

NEVADA MINING INDUSTRY

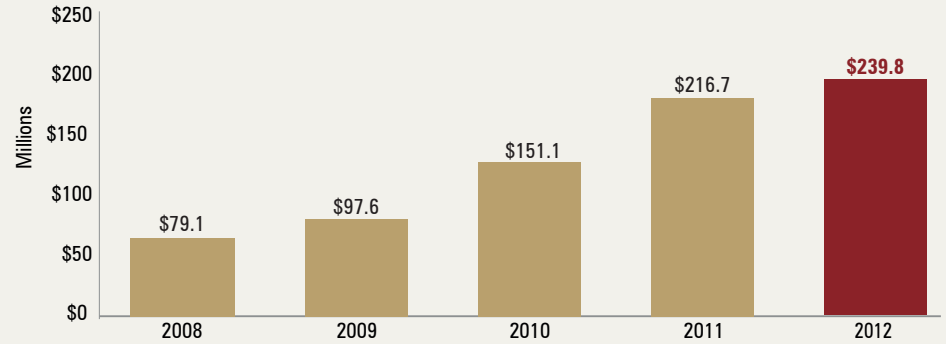
SUMMARY OF FISCAL IMPACTS



Applied Analysis was retained by the Nevada Mining Association (the “NVMA”) to review and analyze the economic impacts associated with mining operations in Nevada as well as the mining industry more generally. This brief summarizes the fiscal impacts of the Nevada mining industry. In 2012, mining companies in the state paid \$431.4 million in major taxes, which accounted for 8.2 percent of the taxes generated for the Nevada State General Fund.

This brief reflects data available as of June 2014 (generally calendar year 2012). However, given the significant changes witnessed by the Nevada mining industry since the end of 2013, we expect new trends to emerge as data for calendar year 2013 is released in the coming months. Roughly **\$239.8 MILLION** in Net Proceeds of Minerals Tax was paid by Nevada mining in 2012 (latest available data), which represents an increase of **10.6 PERCENT** from 2011. Nearly all of the Net Proceeds of Minerals Tax collected by the state was paid by rural counties, which contributed **\$239.7 MILLION**.

Net Proceeds of Minerals Tax Paid By Nevada Mining

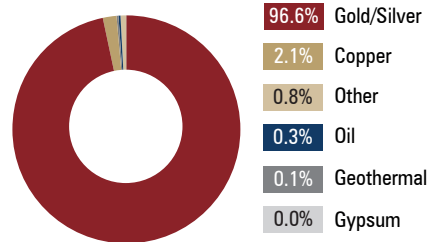


Total Net Proceeds of Minerals Tax paid: **\$239.8 MILLION**

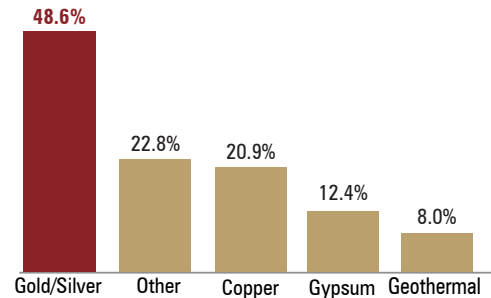


Share of Net Proceeds Tax Generated

By Specific Minerals (2012)



Ratio of Net Proceeds to Gross Proceeds (2012)



Gold and silver mine operations accounted for **97 PERCENT** of Net Proceeds of Minerals Tax generated in 2012. In addition, these mineral types have one of the lowest rates of deductions, with net proceeds making up **48.6 PERCENT** of gross proceeds.

TOP TEN HIGHEST ASSESSED TAXPAYERS FOR SELECTED COUNTIES (SECURED/UNSECURED ROLL) FISCAL YEAR 2013

EUREKA COUNTY

TAXPAYER	ASSESSMENT
Newmont	\$371.6 M
Barrick	\$199.2 M
Sierra Pacific Power	\$16.9 M
Union Pacific Railroad	\$8.8 M
Small Mine Development LLC	\$5.7 M
Elko Land & Livestock	\$3.8 M
Mt Wheeler Power	\$3.0 M
Online Transmission Project	\$2.8 M
Air Liquide Large Ind.	\$1.9 M
Southwest Gas	\$1.4 M

HUMBOLDT COUNTY

TAXPAYER	ASSESSMENT
Ruby Pipeline LLC	\$222.5 M
Newmont	\$122.0 M
Allied Nevada Gold/Hycroft	\$80.6 M
Barrick	\$61.5 M
Sierra Pacific Power	\$43.0 M
Idaho Power	\$34.8 M
Marigold Mining	\$33.5 M
Union Pacific Railroad	\$24.7 M
NGP Blue Mountain	\$21.7 M
Southwest Gas	\$10.1 M

LANDER COUNTY

TAXPAYER	ASSESSMENT
Barrick Gold Mines	\$220.0 M
Newmont Mining Co.	\$107.3 M
Ormat Nevada	\$56.2 M
Sierra Pacific Power	\$37.1 M
Union Pacific Railroad	\$7.2 M
Beowawe Power	\$5.8 M
Milpark	\$3.8 M
Na Degerstrom	\$3.5 M
Ledcor CMI	\$2.2 M
Southwest Gas	\$1.9 M

PERSHING COUNTY

TAXPAYER	ASSESSMENT
Sierra Pacific Power	\$38.1 M
Union Pacific Railroad	\$14.9 M
Southwest Gas	\$13.0 M
Coeur Rochester Inc.	\$7.0 M
Caterpillar Finance	\$7.0 M
Ormat Nevada	\$6.0 M
EP Minerals	\$4.8 M
Allegiant Air	\$1.5 M
Level 3 Communications	\$1.4 M
Ta Properties	\$1.0 M

WHITE PINE COUNTY

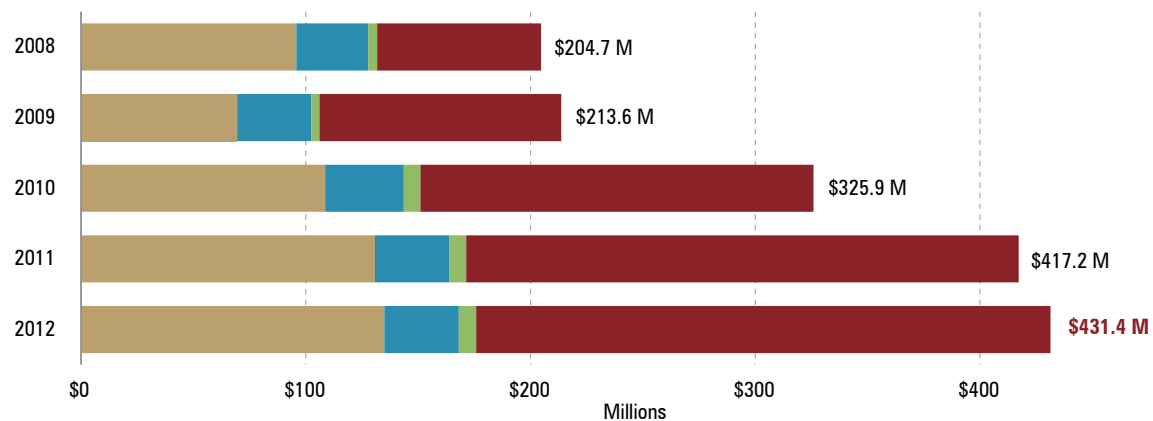
TAXPAYER	ASSESSMENT
Spring Valley Wind Farm	\$69.6 M
Barrick Gold	\$64.8 M
Robinson Nevada Mining	\$60.5 M
Online Transmission Project	\$30.8 M
Gradient Resources	\$19.0 M
Mt Wheeler	\$7.6 M
Sierra Pacific Power	\$6.4 M
West Wasatch	\$2.1 M
Goeringer, Norman	\$1.6 M
Hotel Nevada	\$1.4 M

Note: Assessed values include secured and unsecured assets. No values related to gross or net proceeds of minerals are included for mining companies. Source: Nevada Department of Taxation

The Nevada mining industry paid roughly **\$175.8 MILLION** in non-mining specific taxes in 2012, which represents an increase of **2.6 PERCENT** from 2011. When mining specific taxes are considered, the industry contributed **\$431.4 MILLION**, up **3.4 PERCENT** from the prior year. Major taxes paid by Nevada mining make up **8.2 PERCENT** of taxes generated for the Nevada State General Fund.

Estimated Total Major Taxes

Paid by Nevada Mining



- Net Proceeds of Minerals and Royalties
- Modified Business Tax
- Property Tax
- Sales/Use Tax

Source: NVMA 2013 Member Survey, Natural Resource Industry Institute and Nevada Department of Taxation

METHODOLOGY This research brief utilized the best available data to summarize the fiscal impacts of the Nevada mining industry. Data generally covers calendar year 2012 with some data representing fiscal year 2013. 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 the Nevada Department of Taxation, the Natural Resource Industry Institute and the Nevada Mining Association 2013 Member Survey.