

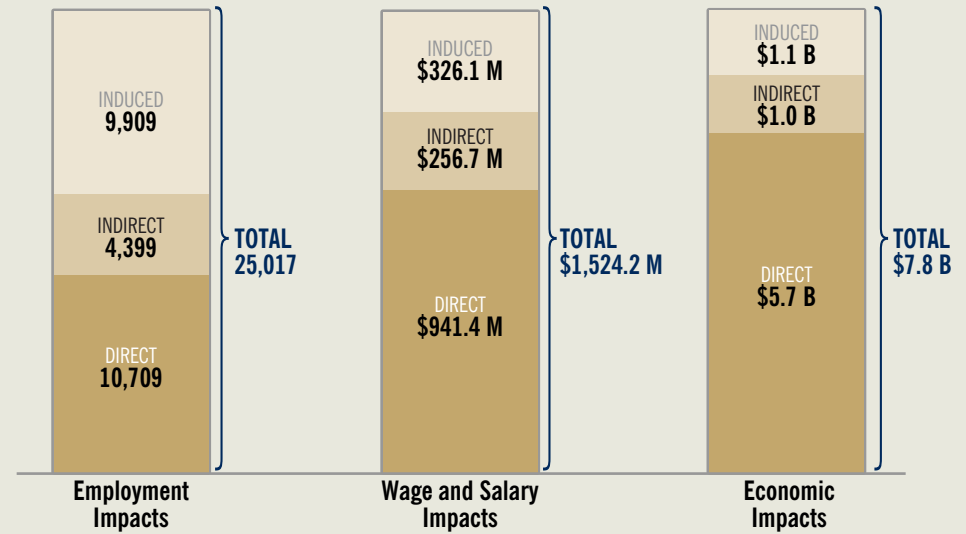
NEVADA MINING INDUSTRY: SUMMARY OF THE INDUSTRY'S ECONOMIC IMPACT IN NEVADA

Applied Analysis was retained by the Nevada Mining Association (the "NVMA") to review and analyze the impacts associated with mining operations in Nevada as well as the mining industry more generally. This brief is the fifth in the series of reports; it is specific to the economic impact of the mining industry in Nevada, as well as trends in gross domestic product ("GDP") reported by major industries across the state.

Economic Impact Categories



Nevada Mining Industry Operations (2011)

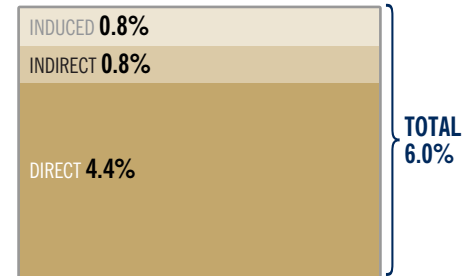


Source: Nevada Department of Employment, Training and Rehabilitation; Nevada Department of Taxation; IMPLAN; Applied Analysis

Including the direct, indirect and induced impacts of the industry, Nevada mining supports 25,000 jobs paying \$1.5 billion in wages and salaries, and generates approximately \$7.8 billion annually in economic output. To put this figure in perspective, note that the industry's total economic impact represents approximately 6.0 percent of total GDP in Nevada.

Economic Output As Share of Statewide GDP

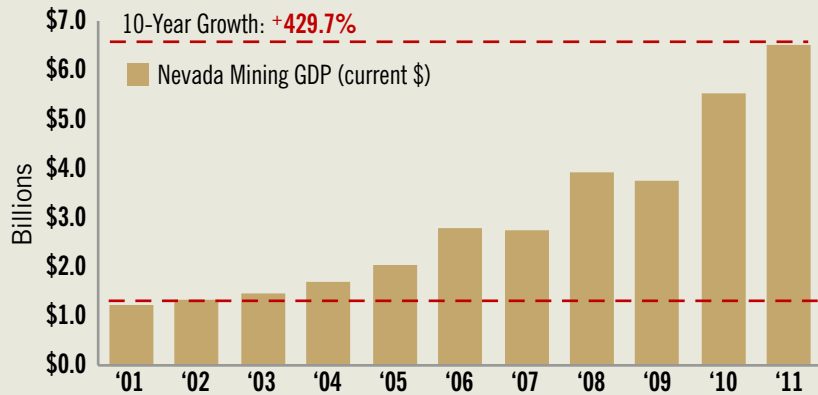
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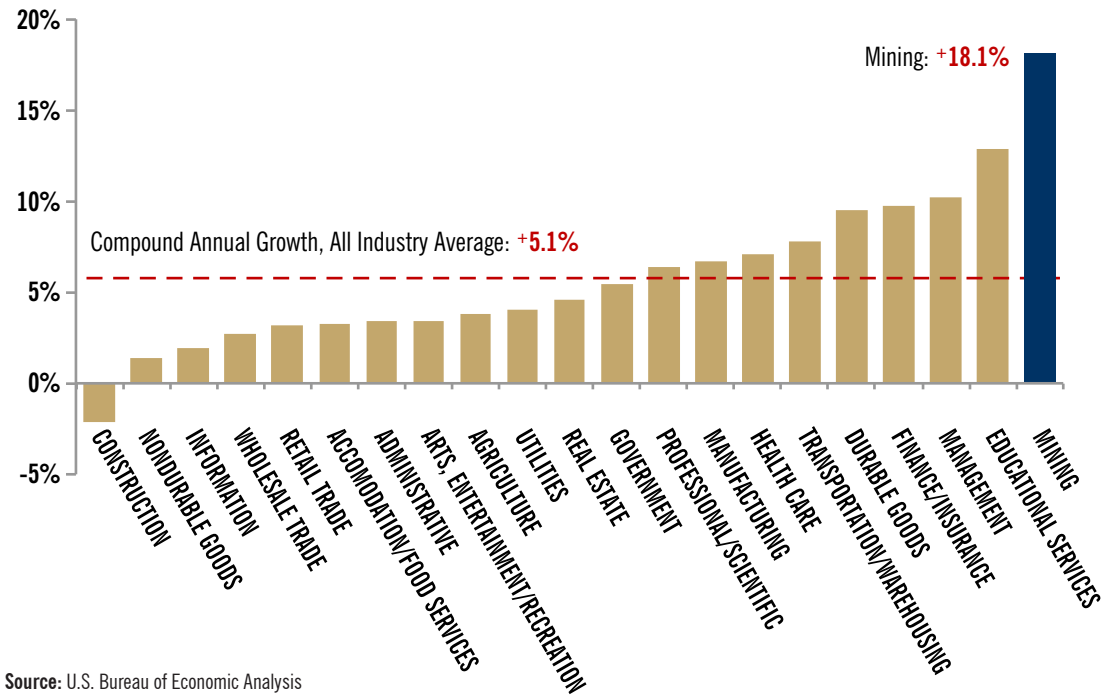
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Growth in Nevada Mining GDP



Mining continues to report higher-than-average growth in terms of gross domestic product, a measure of an industry's output. Over the past decade, the Nevada mining industry has grown from \$1.2 billion in terms of gross product to \$6.5 billion, an increase of more than 400 percent.

Trend in GDP for Major Industries (Nevada) 2001-2011



Source: U.S. Bureau of Economic Analysis

Compared to other major industries in the state, mining has grown at a rate that far exceeds the average, increasing at a compound annual growth rate of 18.1 percent over the past ten years, compared to an average of 5.1 percent for all industries. Unlike most sectors of the economy, mining continued to make major capital investments throughout the depths of the latest recession. With recent major investments reported of over \$1.6 billion, the industry is well-positioned for continued growth.

RECENT MAJOR INVESTMENTS

\$1.6 Billion

- > ALLIED NEVADA GOLD CORP, Hycroft (expansion)
- > GENERAL MOLY, Mt. Hope (new permitting)
- > BARRICK, Bald Mountain (expansion)
- > GOLD CORP, Marigold (expansion)
- > NEVADA COPPER, Pumpkin Hollow (investment)

Source: NVMA Member Survey

METHODOLOGY This research brief utilized the best available data to summarize the economic impact of the mining industry in Nevada. Data generally covers calendar year 2011. It relies heavily on data reported by third-party data providers; and, although we have no reason to doubt the accuracy of these data, they have not been subjected to any auditing or review procedures by AA. Data was obtained from a survey of the NVMA membership (regarding recent investments), the Nevada Department of Employment, Training and Rehabilitation (regarding direct employment and wages), the Nevada Department of Taxation, the Nevada Division of Minerals and the U.S. Bureau of Economic Analysis.

This economic impact analysis includes metal ore mining only (it excludes oil, gas, coal and nonmetallic mining, such as stone quarrying, construction sand and gravel, etc., as well as the geothermal energy sector, which has significant impacts of its own). Economic impacts sourced to the mining industry can be defined as the total economic activity in the state of Nevada generated by the industry's operations, including jobs, wages and business activity (or output). To identify and model the interrelationships in the economy, IMPLAN (Impact Analysis for Planning) software and databases were used. IMPLAN is an input-output model, which is one type of econometric system. Input-output models such as IMPLAN, as is the case with all econometric models, have certain limitations that should be considered when reviewing results.