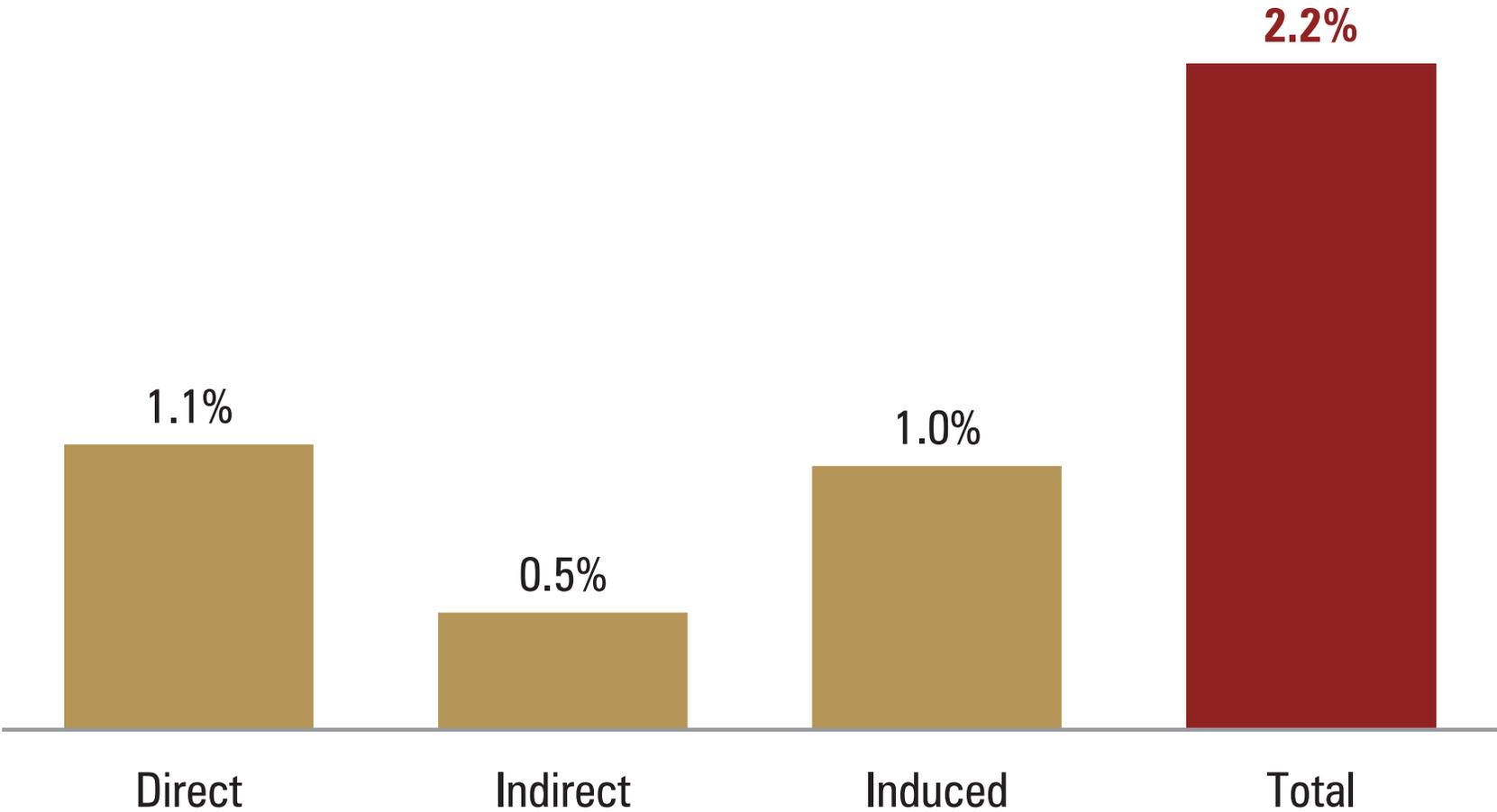
## NEVADA MINING INDUSTRY OPERATIONS (2012)



Source: Nevada Department of Employment, Training and Rehabilitation; Nevada Department of Taxation; IMPLAN; Applied Analysis



# MINING EMPLOYMENT IMPACTS AS SHARE OF TOTAL NEVADA EMPLOYMENT

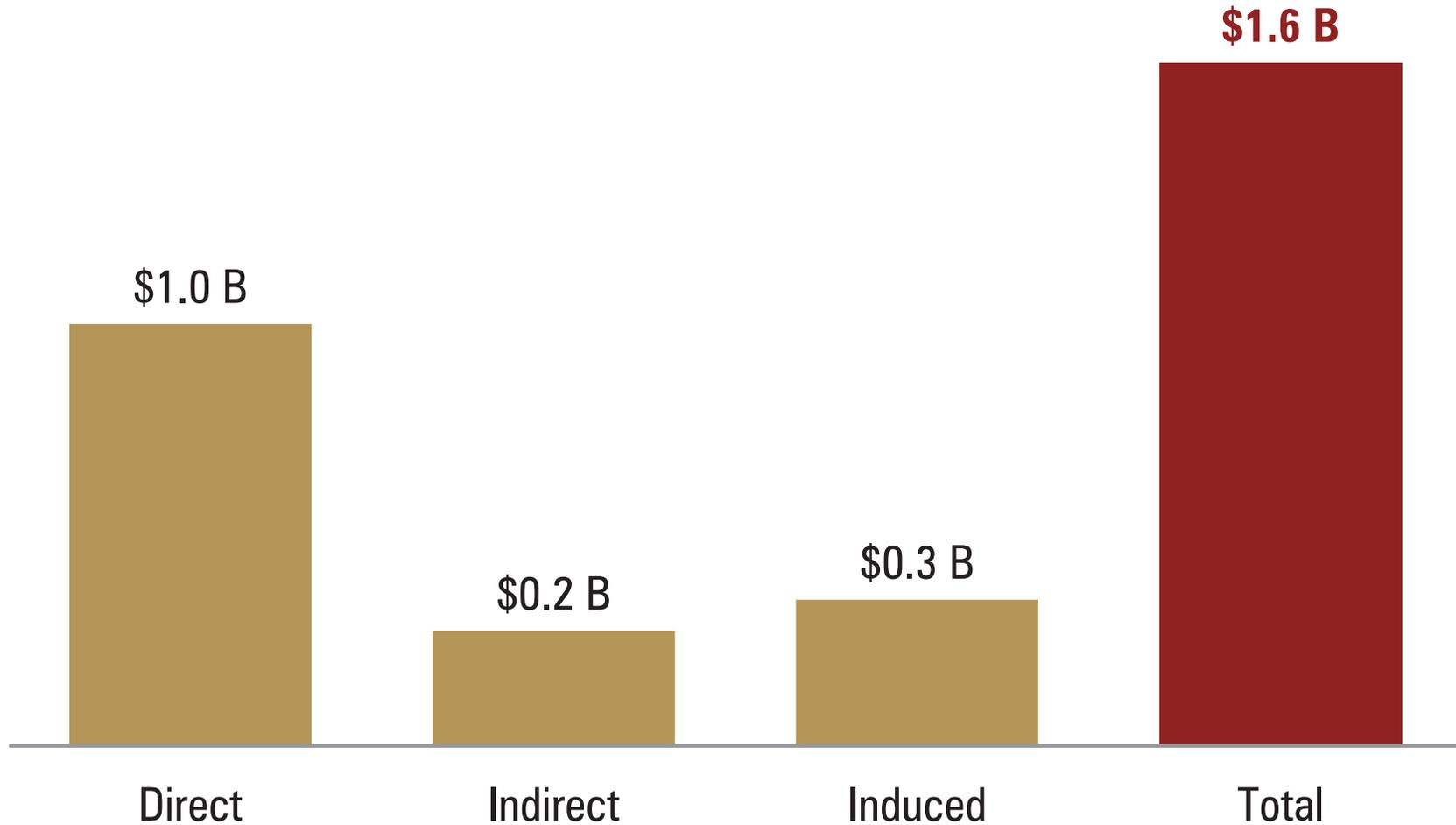


Source: Nevada Department of Employment, Training and Rehabilitation; Nevada Department of Taxation; IMPLAN; Applied Analysis



# WAGE AND SALARY IMPACTS

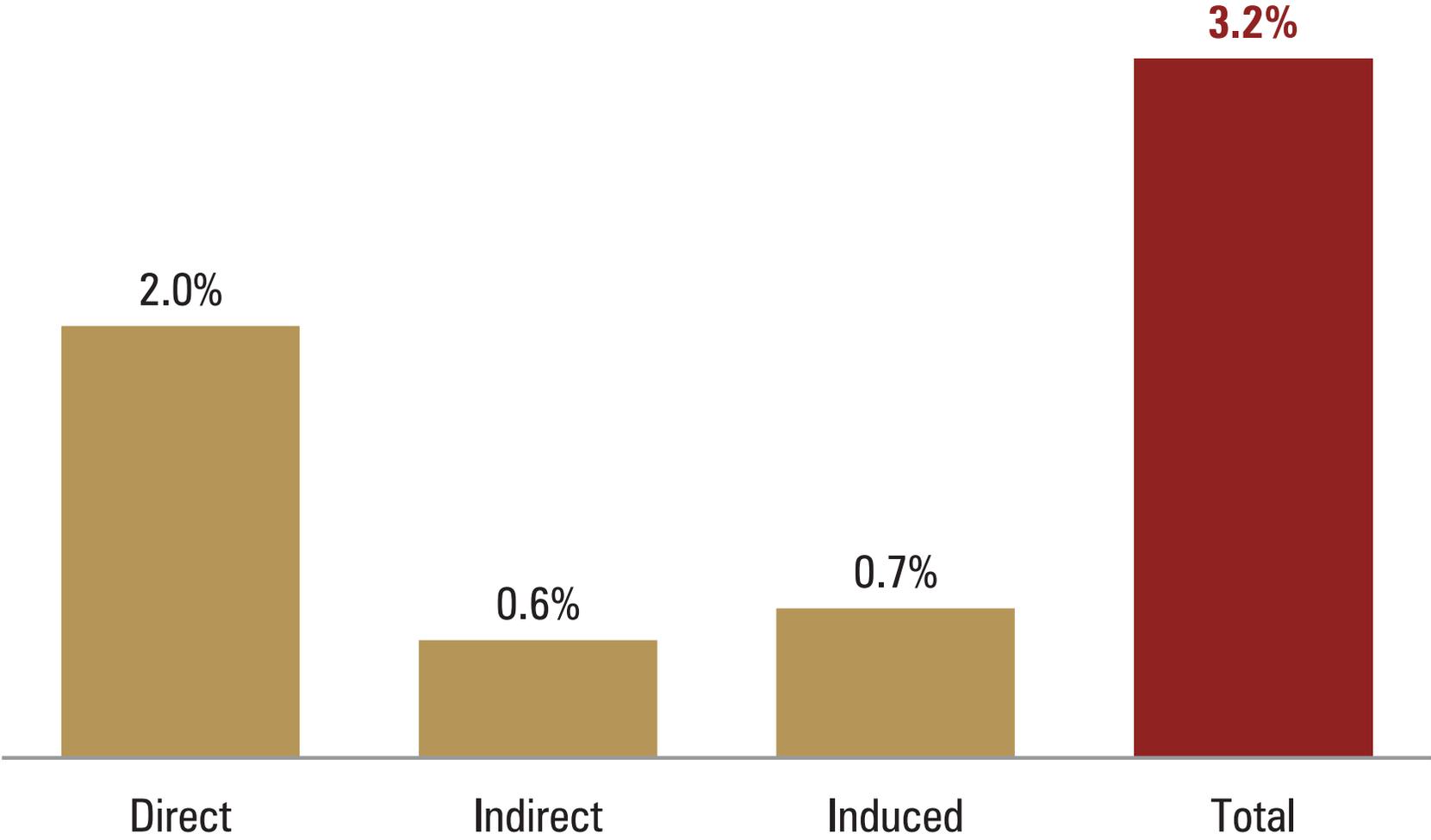
## NEVADA MINING INDUSTRY OPERATIONS (2012)



Source: Nevada Department of Employment, Training and Rehabilitation; Nevada Department of Taxation; IMPLAN; Applied Analysis



# MINING WAGES/SALARIES IMPACTS AS SHARE OF TOTAL NEVADA WAGES/SALARIES

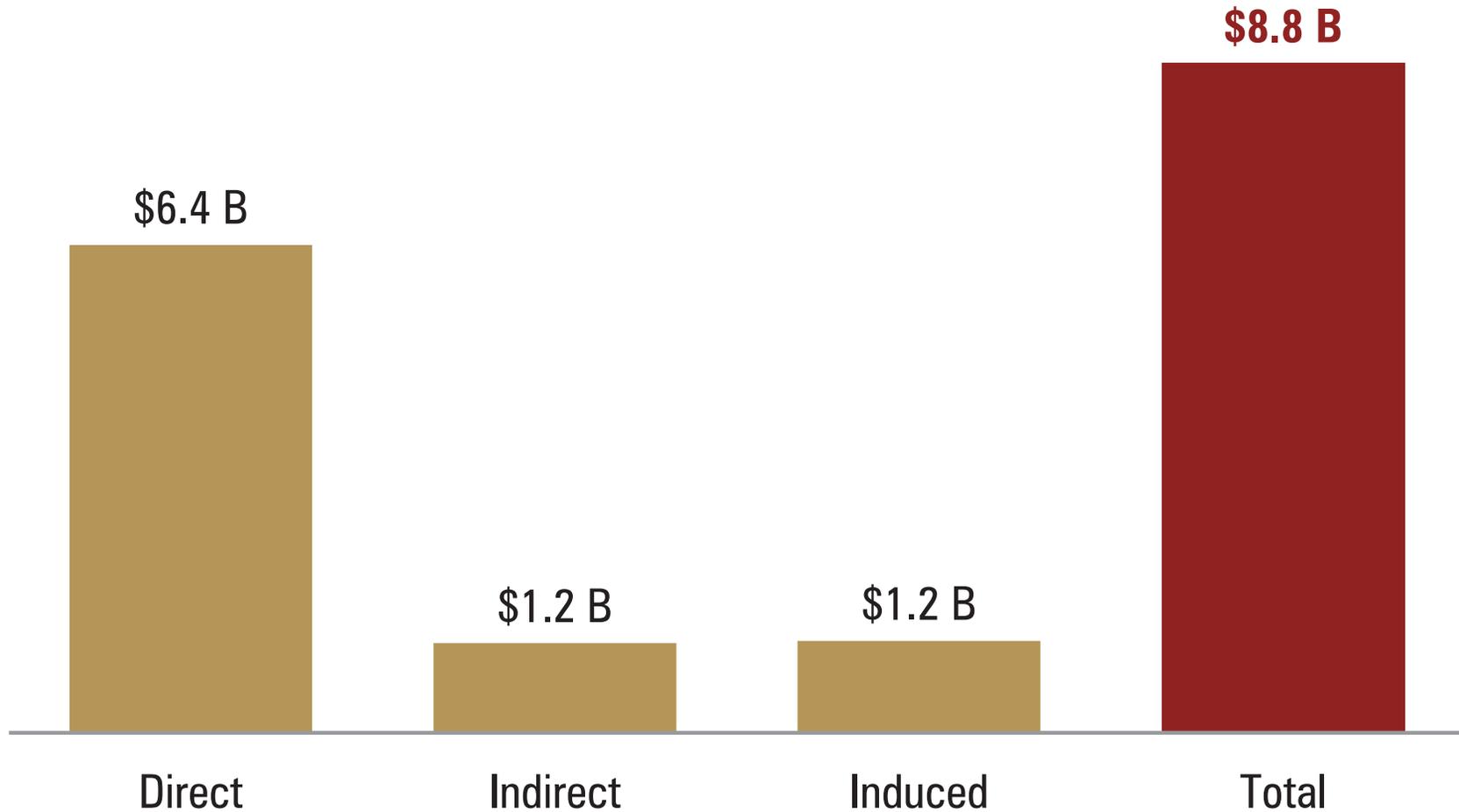


Source: Nevada Department of Employment, Training and Rehabilitation; Nevada Department of Taxation; IMPLAN; Applied Analysis



# ECONOMIC OUTPUT

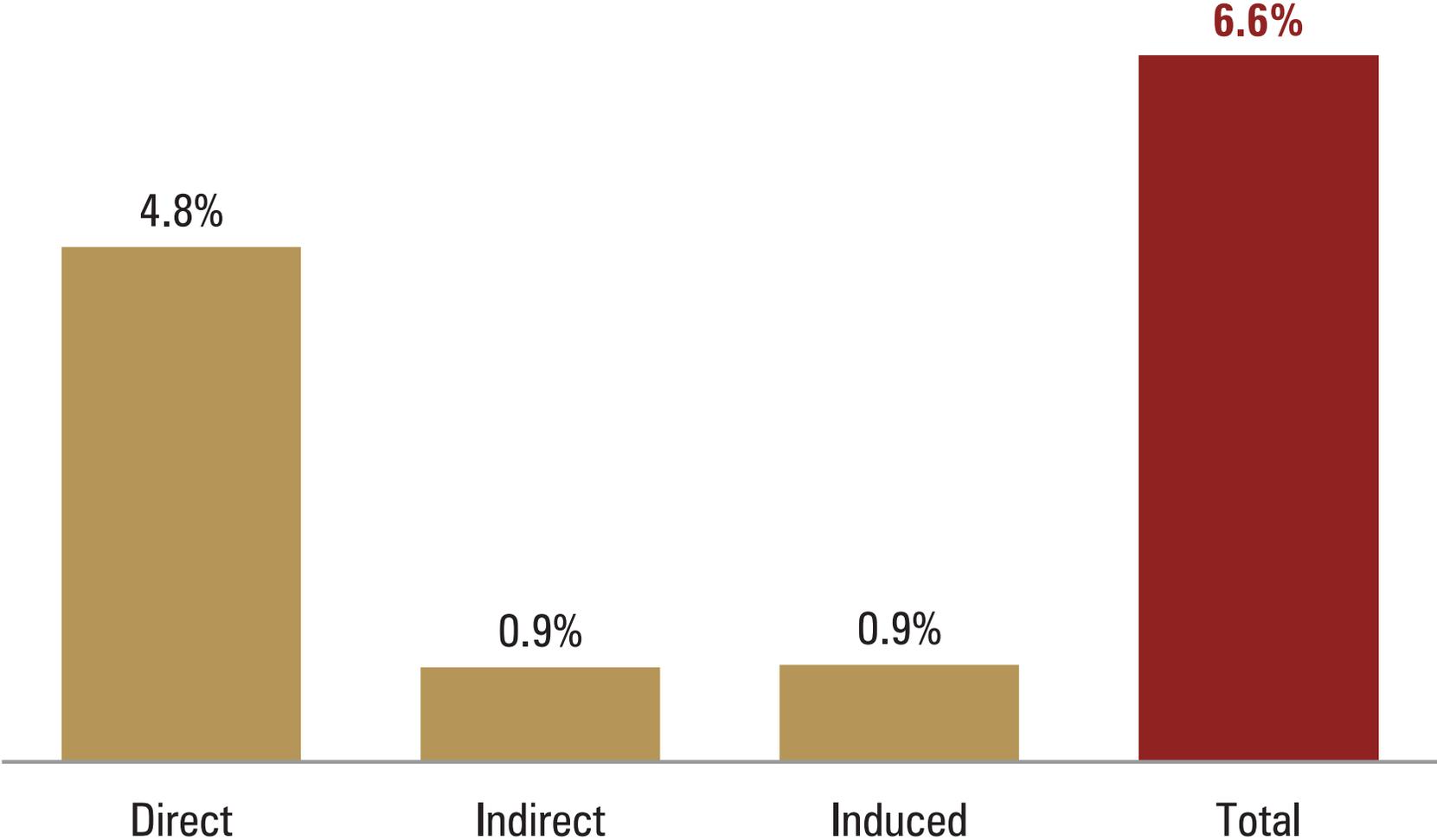
## NEVADA MINING INDUSTRY OPERATIONS (2012)



Source: U.S. Bureau of Economic Analysis; Nevada Department of Taxation; IMPLAN; Applied Analysis



# MINING ECONOMIC OUTPUT AS SHARE OF NEVADA TOTAL GDP



Source: U.S. Bureau of Economic Analysis; Nevada Department of Taxation; IMPLAN; Applied Analysis





# FISCAL IMPACT



# NET PROCEEDS OF MINERALS TAX PAID BY NEVADA MINING (2012)

**Total net proceeds of minerals tax paid:**

**\$239.8 Million**

**Washoe  
\$0.0 Million**



**Clark  
\$0.1 Million**



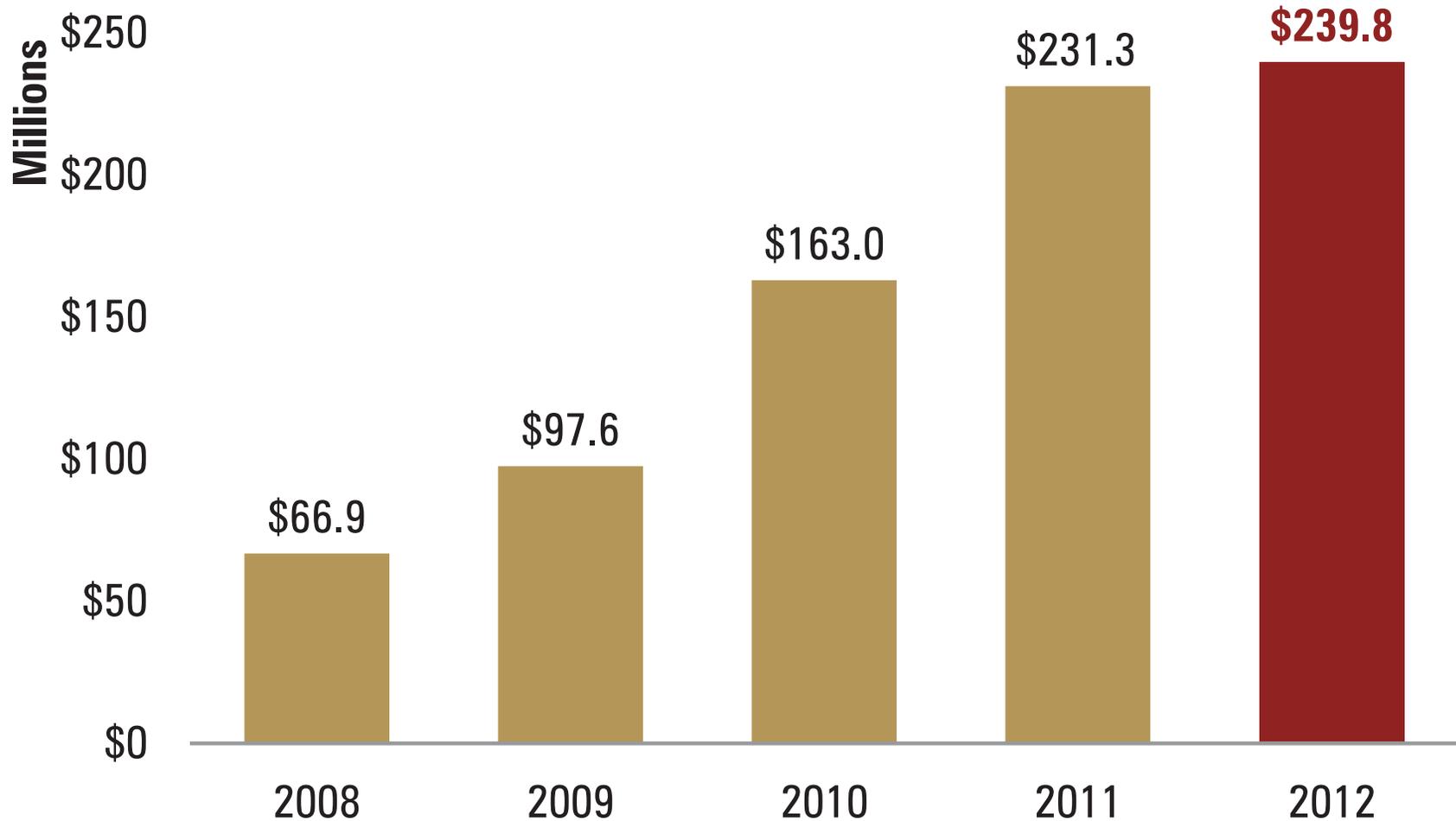
**Rural  
\$239.7  
Million**



Source: Nevada Department of Taxation



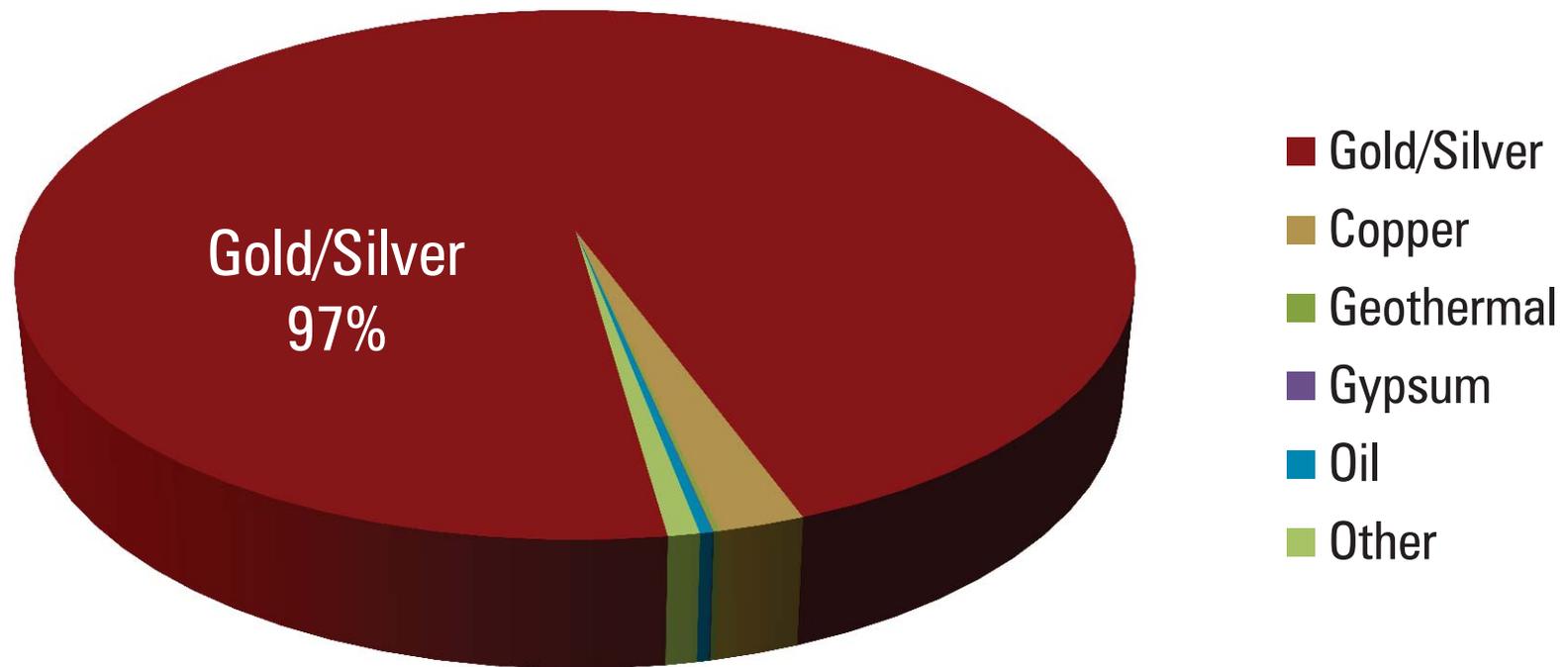
# NET PROCEEDS OF MINERALS TAX PAID BY NEVADA MINING



Source: Nevada Department of Taxation



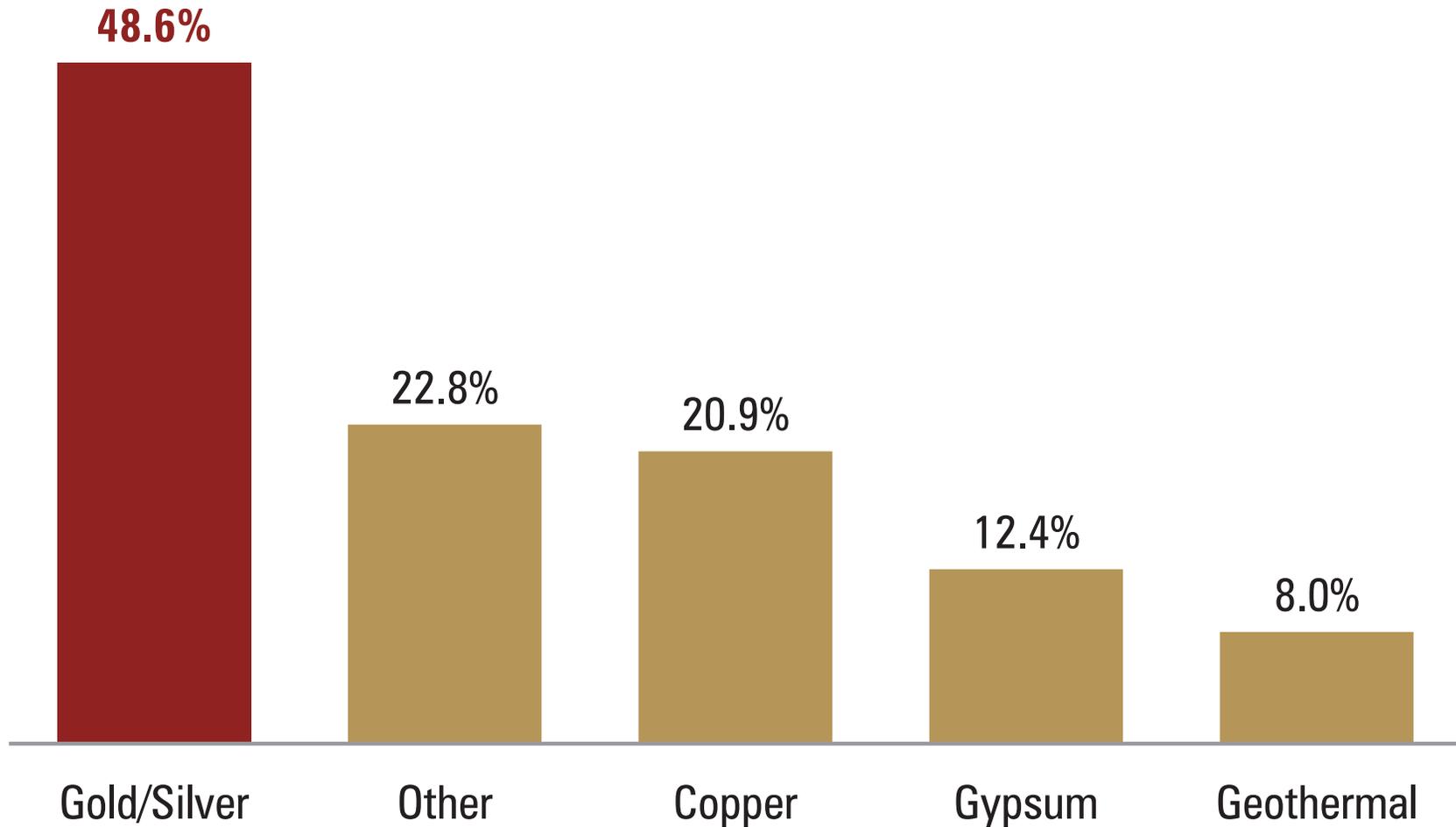
# SHARE OF NET PROCEEDS TAX GENERATED BY SPECIFIC MINERALS (2012)



Source: Nevada Department of Taxation



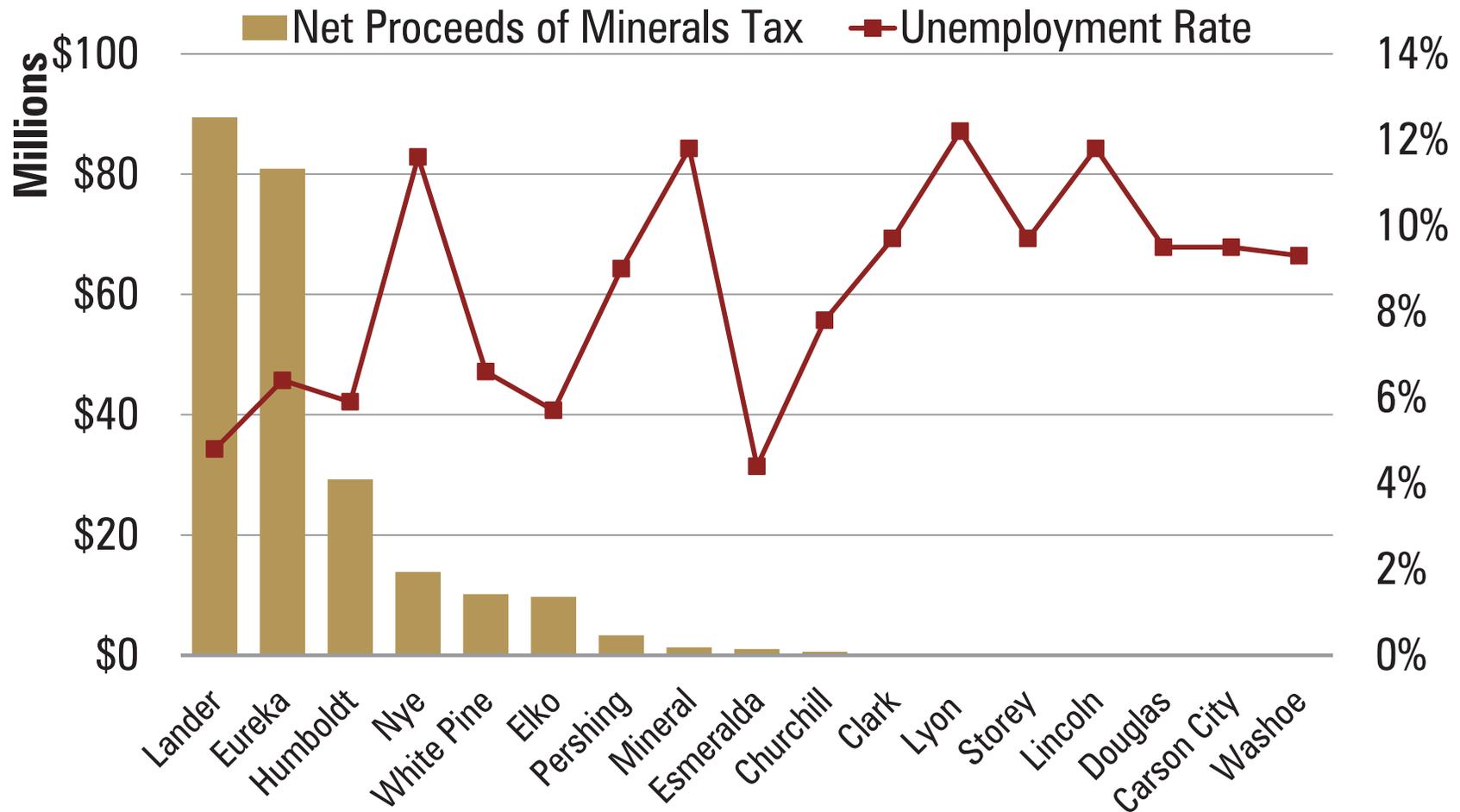
# RATIO OF NET PROCEEDS TO GROSS PROCEEDS (2012)



Source: Nevada Department of Taxation



# NET PROCEEDS OF MINERALS TAX VS. UNEMPLOYMENT RATE



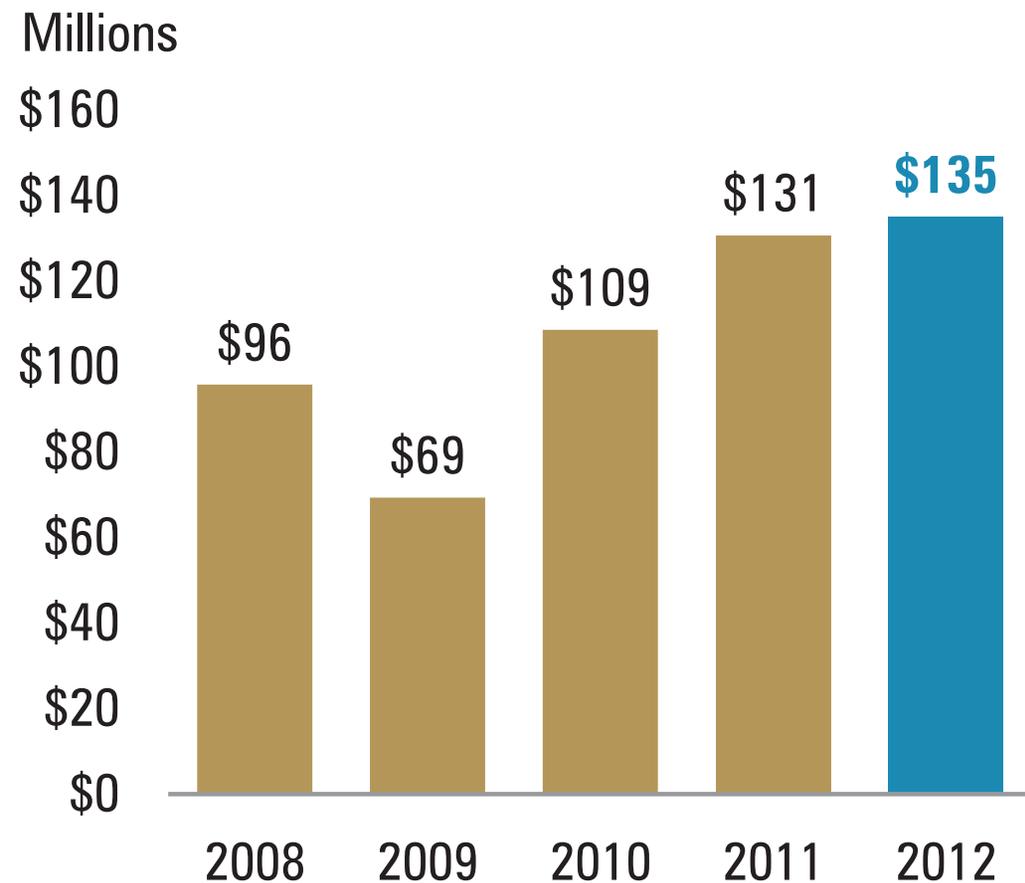
Source: U.S. Bureau of Labor Statistics; Nevada Department of Taxation





## ESTIMATED DIRECT SALES/USE TAX PAID BY NEVADA MINING

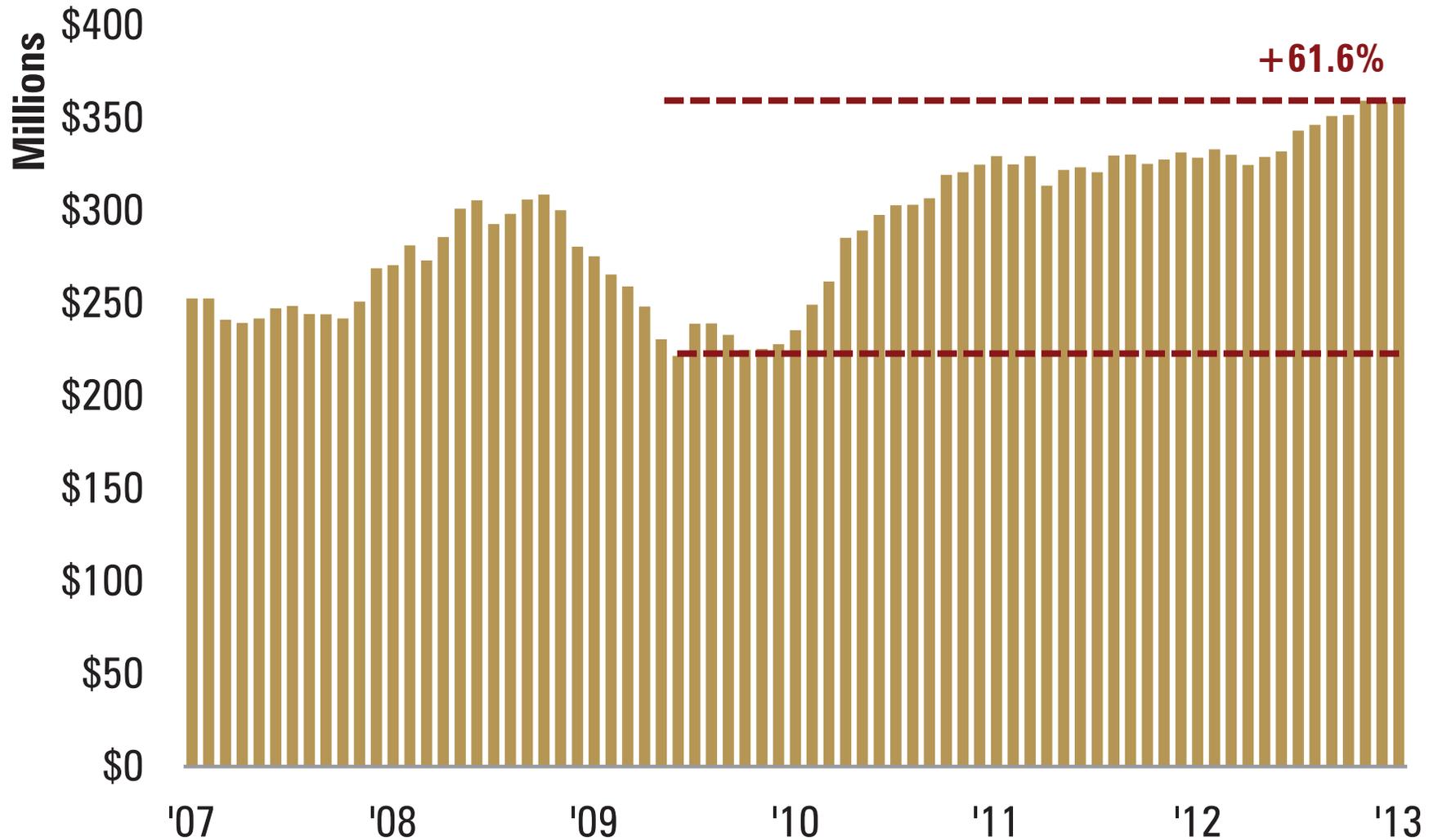
- *Estimated direct sales/use tax paid by Nevada mining:*



Source: NVMA Member Survey (2011, 2012); Natural Resource Industry Institute (2008 – 2010), NV Dept of Taxation and industry surveys



# NEVADA TAXABLE RETAIL SALES MINING/MINING SUPPORT (TRAILING 12-MONTH TOTAL)



Source: Nevada Department of Taxation



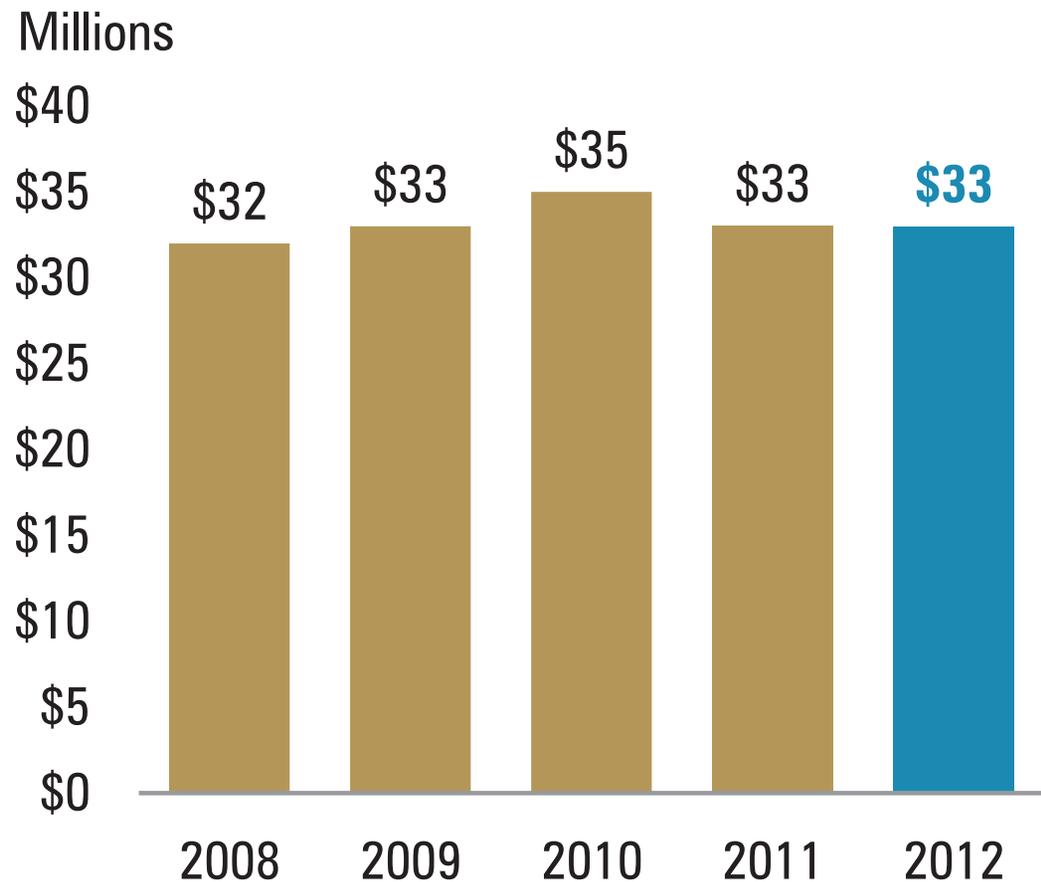
2,200





# ESTIMATED DIRECT PROPERTY TAX PAID BY NEVADA MINING

- *Estimated direct property tax paid by Nevada mining:*



Source: NVMA Member Survey (2011, 2012); Natural Resource Industry Institute (2008 – 2010), NV Dept of Taxation and industry surveys



# TOP TEN HIGHEST TAXPAYERS

## ELKO COUNTY



TAXPAYER – ELKO COUNTY	SEC/UNSEC ROLL
PEPPERMILL PROPERTIES	\$41.4 M
UNION PACIFIC RAILROAD	\$39.3 M
SIERRA PACIFIC POWER	\$38.8 M
<b>BARRICK GOLDSTRIKE</b>	<b>\$25.2 M</b>
WENDOVER CASINOS INC	\$23.6 M
CTC OF NEVADA	\$19.3 M
<b>NEWMONT</b>	<b>\$18.3 M</b>
CACTUS PETES INC	\$16.3 M
ELKO ACQUISITIONS LLC	\$10.1 M
PHC-ELKO INC	\$9.2 M

Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## ESMERALDA COUNTY

TAXPAYER – ESMERALDA COUNTY	SEC/UNSEC ROLL
SIERRA PACIFIC POWER	\$9.8 M
SOUTHWEST AIRLINES	\$8.2 M
CHEMETALL FOOTE	\$4.5 M
VALLEY ELECTRIC	\$2.1 M
JAMES BOYCE	\$1.3 M
U.S. AIRWAYS	\$1.1 M
GOLDEN PHOENIX	\$0.6 M
<b>CASHMAN EQUIPMENT</b>	<b>\$0.5 M</b>
IRELAND INC	\$0.5 M
TRIPLE D RANCHES	\$0.3 M



Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## EUREKA COUNTY



TAXPAYER – EUREKA COUNTY	SEC/UNSEC ROLL
<b>NEWMONT</b>	<b>\$341.1 M</b>
<b>BARRICK GOLDSTRIKE</b>	<b>\$128.5 M</b>
SIERRA PACIFIC POWER	\$15.3 M
<b>HOMESTAKE MINING (BARRICK)</b>	<b>\$14.0 M</b>
UNION PACIFIC RAILROAD	\$7.6 M
AT&T COMMUNICATIONS	\$4.2 M
<b>ELKO LAND &amp; LIVESTOCK</b>	<b>\$3.3 M</b>
<b>SMALL MINE DEVELOPMENT LLC</b>	<b>\$3.1 M</b>
MT WHEELER POWER	\$2.6 M
BARROID/HALIBURTON	\$2.0 M

Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## HUMBOLDT COUNTY

TAXPAYER – HUMBOLDT COUNTY	SEC/UNSEC ROLL
<b>NEWMONT</b>	<b>\$125.8 M</b>
<b>TURQUOISE RIDGE</b>	<b>\$40.4 M</b>
SIERRA PACIFIC POWER	\$38.9 M
IDAHO POWER CO	\$34.6 M
<b>MARIGOLD MINING CO</b>	<b>\$23.2 M</b>
UNION PACIFIC RAILROAD	\$21.7 M
<b>HYCROFT RESOURCES AND DEVELOPMENT</b>	<b>\$10.8 M</b>
SOUTHWEST GAS	\$10.6 M
<b>NGP BLUE MOUNTAIN</b>	<b>\$7.5 M</b>
WINNEMUCCA FARMS	\$6.0 M



Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## LANDER COUNTY



TAXPAYER – LANDER COUNTY	SEC/UNSEC ROLL
<b>BARRICK GOLD MINES</b>	<b>\$140.6 M</b>
<b>NEWMONT MINING CO</b>	<b>\$100.3 M</b>
SIERRA PACIFIC POWER	\$33.4 M
UNION PACIFIC RAILROAD	\$6.2 M
AT&T COMMUNICATIONS	\$5.2 M
<b>BEOWAVE POWER</b>	<b>\$3.9 M</b>
ALASKA AIRLINES	\$2.3 M
<b>MILPARK</b>	<b>\$2.0 M</b>
<b>DYNO NOBEL, INC</b>	<b>\$1.7 M</b>
SOUTHWEST GAS	\$1.6 M

Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## MINERAL COUNTY

TAXPAYER – MINERAL COUNTY	SEC/UNSEC ROLL
SIERRA PACIFIC POWER	\$17.9 M
DAY & ZIMMERMAN	\$16.5 M
<b>RAWHIDE MINING LLC</b>	<b>\$9.4 M</b>
SOUTHWEST AIRLINES CO	\$2.8 M
<b>TERRA-GEN DIXIE VALLEY</b>	<b>\$2.6 M</b>
NO. NV ASSET HOLDING	\$1.5 M
SKY VIEW ACADEMY LLC	\$1.4 M
U.S. AIRWAYS	\$1.1 M
AEROJET GENERAL CORP	\$1.1 M
SOUTHERN CALIFORNIA EDISON	\$0.9 M



Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## NYE COUNTY



TAXPAYER – NYE COUNTY	SEC/UNSEC ROLL
<b>ROUND MOUNTAIN GOLD</b>	<b>\$59.8 M</b>
NATIONAL SECURITIES	\$52.7 M
VALLEY ELECTRIC	\$24.8 M
CCA WESTERN PROP	\$21.1 M
SIERRA PACIFIC POWER	\$20.9 M
WAL-MART	\$12.1 M
SOUTHWEST AIRLINES	\$9.0 M
AT&T NEVADA	\$6.8 M
U.S. AIRWAYS	\$5.7 M
HOME DEPOT	\$4.3 M

Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## PERSHING COUNTY

TAXPAYER – PERSHING COUNTY	SEC/UNSEC ROLL
SIERRA PACIFIC POWER	\$34.4 M
UNION PACIFIC RAILROAD	\$12.9 M
SOUTHWEST GAS	\$11.3 M
<b>COEUR ROCHESTER INC</b>	<b>\$11.3 M</b>
<b>FLORIDA CANYON/ STANDARD GOLD</b>	<b>\$9.1 M</b>
<b>ORMAT NEVADA</b>	<b>\$6.2 M</b>
<b>E P MINERALS</b>	<b>\$5.2 M</b>
<b>FIRST GOLD</b>	<b>\$3.5 M</b>
PRESKO ENERGY	\$2.1 M
HPT TA OPERATING CORP	\$1.3 M



Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## STOREY COUNTY



TAXPAYER – STOREY COUNTY	SEC/UNSEC ROLL
SIERRA PACIFIC POWER	\$134.9 M
TAHOE RENO INDUSTRIAL	\$25.7 M
WAL-MART STORES EAST	\$24.9 M
<b>BARRICK GOLDSTRIKE</b>	<b>\$21.5 M</b>
JAMES HARDIE BUILDING PRODUCT	\$20.5 M
PROLOGIS	\$15.3 M
COLE PM MCCARRAN	\$10.9 M
MEPT USA PARKWAY	\$9.5 M
EAGLE CPT LLC	\$9.3 M
PCCP RENO INDUSTRIAL	\$7.5 M

Source: Nevada Department of Taxation



# TOP TEN HIGHEST TAXPAYERS

## WHITE PINE COUNTY

TAXPAYER – WHITE PINE COUNTY	SEC/UNSEC ROLL
<b>ROBINSON NEVADA MINING CO</b>	<b>\$46.6 M</b>
<b>BARRICK GOLD</b>	<b>\$21.8 M</b>
AT&T COMMUNICATIONS	\$11.5 M
MT WHEELER POWER	\$7.9 M
SIERRA PACIFIC POWER	\$5.8 M
AT&T NEVADA	\$1.7 M
WEST WASATCH HOTEL	\$1.6 M
AMERICAN AIRLINES	\$1.5 M
PROSPECTOR ENTERPRISES	\$1.4 M
CJM LTD PARTNERSHIP	\$1.4 M



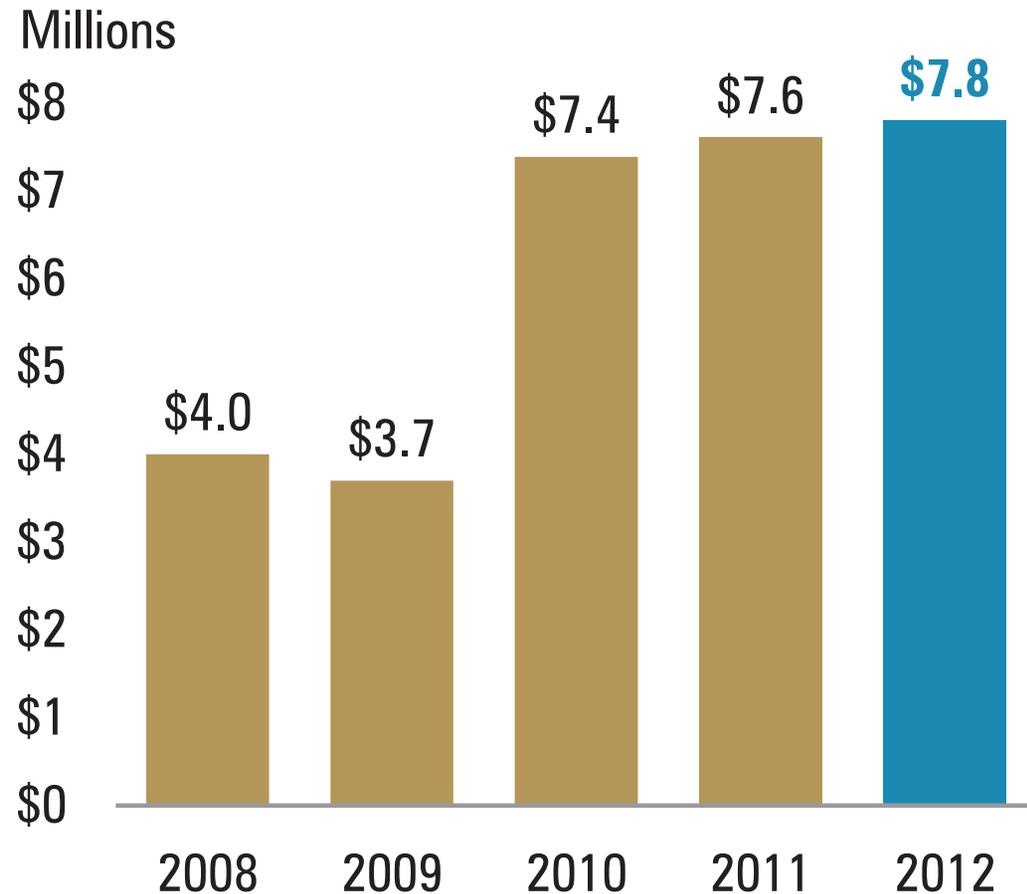
Source: Nevada Department of Taxation





# ESTIMATED MODIFIED BUSINESS TAX PAID BY NEVADA MINING

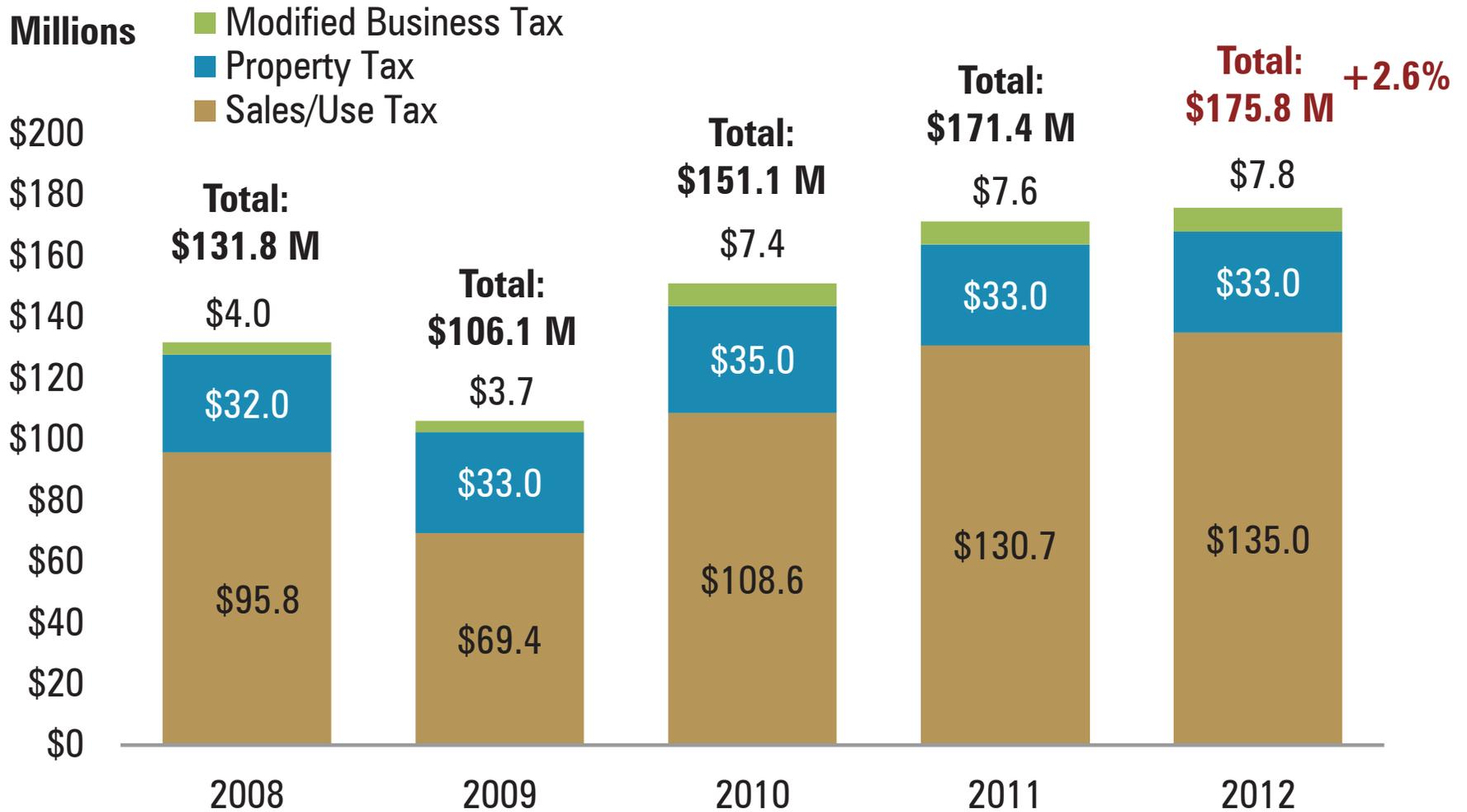
- *Estimated modified business tax paid by Nevada mining:*



Source: NVMA Member Survey (2011, 2012); Natural Resource Industry Institute (2008 – 2010), NV Dept of Taxation and industry surveys



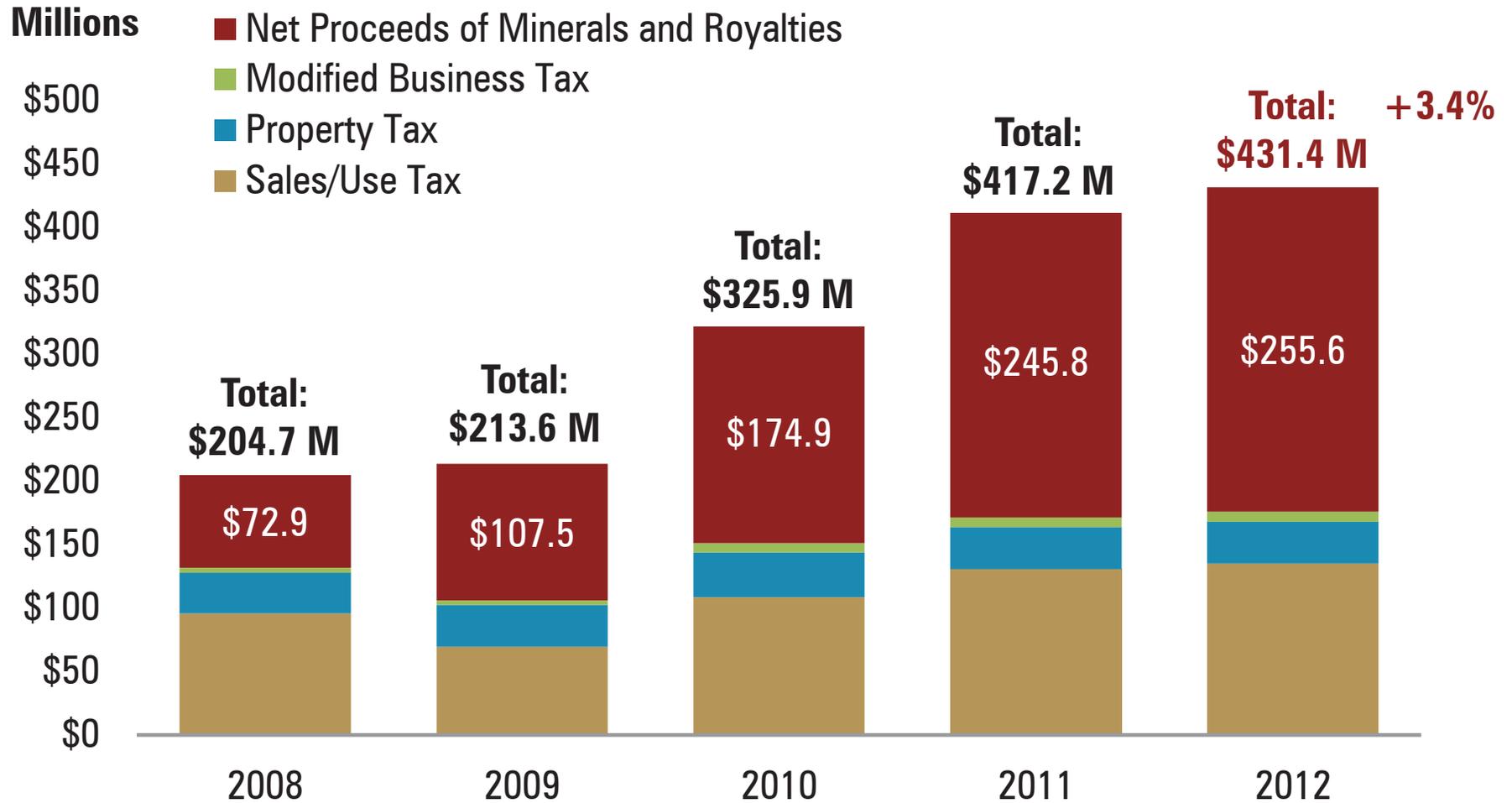
# ESTIMATED TOTAL NON-MINING SPECIFIC TAX PAID BY NEVADA MINING



Source: NVMA Member Survey (2011, 2012); Natural Resource Industry Institute (2008 – 2010), NV Dept of Taxation and industry surveys



# ESTIMATED TOTAL MINING AND NON-MINING SPECIFIC MAJOR TAXES PAID BY NEVADA MINING



Source: NVMA Member Survey (2011, 2012); Natural Resource Industry Institute (2008 – 2010), NV Dept of Taxation and industry surveys





# COMMUNITY AND ENVIRONMENT





# CHARITABLE GIVING BY NEVADA MINING

- *What is the approximate amount of charitable gifts donated by your company in calendar year 2012?*



Monetary donations to non-profit/  
charitable organizations:

\$8.5 Million



Educational scholarships:

\$3.0 Million



Higher education:

\$0.5 Million



Capital improvements in local  
communities:

\$0.1 Million

Source: NVMA Member Survey





# CHARITABLE GIVING BY NEVADA MINING

- *What is the approximate amount of volunteer hours tracked by your company in calendar year 2012?*



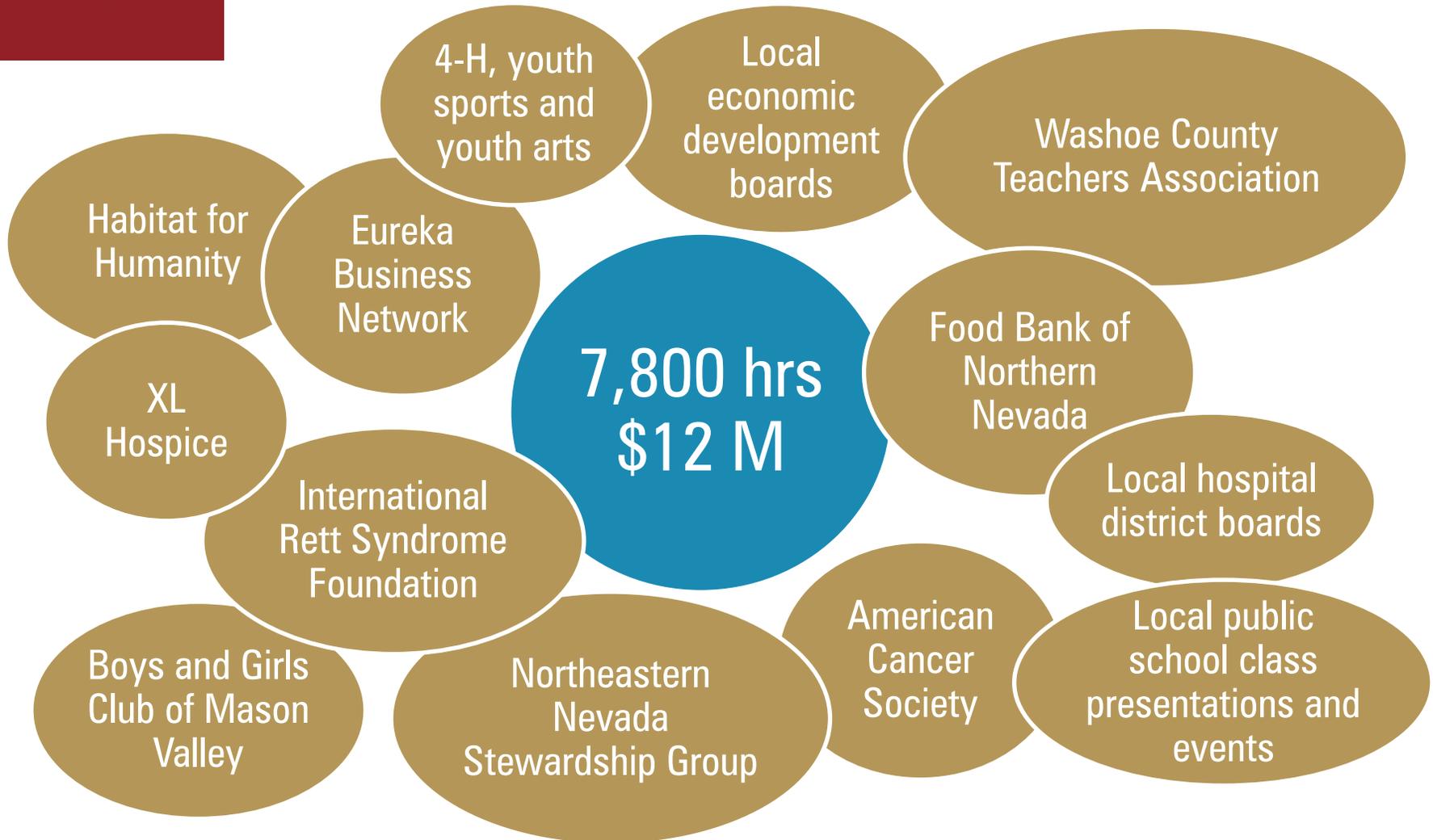
**Volunteer time:**  
**7,800 hours**

Source: NVMA Member Survey





# COMMUNITY RELATIONSHIPS (EXAMPLES, 2012)



Source: NVMA Member Survey





# ENVIRONMENTAL ACCOMPLISHMENTS BY NEVADA MINING...



Retained ISO 14001 Environmental Management Certifications



Certification achieved and retained under the International Cyanide Management Code by several NVMA members

Source: NVMA Member Survey





# ENVIRONMENTAL ACCOMPLISHMENTS...

Bat habitat restoration



Wildlife and wild horse water source improvements

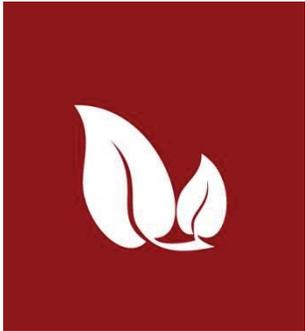


Mojave tortoise, flora and fauna preservation work



Source: NVMA Member Survey





# ENVIRONMENTAL ACCOMPLISHMENTS...

Replaced all lighting with energy efficient ballasts



Use of solar energy to reduce natural gas consumption by 75 percent

Entire mine switched to LED lighting resulting in 50 percent reduction in power usage



Continued reclamation efforts / Drill site and road reclamation of all on-going exploration projects completed



Source: NVMA Member Survey





# ENVIRONMENTAL ACCOMPLISHMENTS...

Design of De-watered Tailings Storage facility (Dry Stack) that will reduce water consumption for tailings management by 65 percent

Installation of Phase-II of the Electra-Therm Green machine geothermal power generator

Managed the release of hexavalent chromium to protect the environment and limit employee exposure

Lowered chemical use

Development of land use plan for an integrated mining/industrial/commercial/recreational complex annexed to the City of Yerington for 13,000 acres that will tier off of mine development to provide sustainable economic activities during and after mining

Source: NVMA Member Survey



# SUMMARY OF NEVADA MINING IMPACTS





Economic  
Output

IMPACT

In 2012, the Nevada mining industry:

- Reported continued significant investments in existing operations, new exploration and support activities
- Generated more than \$6.4 billion in direct economic output



**%**  
**Fiscal**

**IMPACT**

In 2012, the Nevada mining industry:

- Paid \$176 million in non-mining specific taxes
- Paid \$256 million in taxes specific only to the mining industry





## Employment

IMPACT

In 2012, the Nevada mining industry:

- Directly employed 12,600 workers in the metal ore mining sector
- Paid more than \$1.0 billion in wages and salaries





Community

IMPACT

In 2012, the Nevada mining industry:

- Donated \$12 million to non-profit/charitable organizations
- Gave 7,800 volunteer hours to a variety of causes
- Demonstrated a commitment to the health of Nevada's environment and wildlife





## Fiscal

State and local taxes paid:  
\$431 million



## Community

Charitable gifts:  
\$12 million

Volunteer hours:  
7,800



## Employment

Direct employment:  
12,600

Total employment impacts:  
29,400



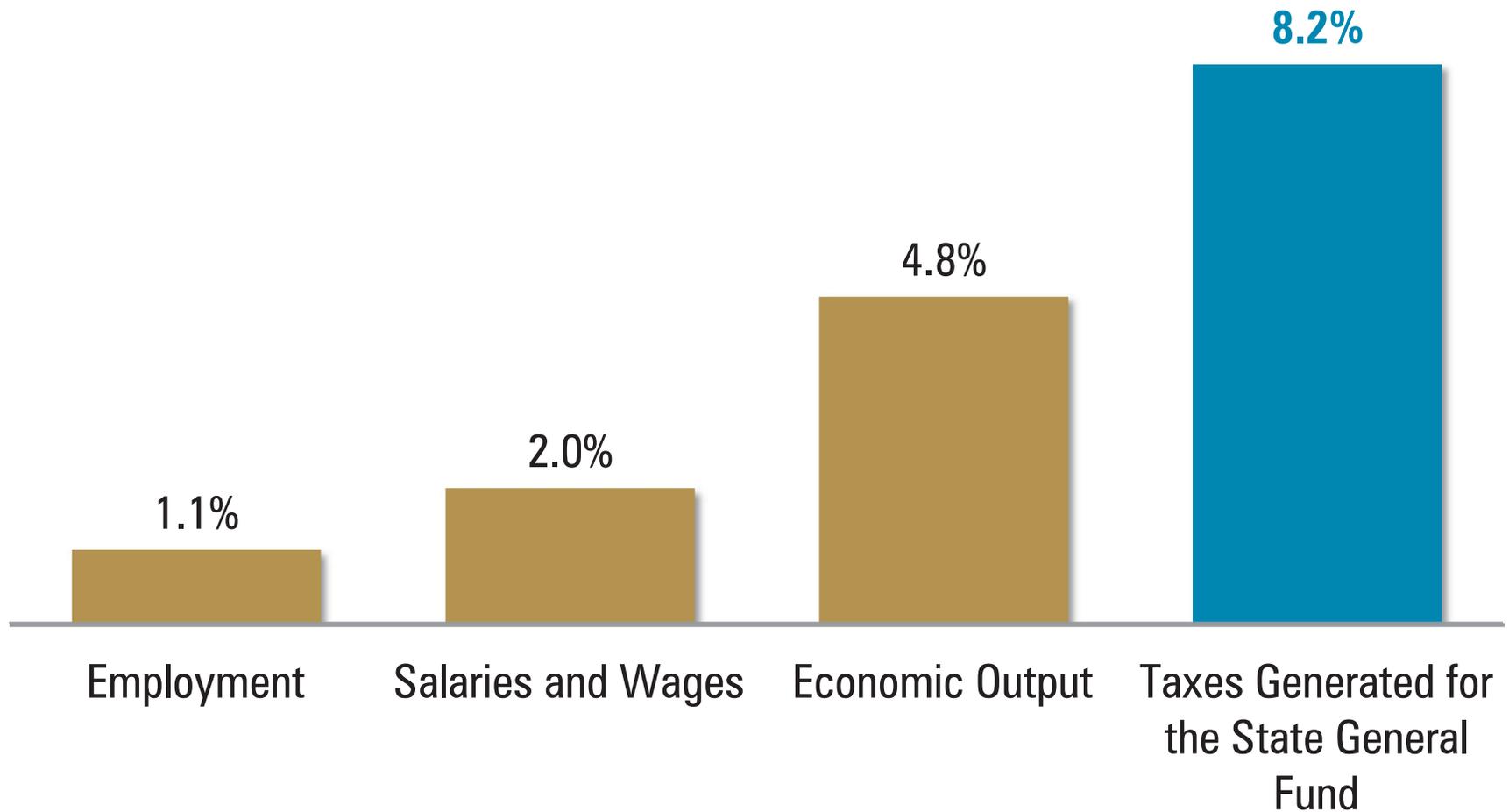
## Economic Output

Direct output:  
\$6.4 billion

Total economic output:  
\$8.8 billion



# BOTTOM LINE: THE ROLE OF THE STATE'S MINING INDUSTRY



**NEVADA**  
Mining Association

# ANNUAL CONVENTION 2013

LAKE TAHOE, NEVADA



NEVADA ECONOMY 2013:

## THE ROLE OF THE STATE'S MINING INDUSTRY

APPLIED  
ANALYSIS 