



**NVMA**  
Nevada Mining Association  
EST. 1913

# THE ROLE OF THE STATE'S MINING INDUSTRY

2020

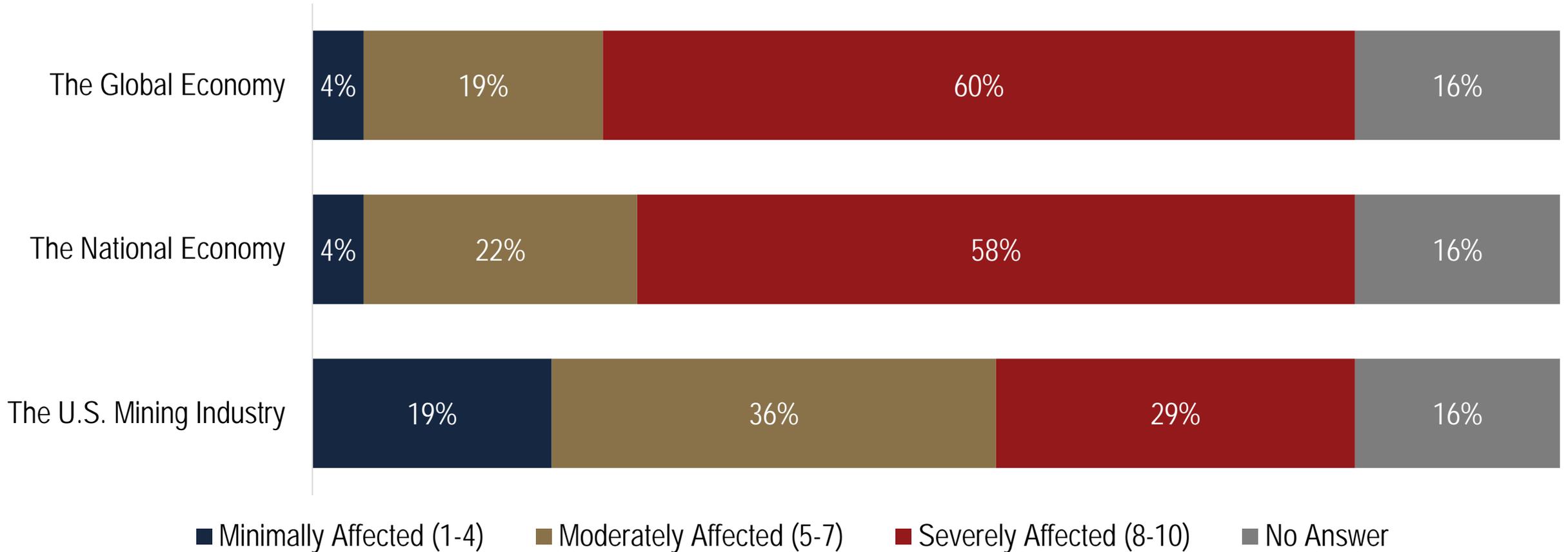


# GLOBAL AND NATIONAL IMPACTS OF COVID-19



# Effect of the Coronavirus Pandemic

## U.S. Mining Industry | 2020



Source: NVMA 2020 Survey

# The Rapid Spread of COVID-19

Cumulative Cases



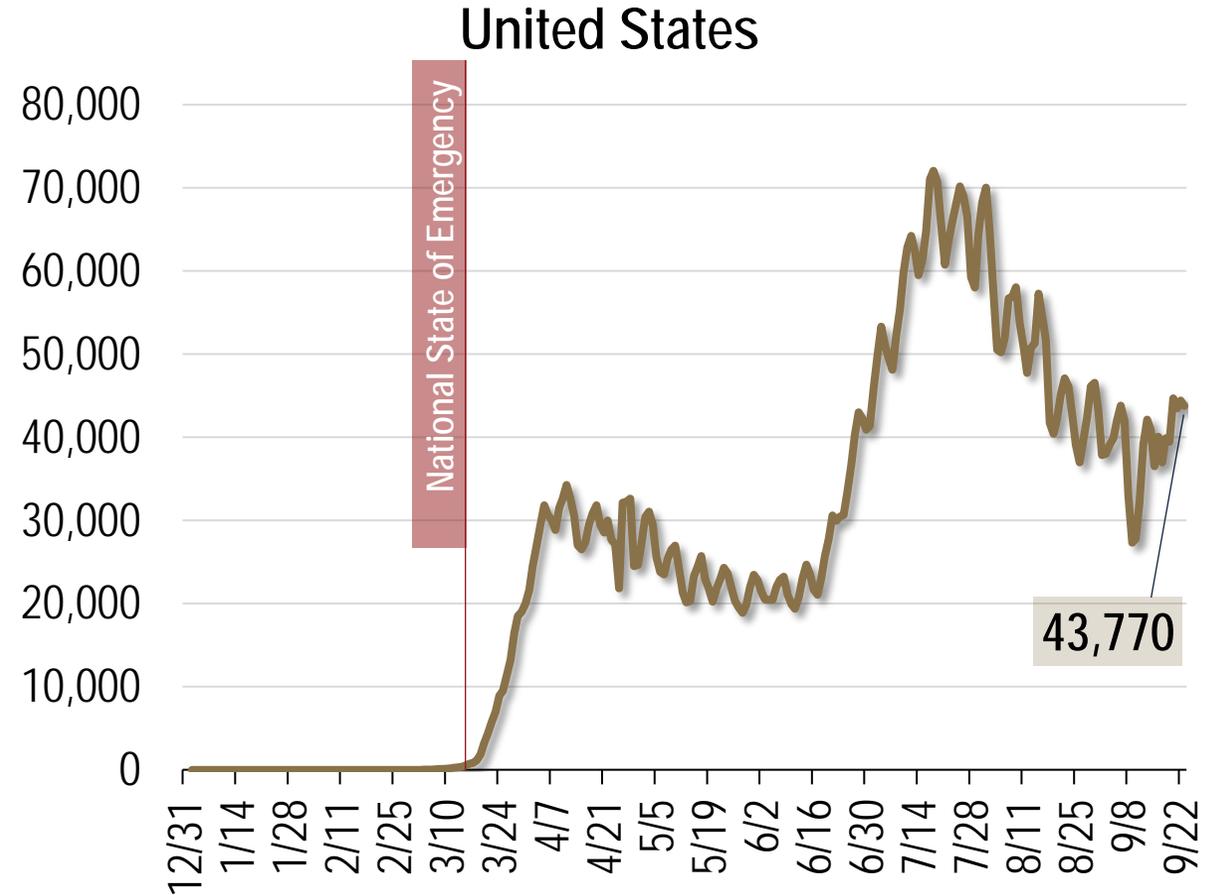
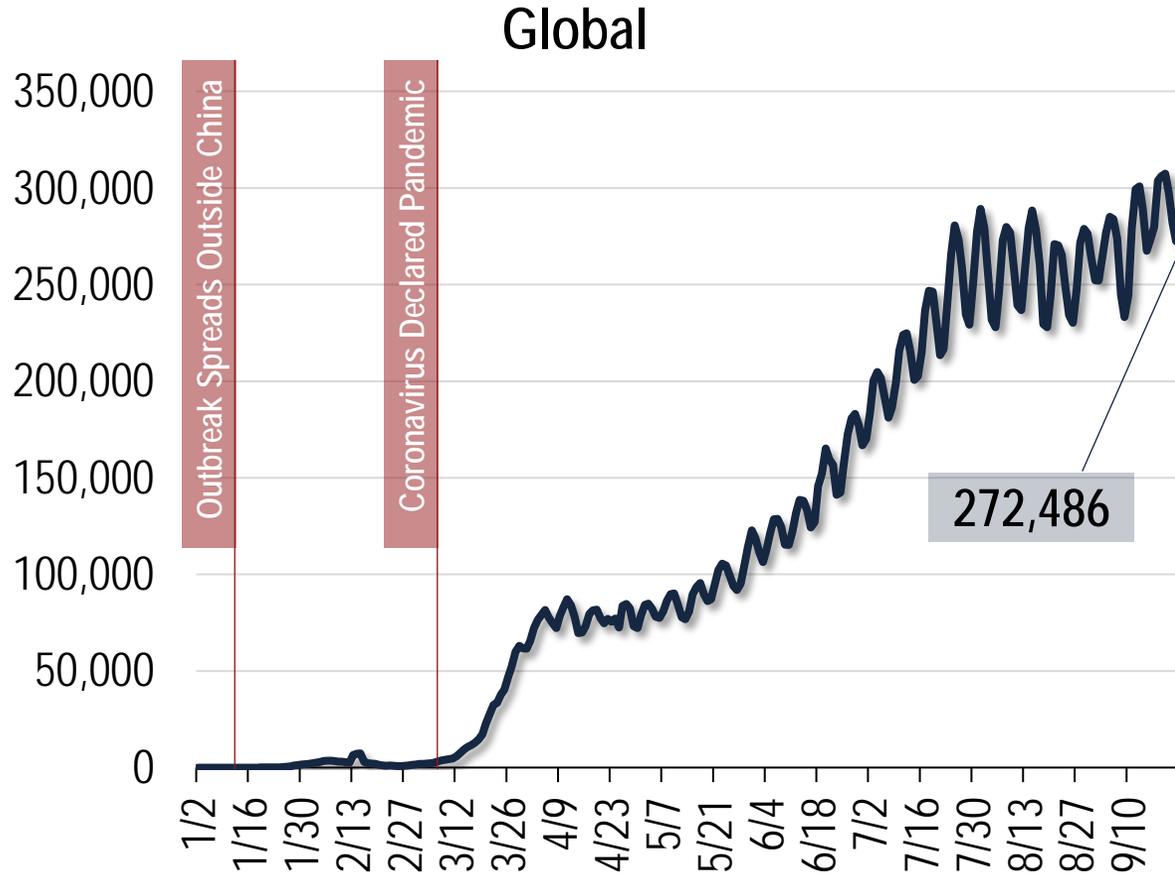
**188**  
Countries and Territories Affected

**31,673,086**  
Cases Worldwide

**972,372**  
Deaths

# New Daily COVID-19 Cases

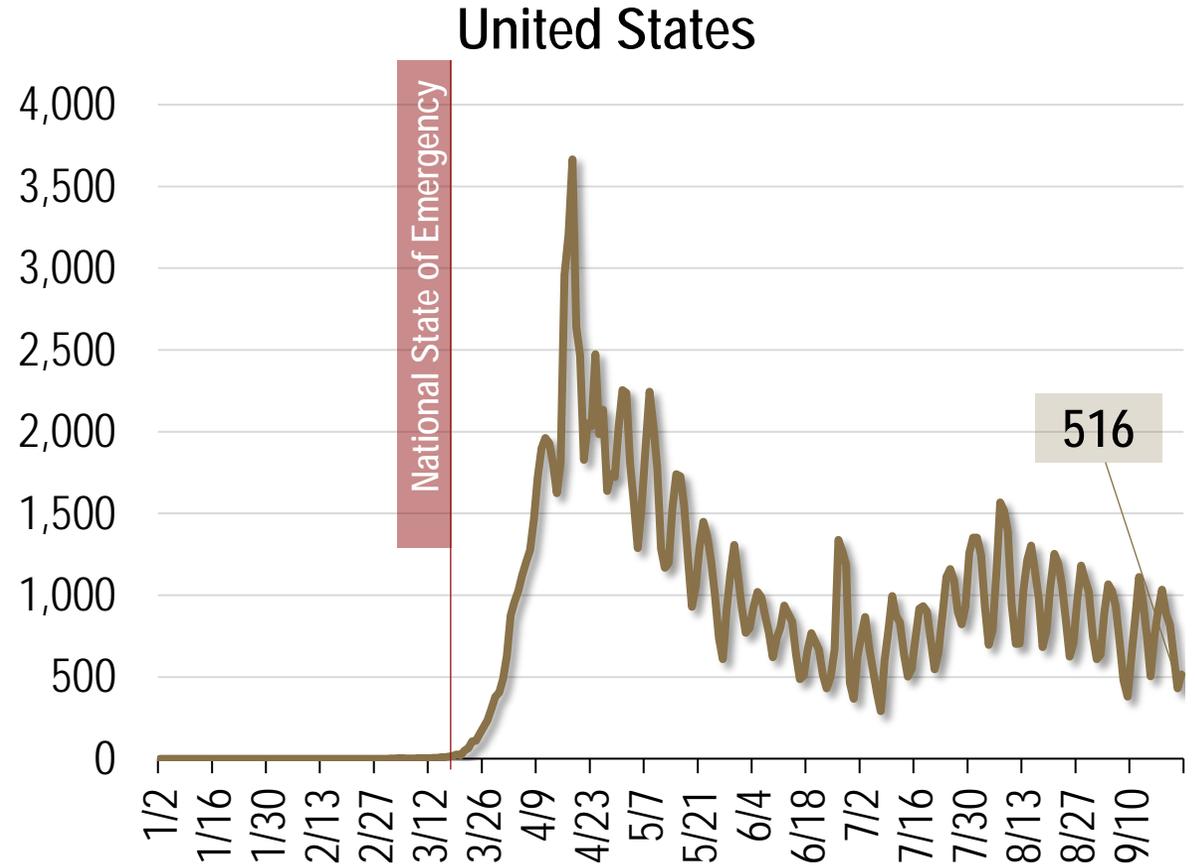
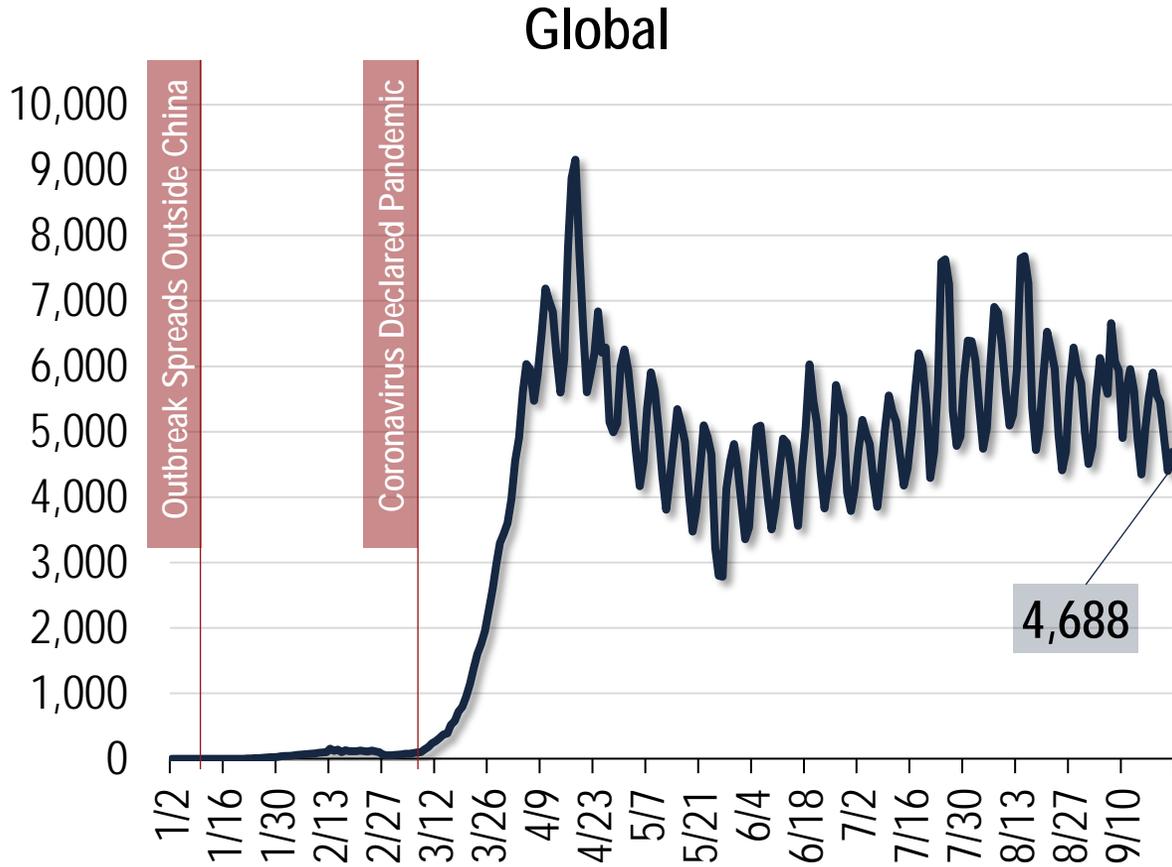
## 3-Day Rolling Average



Source: European CDC

# New Daily COVID-19 Deaths

## 3-Day Rolling Average



Source: European CDC

# How the Mining Industry Has Fared

## S&P GICS 12-Month Price Change Ranking | Sector and Industry

Ranking	Sector
1	Information Technology
2	Consumer Discretionary
3	Health Care
4	Communication Services
5	<b>MATERIALS</b>
6	Consumer Staples
7	Industrials
8	Real Estate
9	Utilities
10	Financials
11	Energy

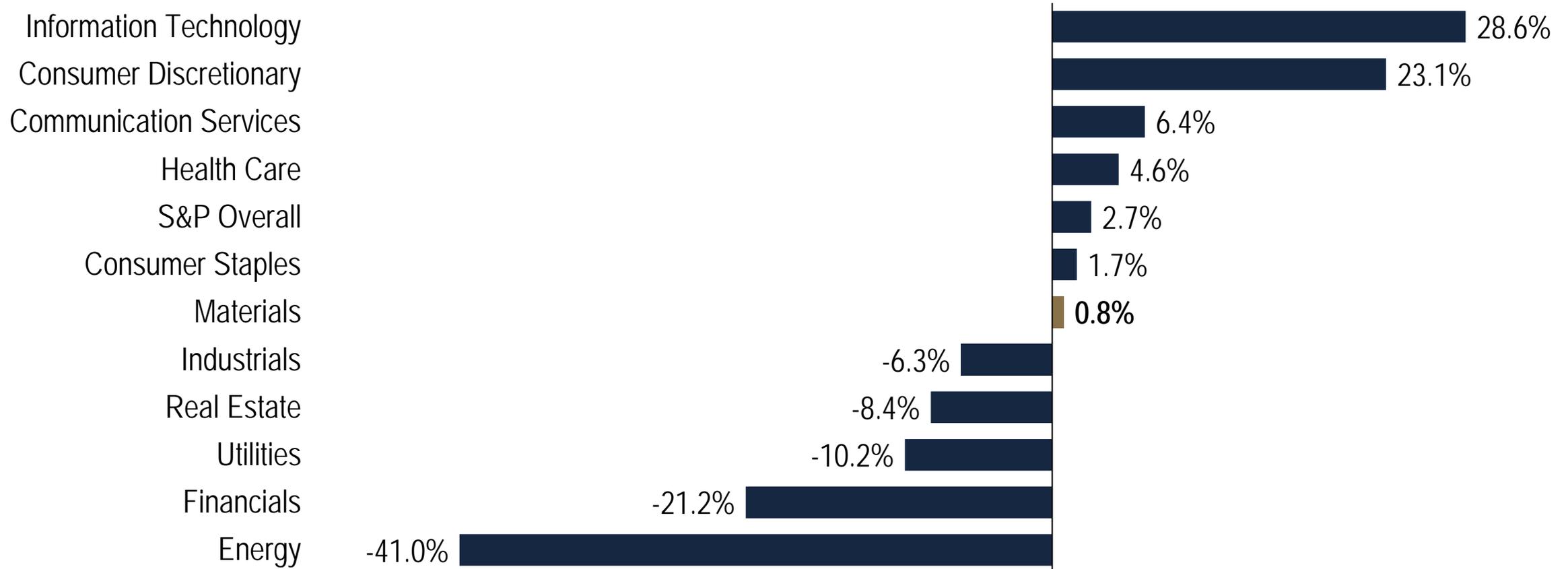
Ranking	Industry
1	Technology Hardware, Storage & Peripherals
2	<b>COPPER</b>
3	<b>GOLD</b>
4	Internet & Direct Marketing Retail
5	Computer & Electronics Retail
6	Application Software
75	Restaurants
101	Casinos and Gaming
104	Apparel, Accessories, & Luxury Goods
111	Hotels, Resorts, and Cruise Lines
120	Airlines

Note: Ranking between 1(best) and either 11 (sector, worst) or 125 (industry, worst) based on 12-month price-change

Source: S&P 500

# How the Mining Industry Has Fared

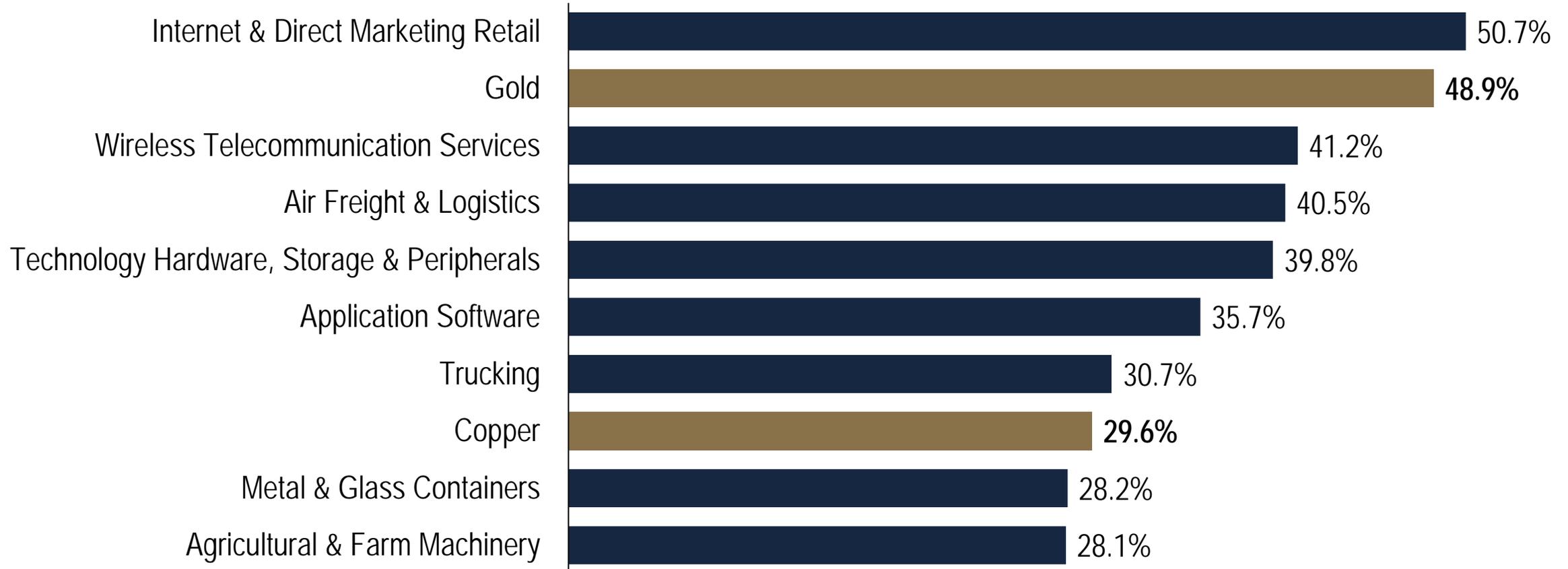
## S&P GICS Year-to-Date Price Change | Sector



Source: S&P 500

# How the Mining Industry Has Fared

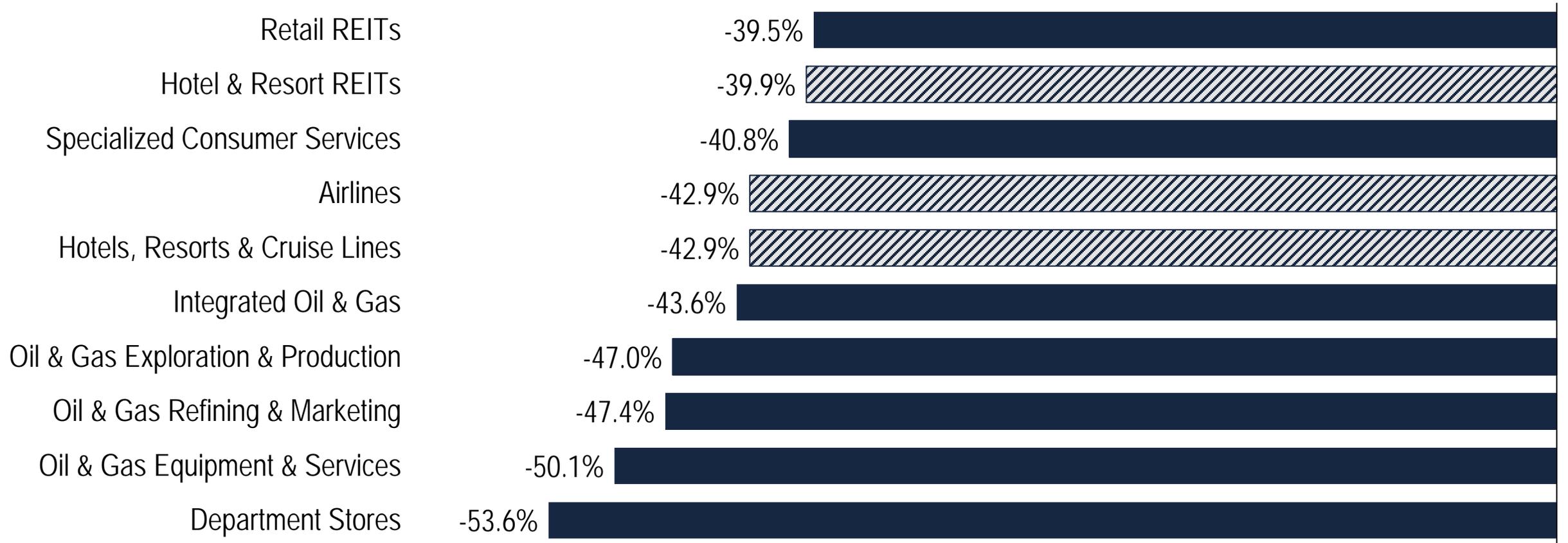
## S&P GICS Top 10 Year-to-Date Price Change | Industry



Source: S&P 500

# How the Mining Industry Has Fared

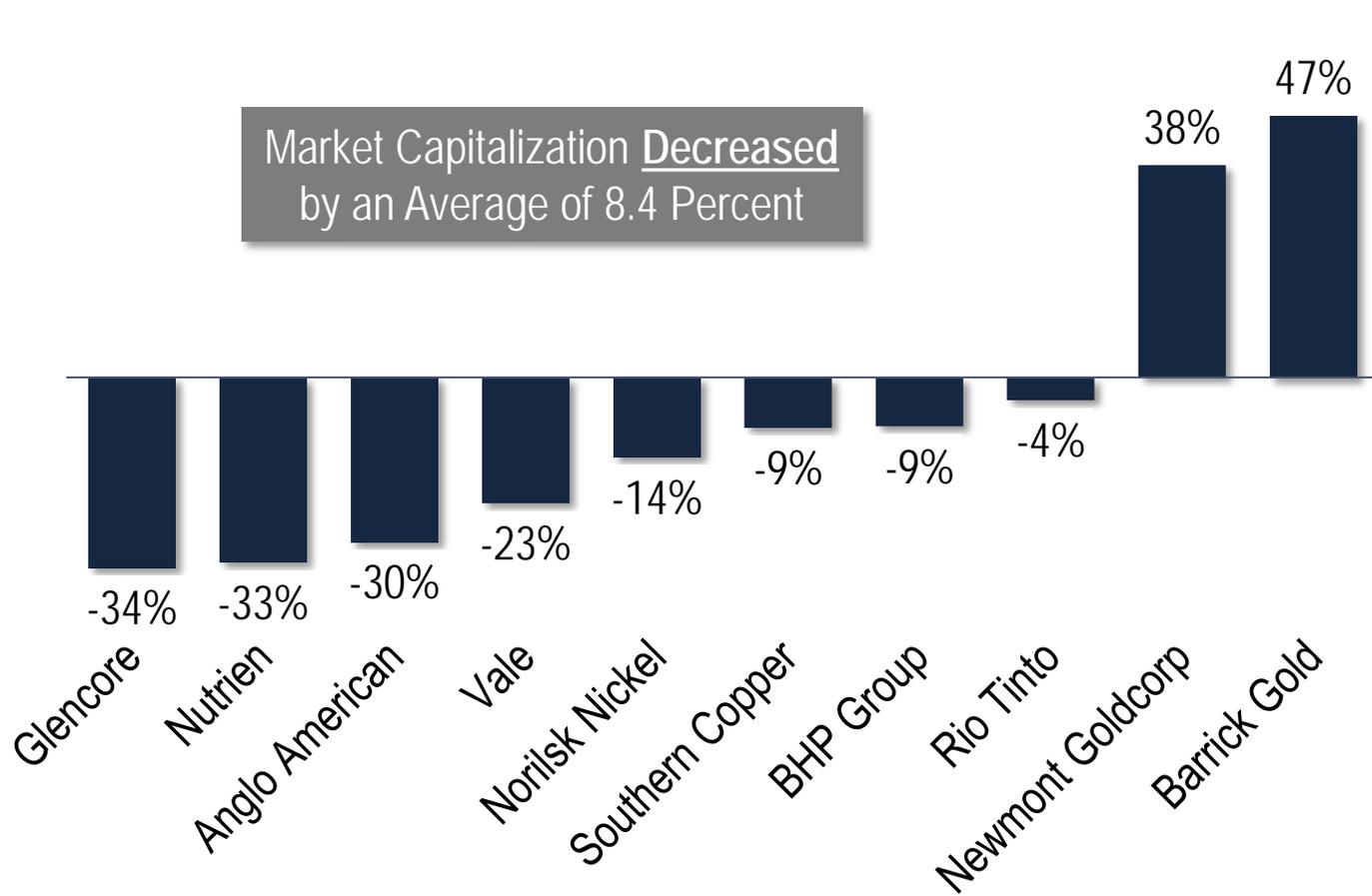
S&P GICS Bottom 10 Year-to-Date Price Change | Industry



Source: S&P 500

# Top 10 Mining Companies in the World

Market Capitalization Change | 2019 to June 2020



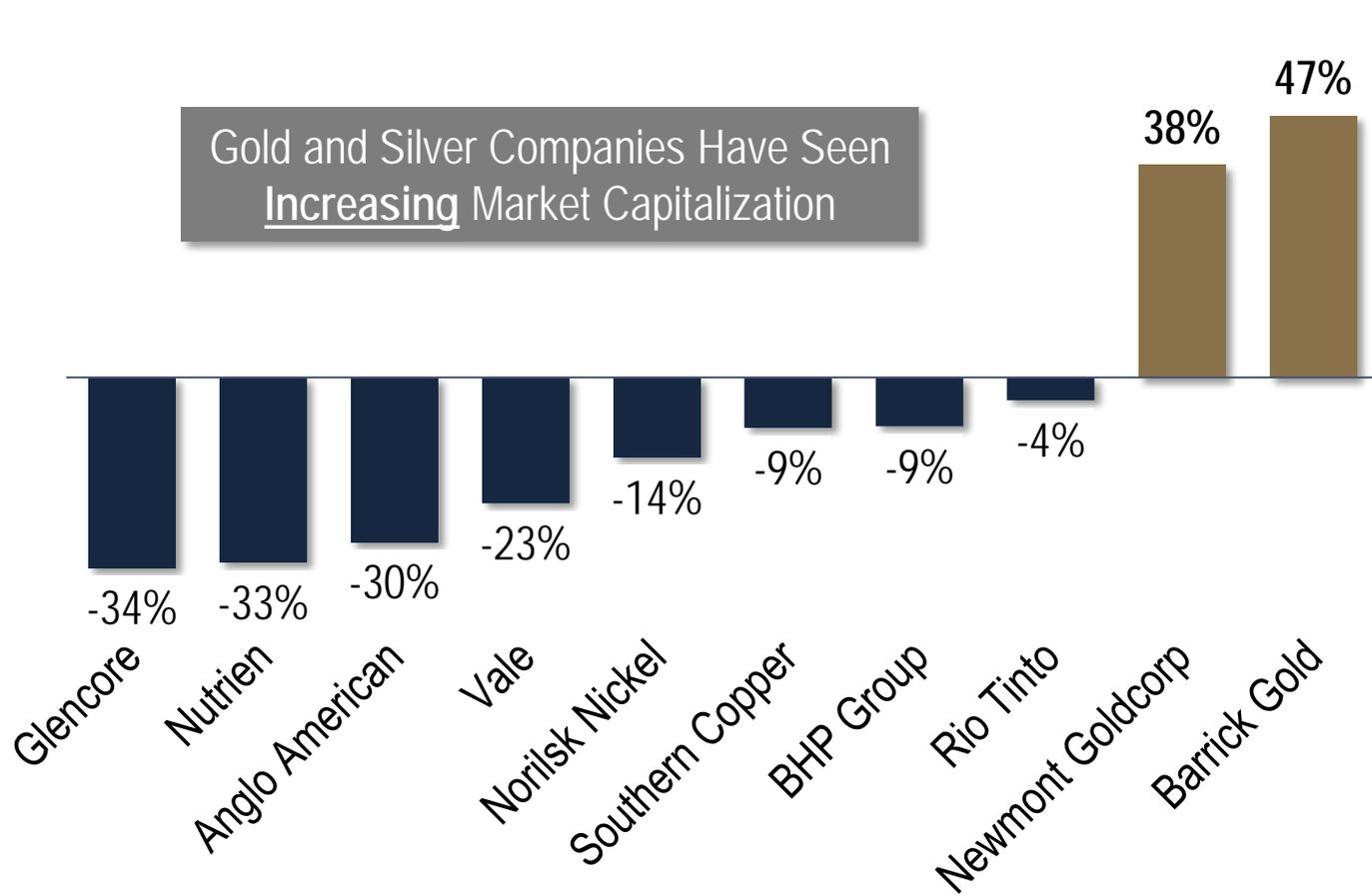
Company	2020 H1 Rank	2019 Rank	Rank Change
BHP Group	1	1	●
Rio Tinto	2	2	●
Vale	3	3	●
Newmont Gold Corp	4	7	▲
Barrick Gold Corp	5	9	▲
Norilsk Nickel	6	4	▼
Southern Copper	7	8	▲
Glencore	10	5	▼
Anglo American	14	6	▼
Nutrien	15	10	▼

Note: Ranking publication is for top 50 mining companies; average decrease in market cap is only for top 10 companies

Source: Mining.Com

# Top 10 Mining Companies in the World

Market Capitalization Change | 2019 to June 2020



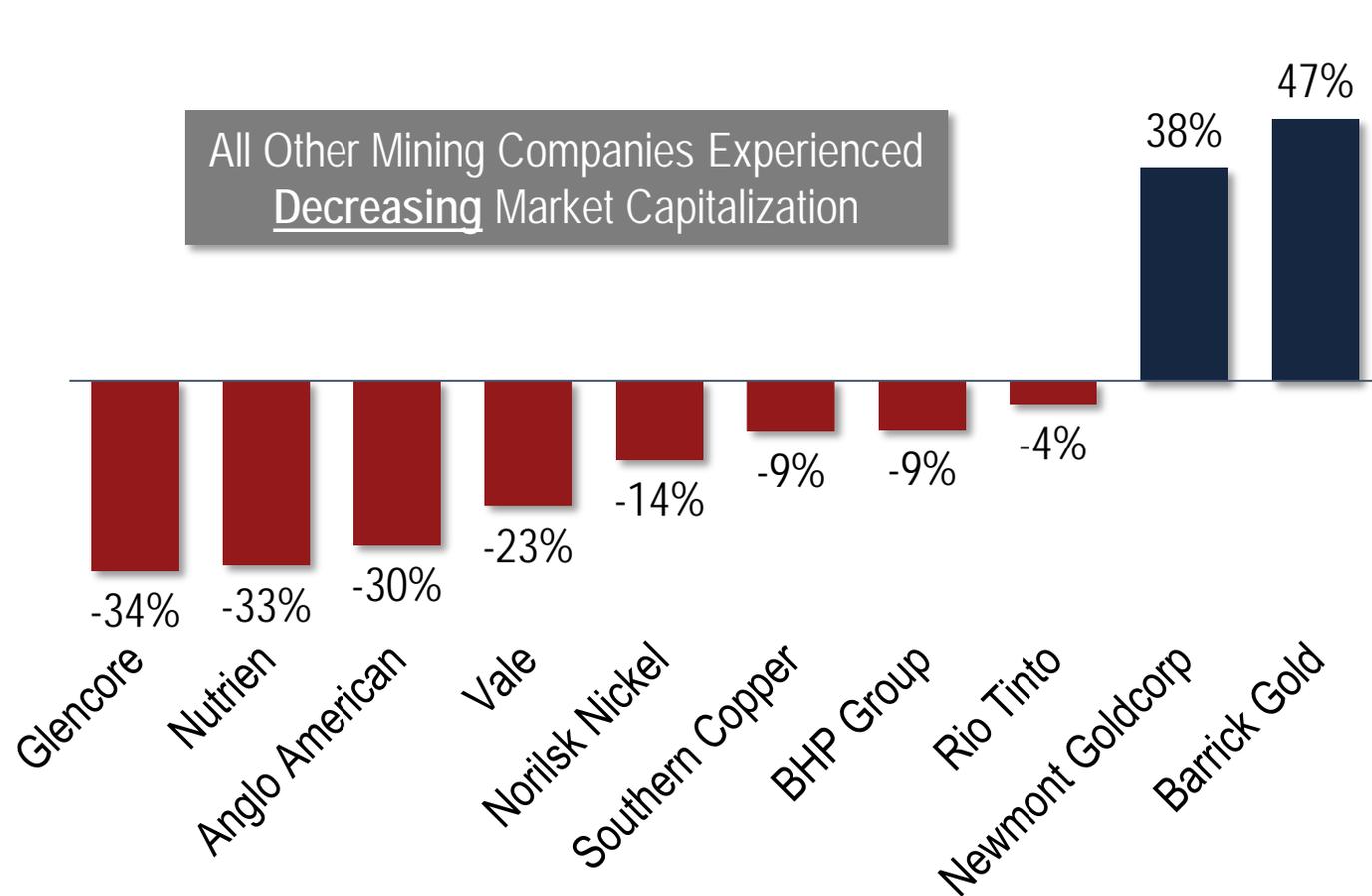
Company	2020 H1 Rank	2019 Rank	Rank Change
BHP Group	1	1	●
Rio Tinto	2	2	●
Vale	3	3	●
Newmont Gold Corp	4	7	▲
Barrick Gold Corp	5	9	▲
Norilsk Nickel	6	4	▼
Southern Copper	7	8	▲
Glencore	10	5	▼
Anglo American	14	6	▼
Nutrien	15	10	▼

Note: No silver companies rank in the top 10, although several are present in the top 50

Source: Mining.Com

# Top 10 Mining Companies in the World

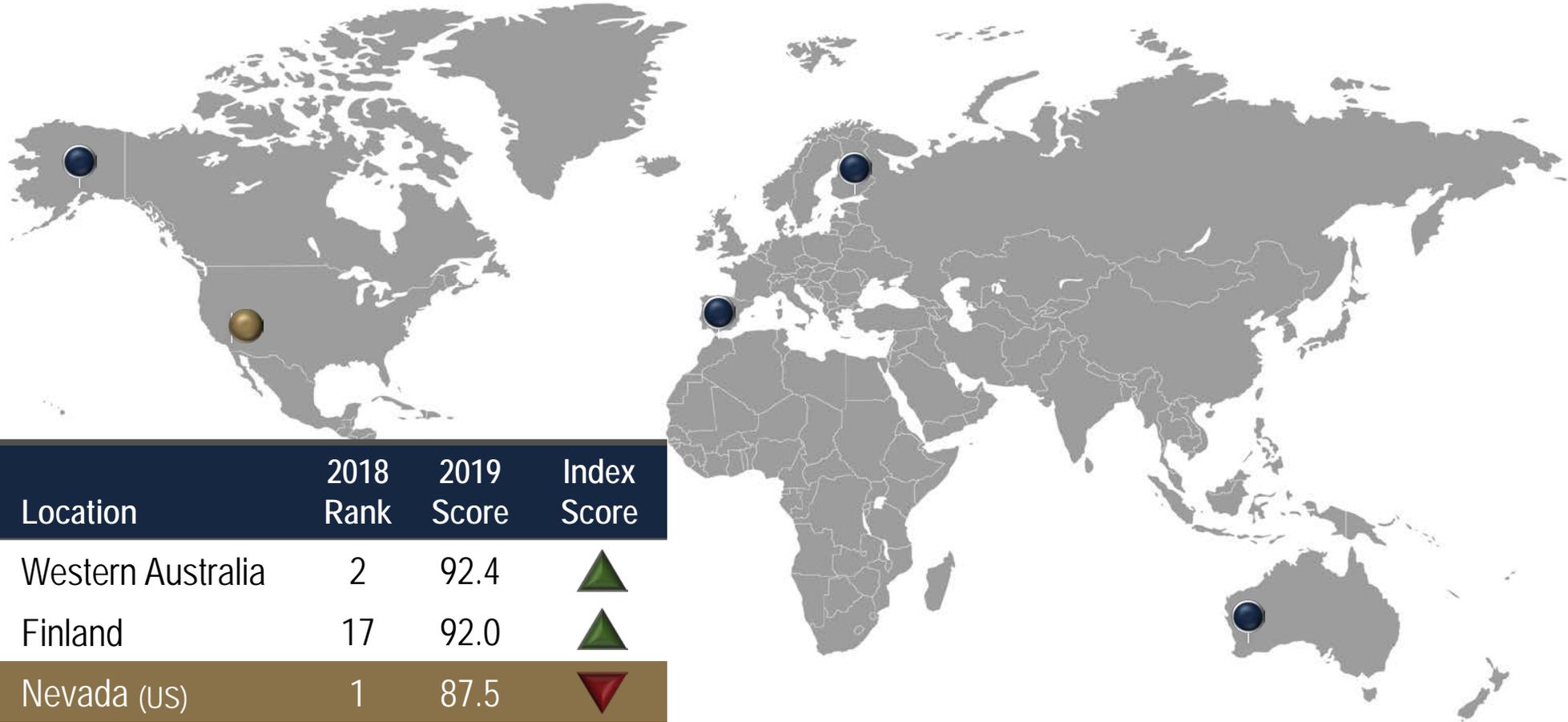
Market Capitalization Change | 2019 to June 2020



Company	2020 H1 Rank	2019 Rank	Rank Change
BHP Group	1	1	●
Rio Tinto	2	2	●
Vale	3	3	●
Newmont Gold Corp	4	7	▲
Barrick Gold Corp	5	9	▲
Norilsk Nickel	6	4	▼
Southern Copper	7	8	▲
Glencore	10	5	▼
Anglo American	14	6	▼
Nutrien	15	10	▼

Source: Mining.Com

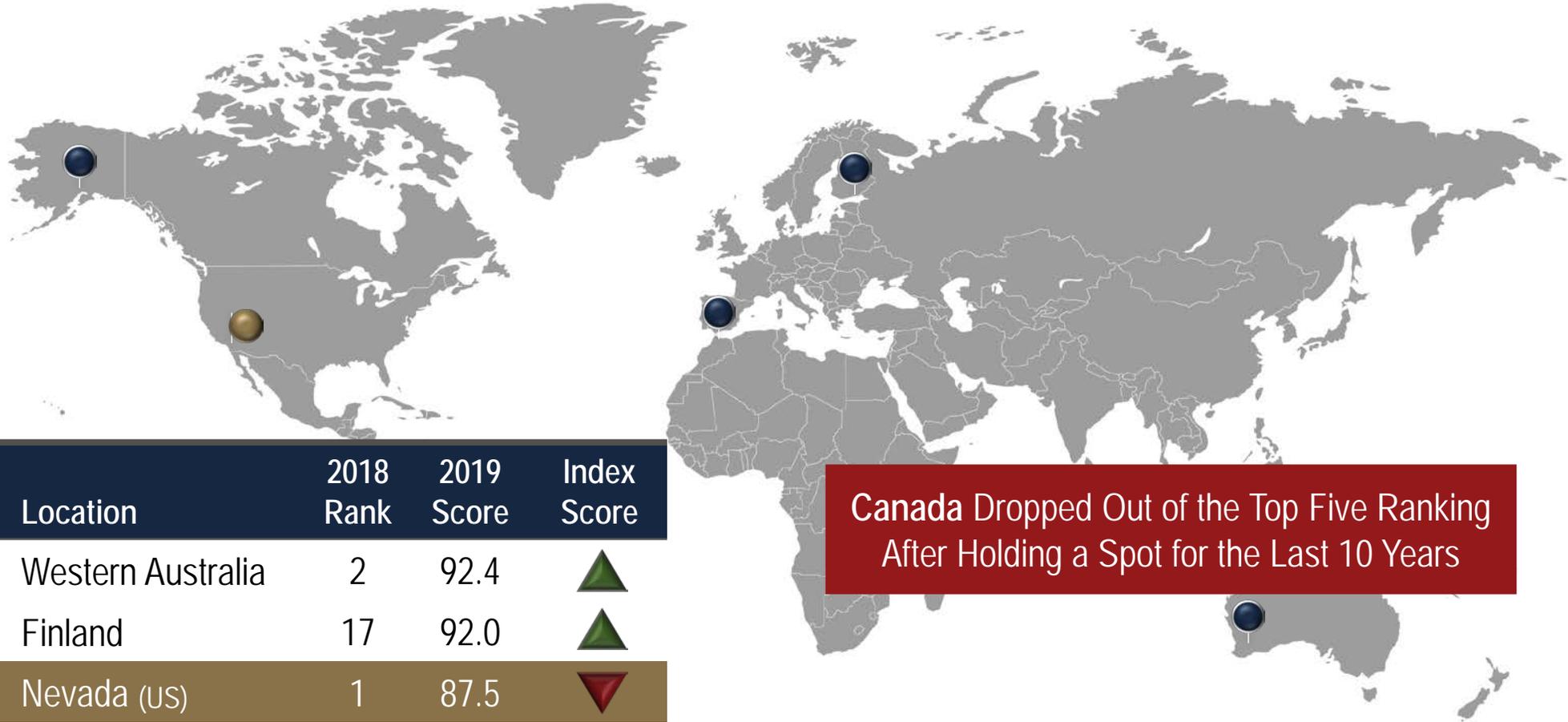
# Global Investment Attractiveness Index



2019 Rank	Location	2018 Rank	2019 Score	Index Score
1	Western Australia	2	92.4	▲
2	Finland	17	92.0	▲
3	Nevada (us)	1	87.5	▼
4	Alaska (us)	5	84.1	▲
5	Portugal	46	83.9	▲

Source: Fraser Institute Survey of Mining Companies (2019) and Applied Analysis

# Global Investment Attractiveness Index



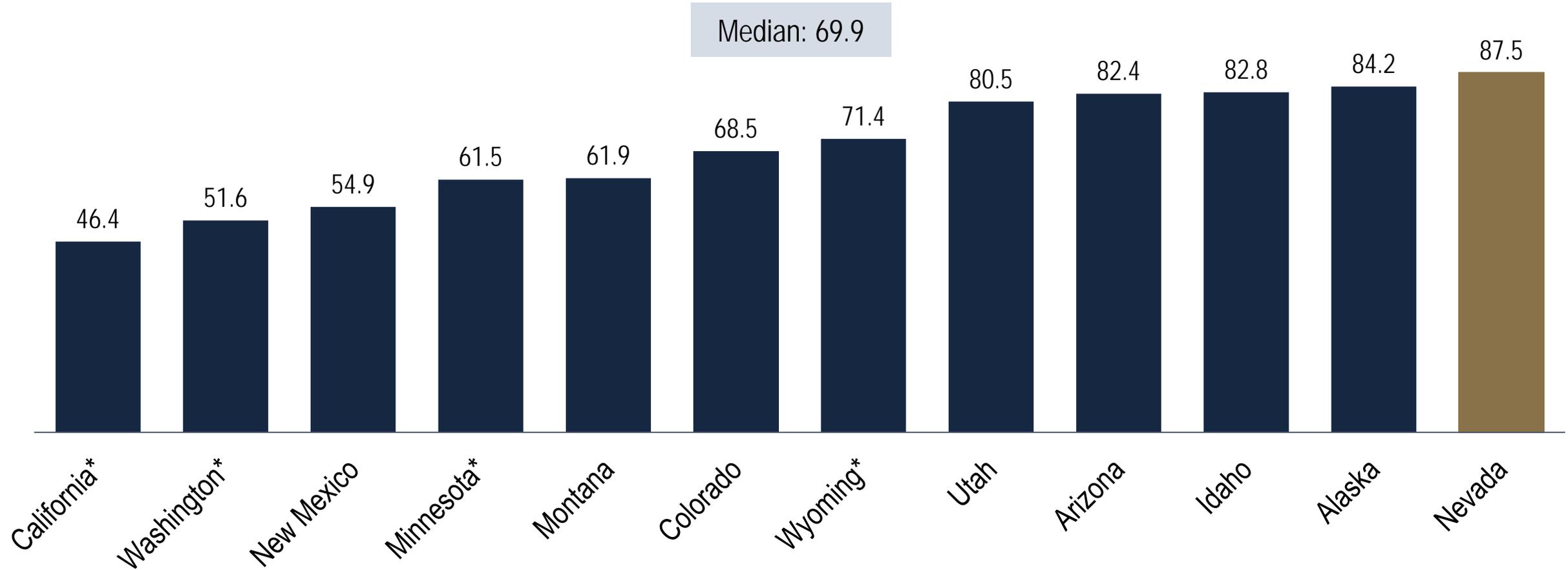
2019 Rank	Location	2018 Rank	2019 Score	Index Score
1	Western Australia	2	92.4	▲
2	Finland	17	92.0	▲
3	Nevada (us)	1	87.5	▼
4	Alaska (us)	5	84.1	▲
5	Portugal	46	83.9	▲

Canada Dropped Out of the Top Five Ranking After Holding a Spot for the Last 10 Years

Source: Fraser Institute Survey of Mining Companies (2019) and Applied Analysis

# Investment Attractiveness Index

## United States

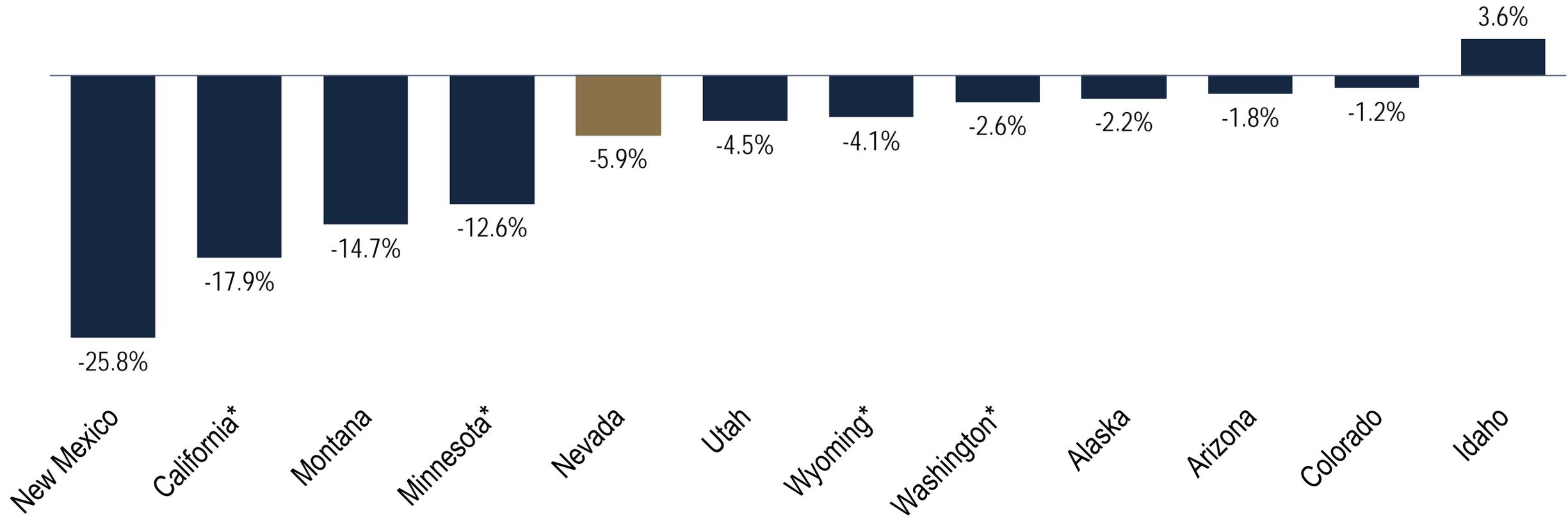


\* Between 5-9 survey respondents

Source: Fraser Institute Survey of Mining Companies (2019) and Applied Analysis

# Investment Attractiveness Index Growth

United States



\* Between 5-9 survey respondents

Source: Fraser Institute Survey of Mining Companies (2019) and Applied Analysis

# Global At-Risk Mining Projects

**275**

MINES WORLDWIDE

**\$8.8 B**

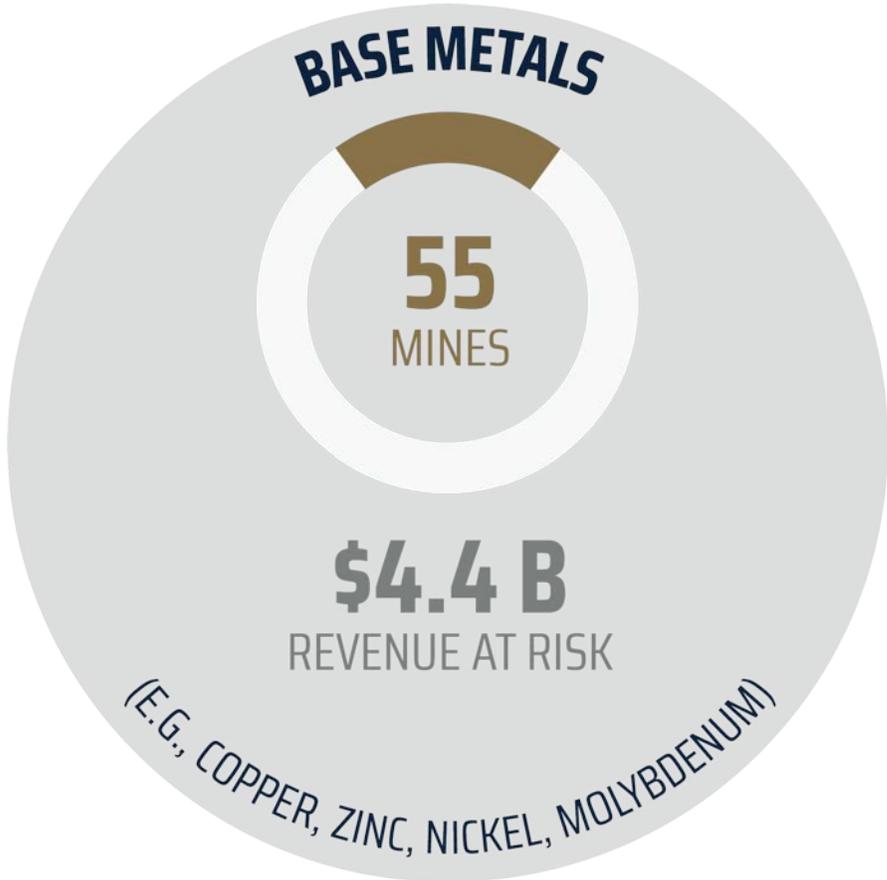
TOTAL REVENUE AT RISK

Source: S&P Global

# Global At-Risk Mining Projects

**275** MINES WORLDWIDE

**\$8.8 B** TOTAL REVENUE AT RISK



Source: S&P Global

TOTAL PROJECTS  
AT RISK  
**275**

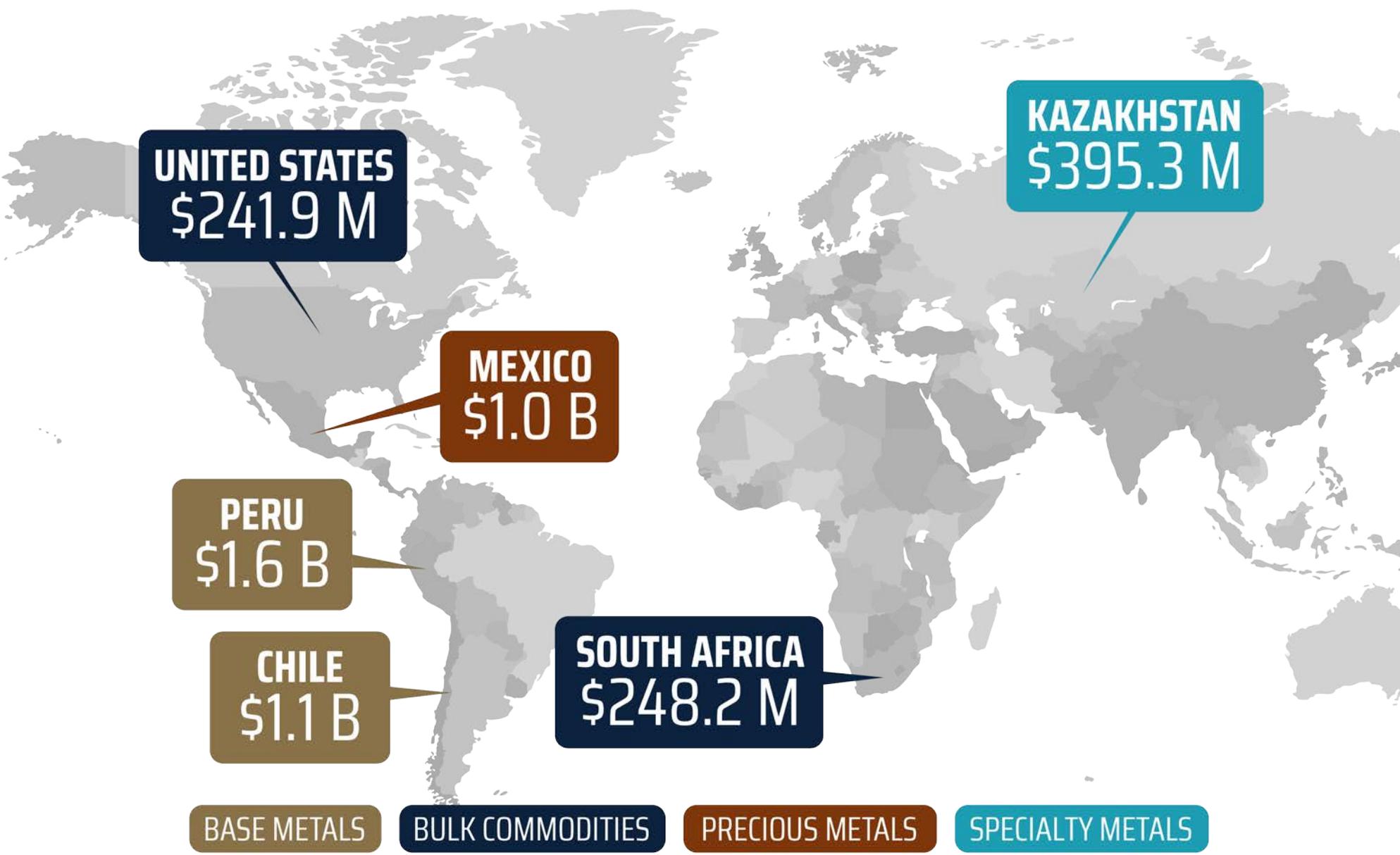
TOTAL COUNTRIES  
WITH PROJECTS AT RISK  
**36**

TOTAL REVENUE  
AT RISK  
**\$8.8 B**

HIGHEST REVENUE  
AT RISK COUNTRY  
**PERU**

NUMBER OF MINES  
THAT HAVE REOPENED  
TO SOME DEGREE  
**239**

*Source: S&P Global*



TOTAL PROJECTS AT RISK  
**275**

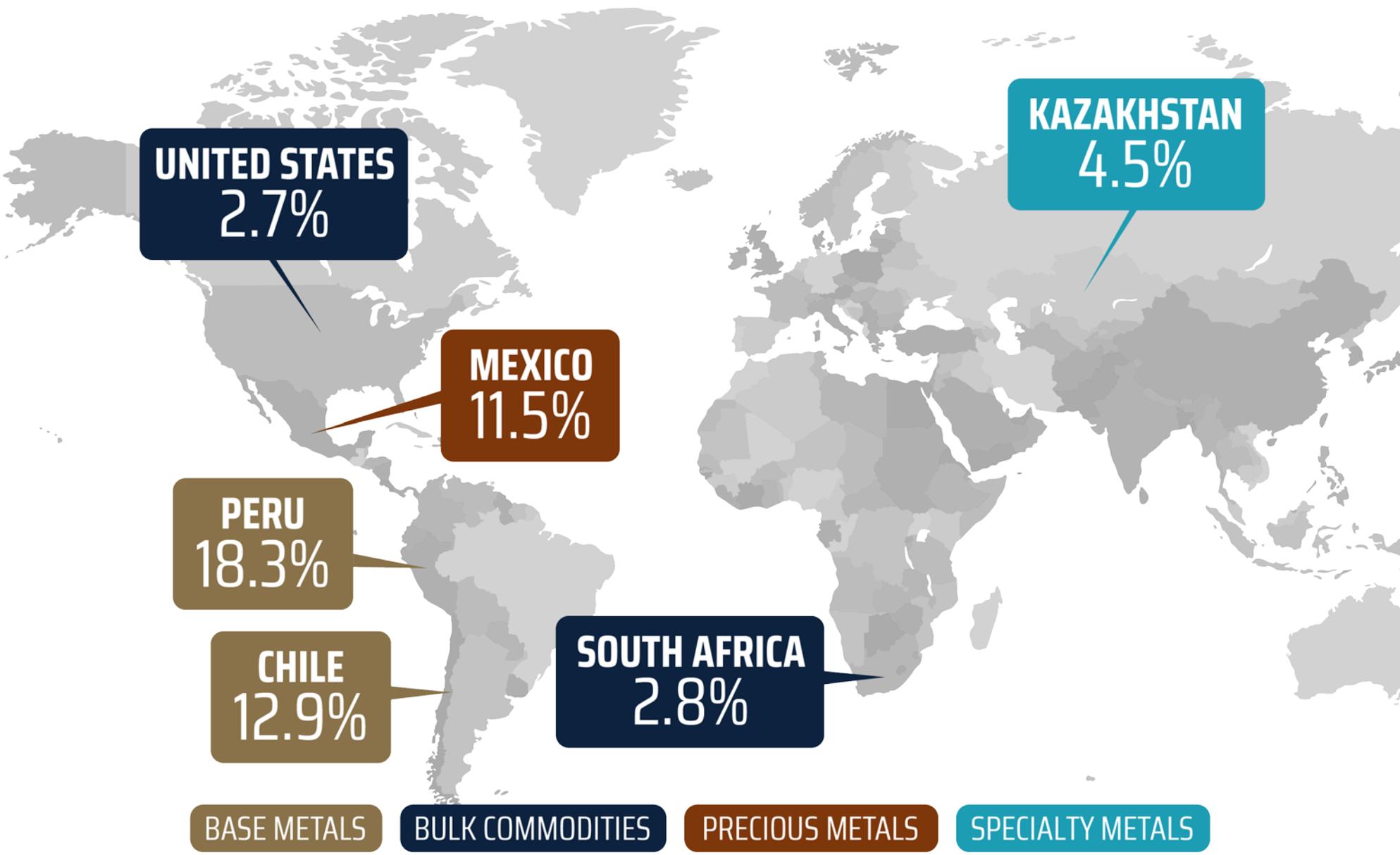
TOTAL COUNTRIES WITH PROJECTS AT RISK  
**36**

TOTAL REVENUE AT RISK  
**\$8.8 B**

HIGHEST REVENUE AT RISK COUNTRY  
**PERU**

NUMBER OF MINES THAT HAVE REOPENED TO SOME DEGREE  
**239**

Source: S&P Global



TOTAL PROJECTS AT RISK  
**275**

TOTAL COUNTRIES WITH PROJECTS AT RISK  
**36**

TOTAL REVENUE AT RISK  
**\$8.8 B**

HIGHEST REVENUE AT RISK COUNTRY  
**PERU**

NUMBER OF MINES THAT HAVE REOPENED TO SOME DEGREE  
**239**

Source: S&P Global

# U.S. At-Risk Mining Projects

**42** U.S. MINES

**\$402.8 M** U.S. REVENUE AT RISK

Source: S&P Global

# U.S. At-Risk Mining Projects

**42** U.S. MINES

**\$402.8 M** U.S. REVENUE AT RISK

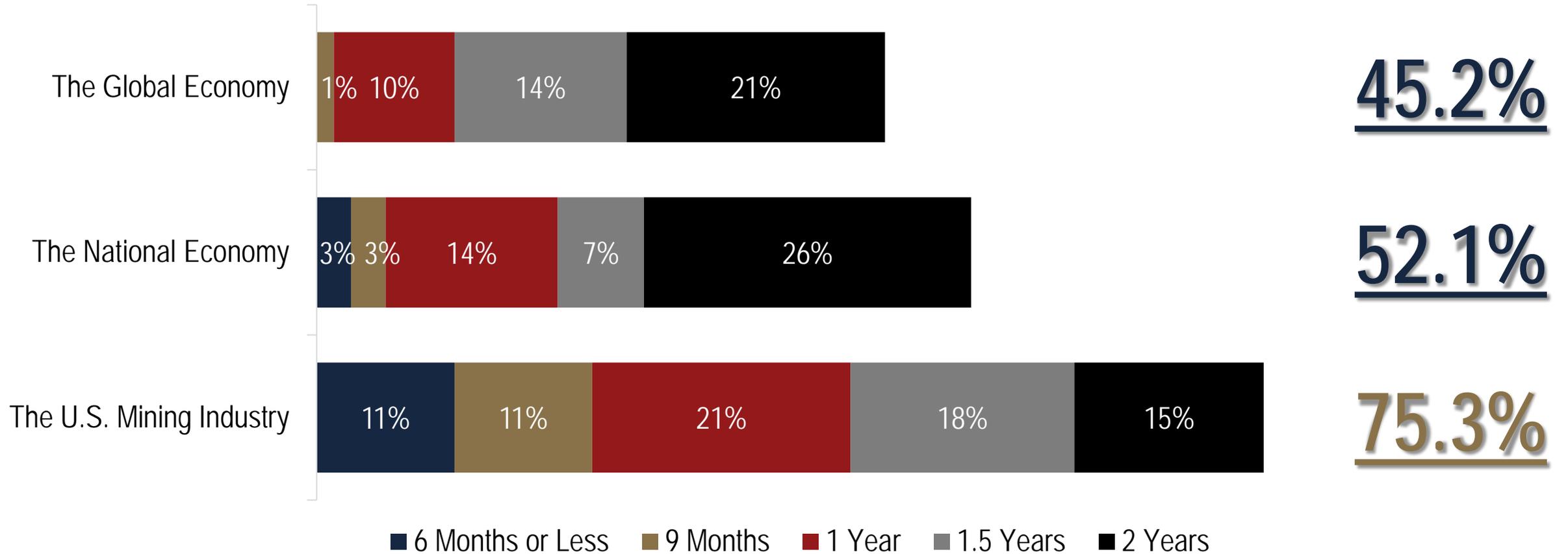


Source: S&P Global



# Expected Recovery From the Coronavirus Pandemic

## Full Recovery

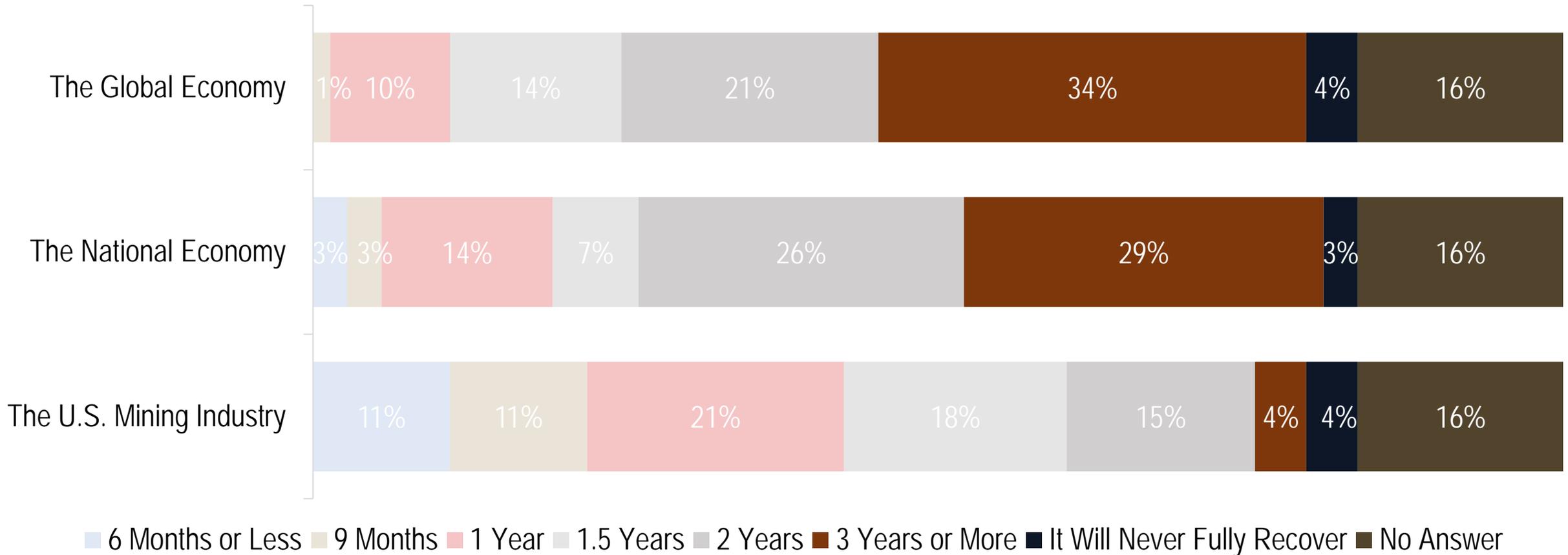


Source: NVMA 2020 Survey



# Expected Recovery From the Coronavirus Pandemic

## Full Recovery



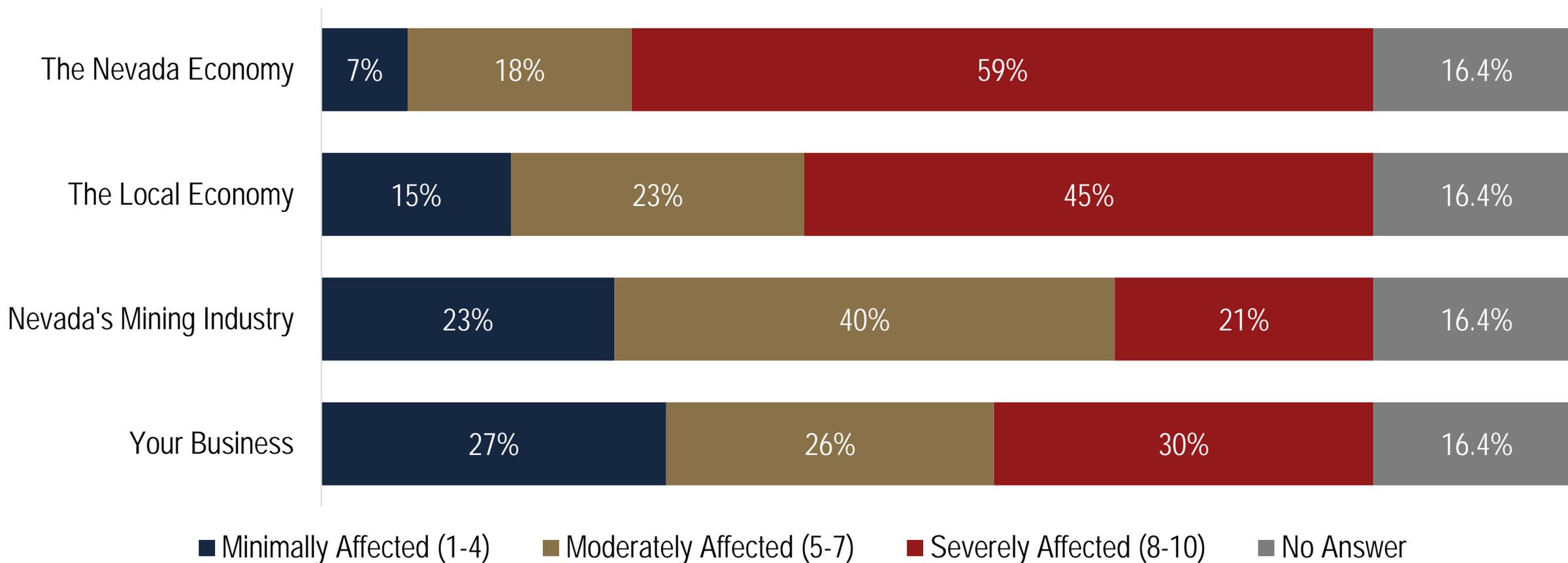
Source: NVMA 2020 Survey

# NEVADA IMPACTS OF COVID-19



# Effect of the Coronavirus Pandemic

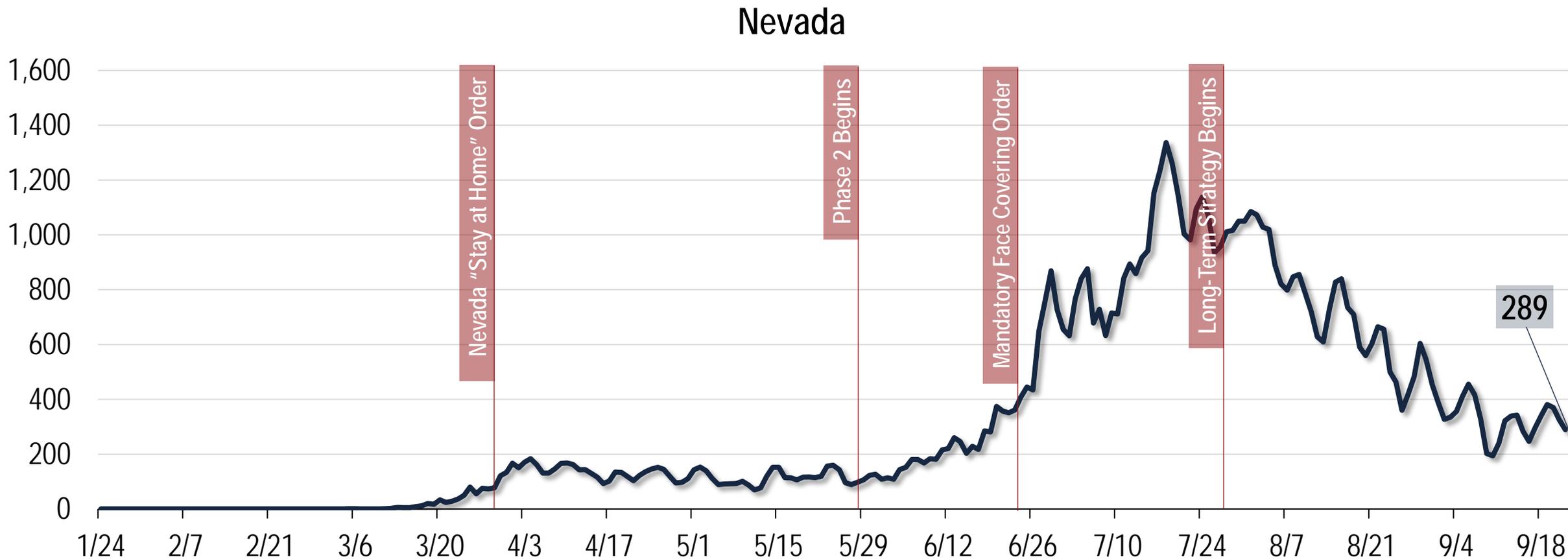
Nevada | 2020



Source: NVMA 2020 Survey

# New Daily COVID-19 Cases in Nevada

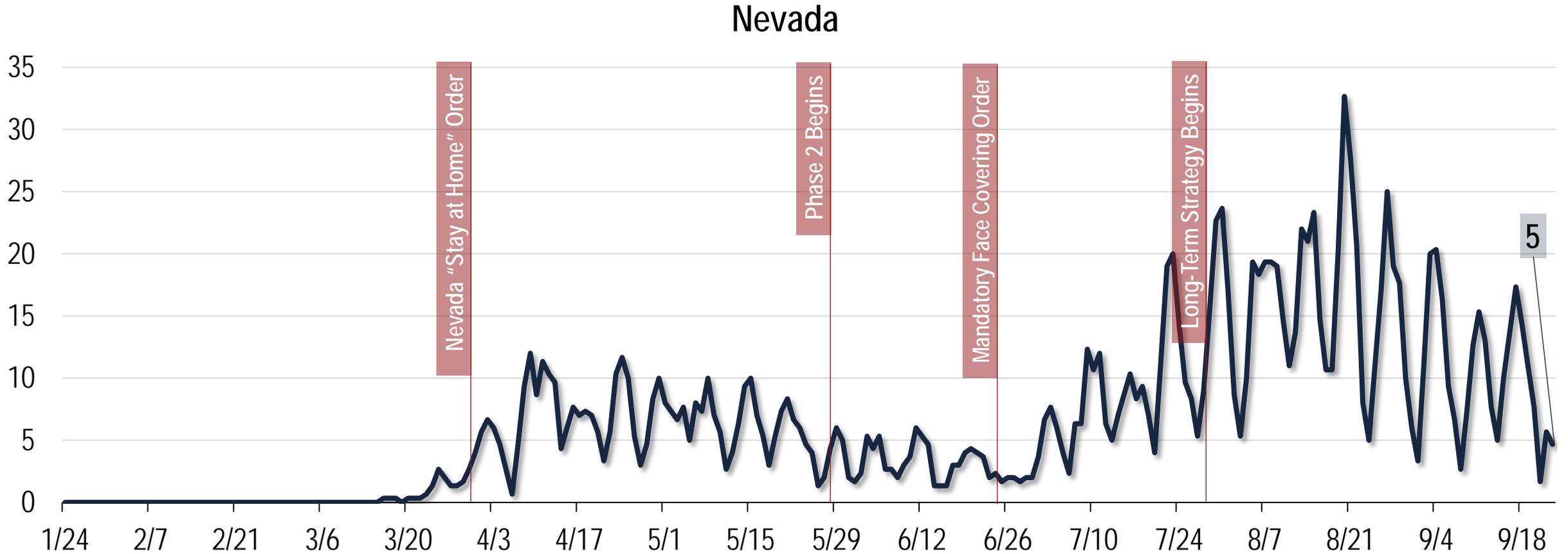
## 3-Day Rolling Average



Source: The Nevada Independent

# Daily COVID-19 Deaths in Nevada

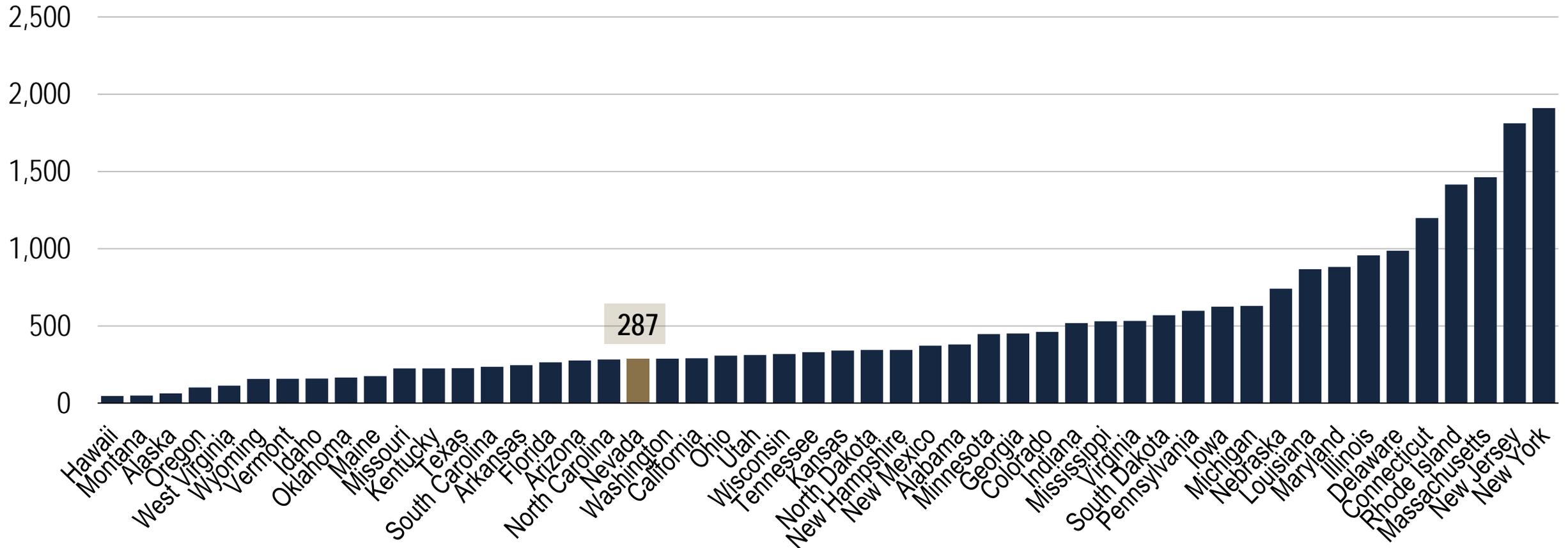
## 3-Day Rolling Average



Source: The Nevada Independent

# Confirmed COVID-19 Cases per 100,000 Residents

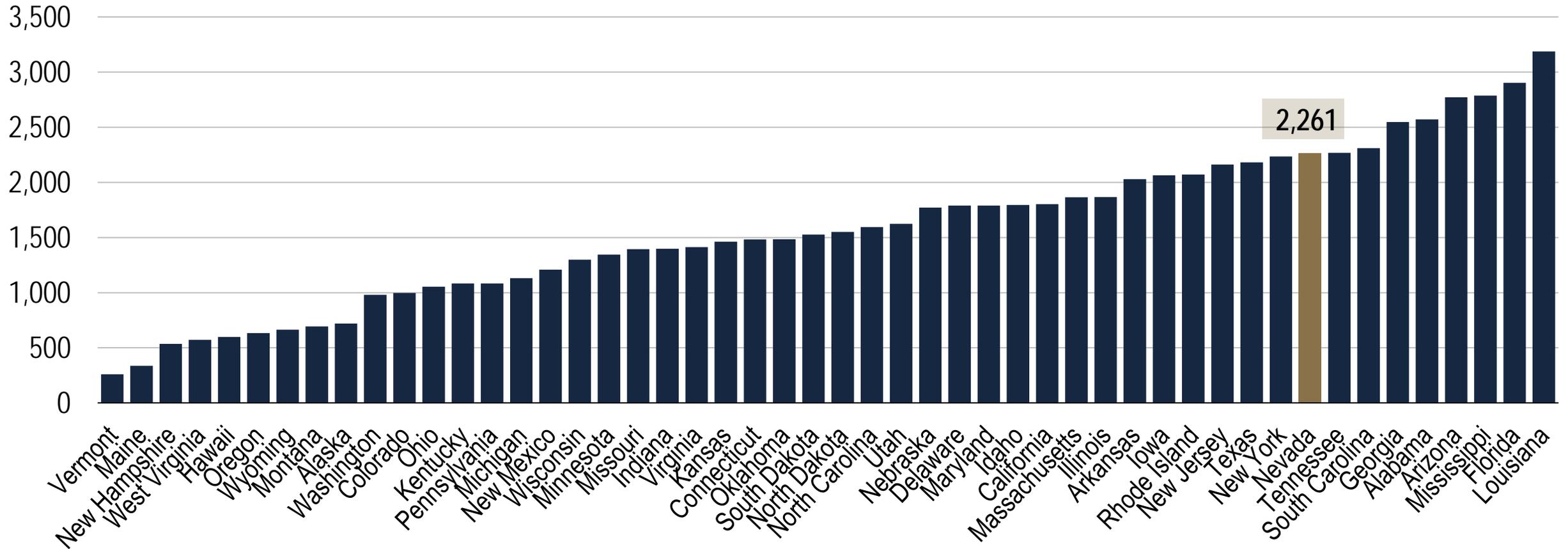
By State | June 1



Source: John Hopkins University; Nevada Department of Health and Human Services, U.S. Census Bureau

# Confirmed COVID-19 Cases per 100,000 Residents

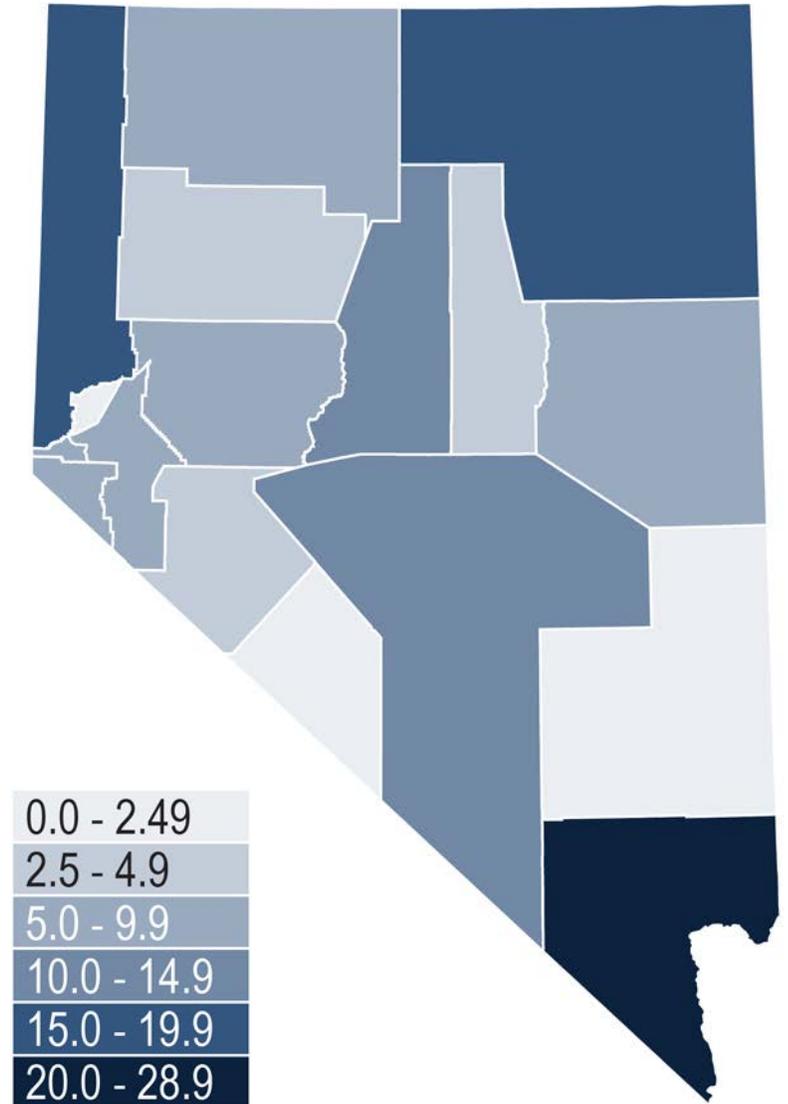
By State | September 1



Source: John Hopkins University; Nevada Department of Health and Human Services, U.S. Census Bureau

# Total COVID-19 Cases

Per 1,000 Population by County | September 22

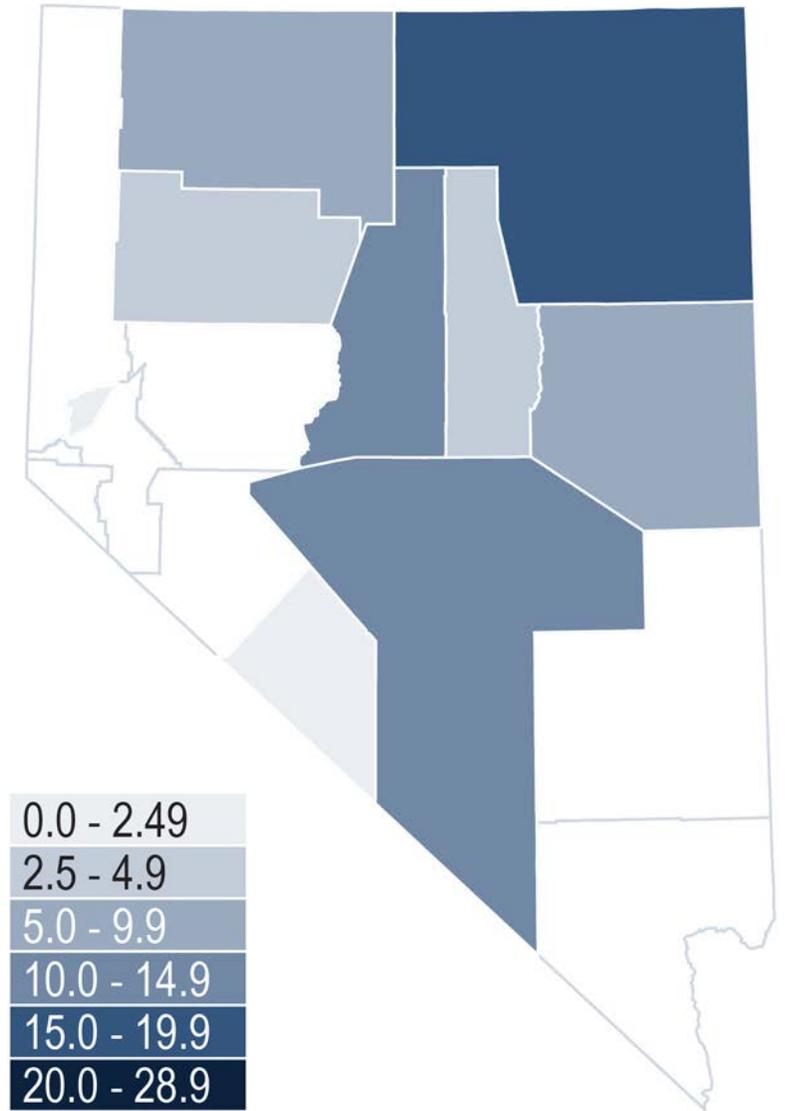


Source: *The Nevada Independent; Applied Analysis*

# Total COVID-19 Cases

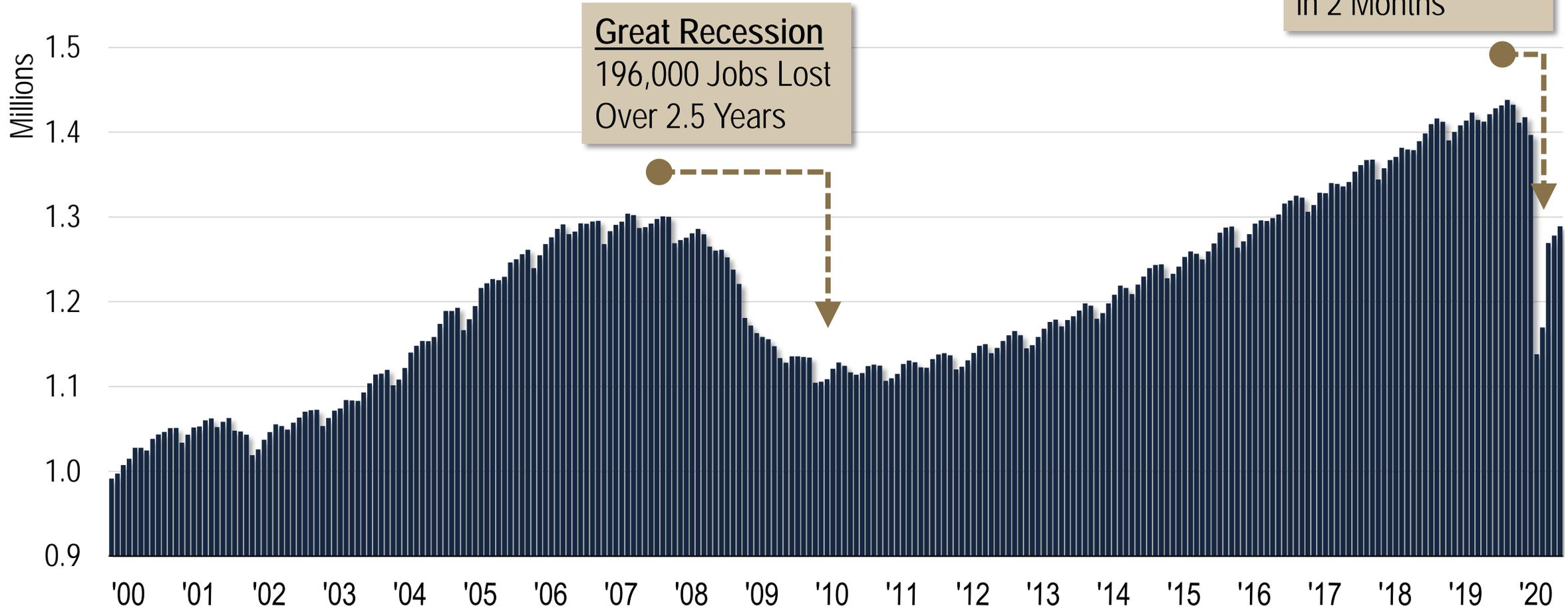
Per 1,000 Population by County | September 22

COVID CASES PER 1,000 PEOPLE



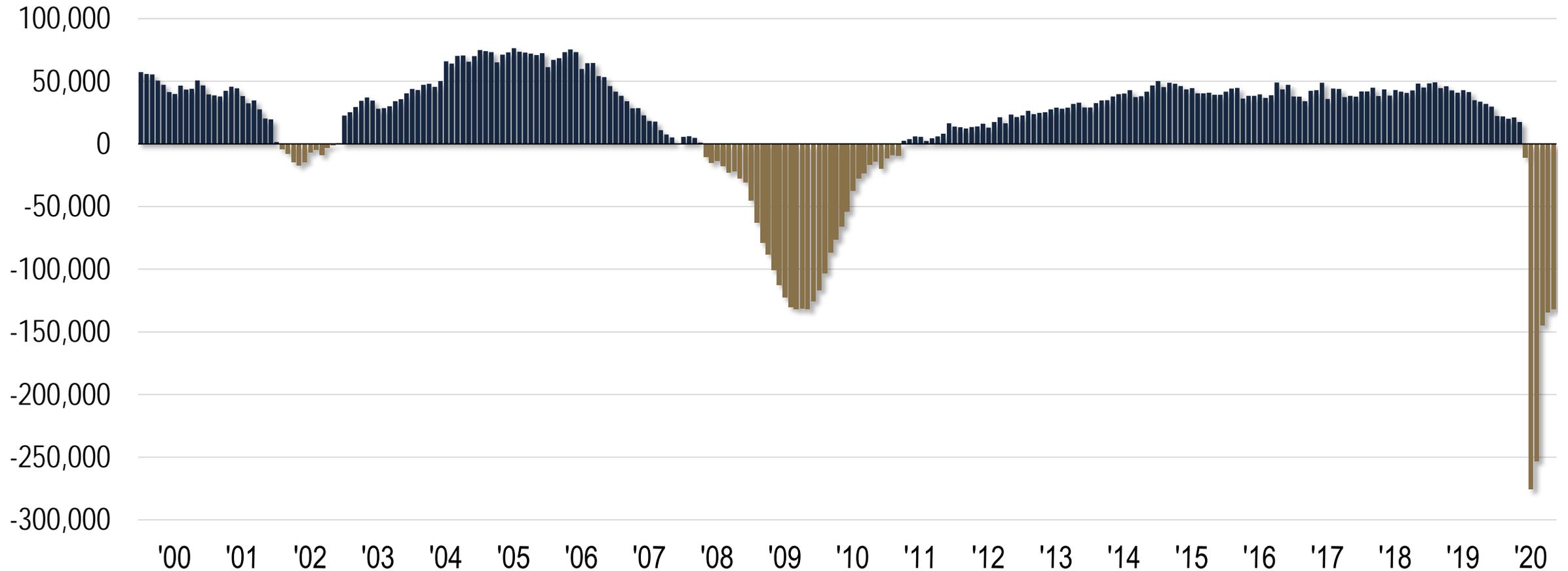
Source: The Nevada Independent; Applied Analysis

# Nevada Employment



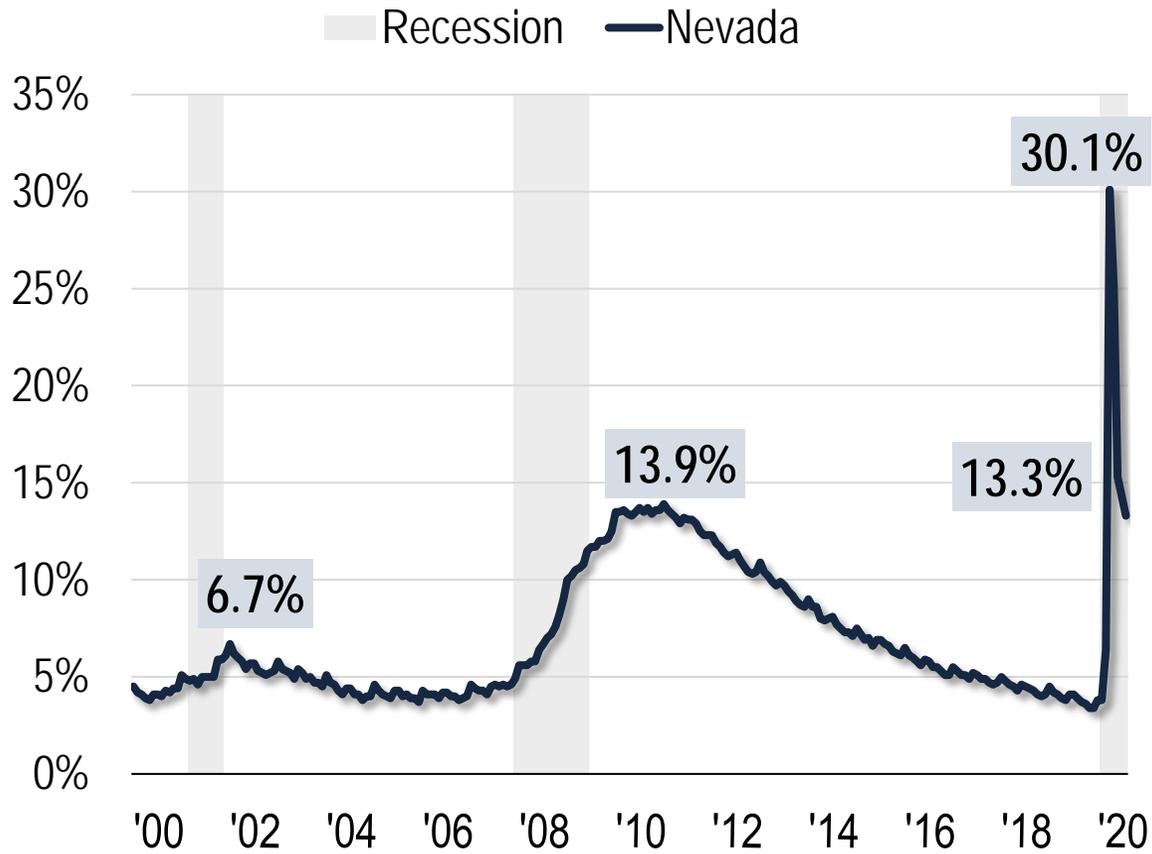
Source: U.S. Bureau of Labor Statistics

# Nevada Employment

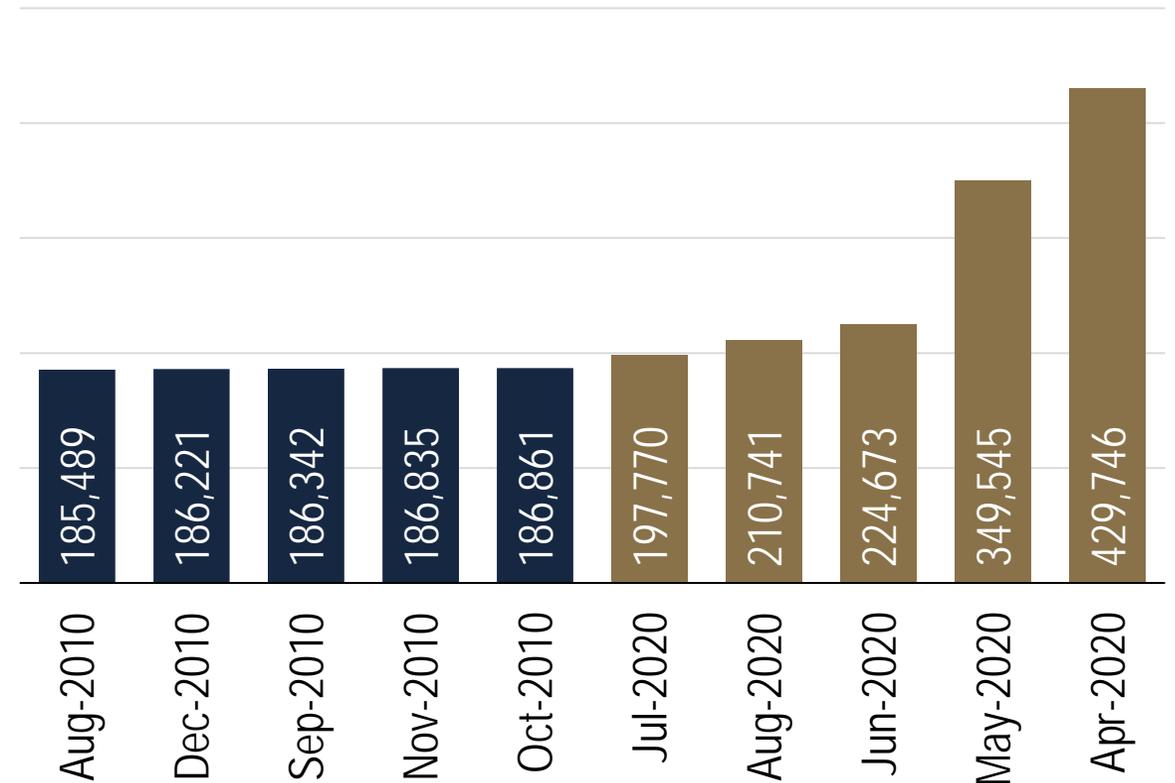


Source: U.S. Bureau of Labor Statistics

# Nevada Unemployment Rate Has Dropped, But the State Has More Unemployed Workers Than During Any Prior Recession



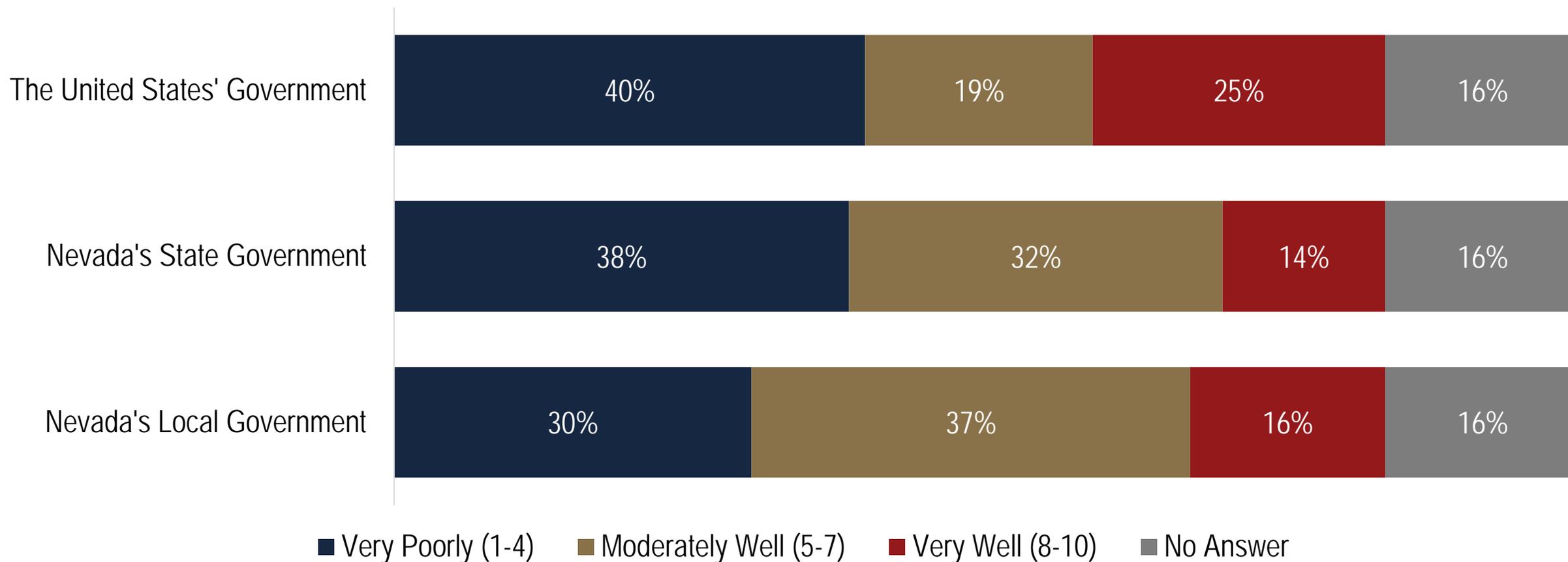
10 Highest Unemployment Months in Nevada History



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



# Response to the Coronavirus Pandemic



Source: NVMA 2020 Survey

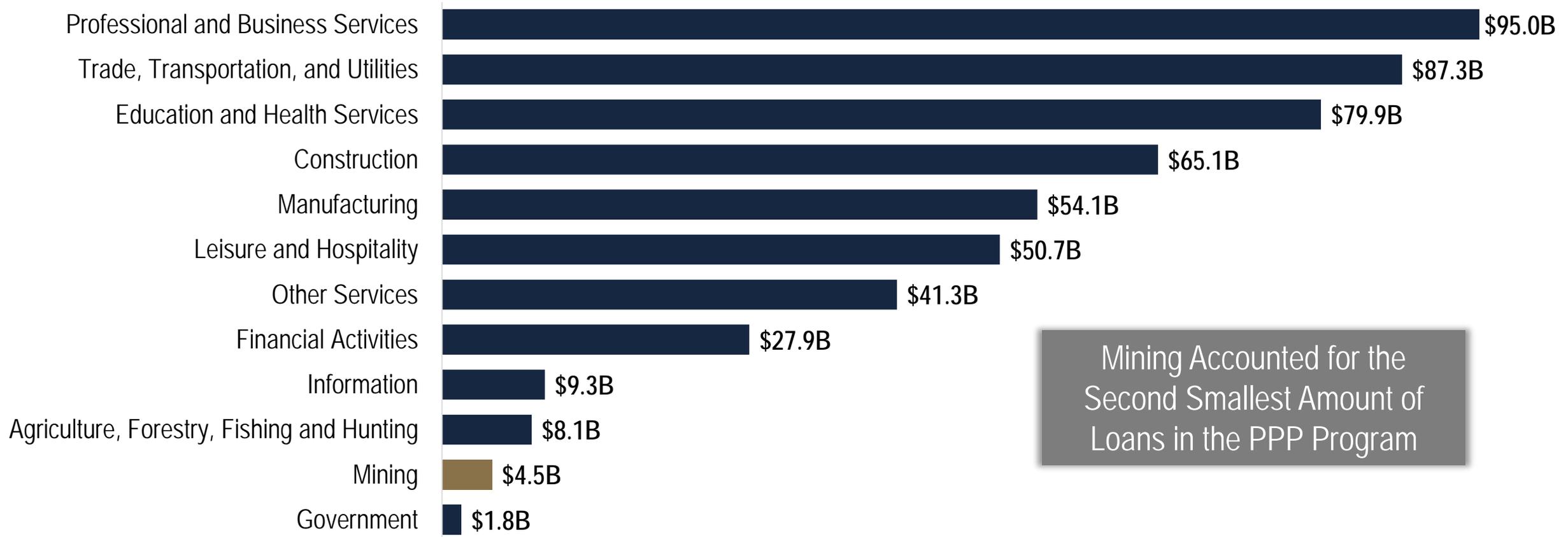


# CARES Act

Coronavirus Aid,  
Relief, and Economic  
Security Act

# Paycheck Protection Program (PPP) Loans by Sector

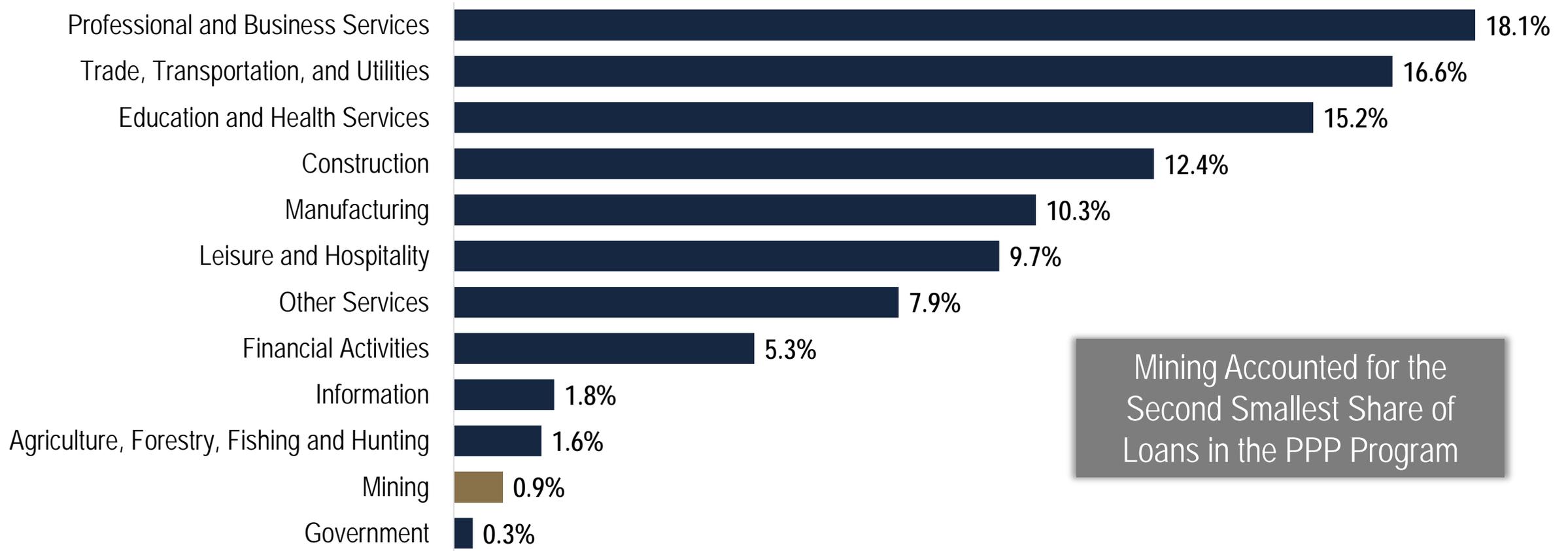
## National | August 8



Source: Small Business Administration; Applied Analysis

# Paycheck Protection Program (PPP) Loan Share by Sector

## National | August 8



Source: Small Business Administration; Applied Analysis

# Estimated CARES Act Aid Funding Allocation

Nevada | September 18

Name	Estimated Funding	Expiration
Paycheck Protection Program (PPP) <i>(2.5x monthly average)</i>	\$4.2 Billion	August 8, 2020
Emergency Increase in Unemployment Compensation (\$600 per Week)	\$3.8 Billion	July 31, 2020
2020 Recovery Rebates for Individuals (\$1,200 per Adult; \$500 per Child)	\$2.6 Billion	May 2020
Coronavirus Relief Fund (State and Local Governments)	\$1.3 Billion	December 30, 2020
Public Health and Social Services Emergency Fund	\$1.1 Billion	September 30, 2024
Subsidy for Certain Loan Payments	\$824.5 Million	September 30, 2021
Pandemic Unemployment Assistance	\$642.4 Million	December 31, 2020
Expansion of the Medicare Hospital Accelerated Payment Program	\$617.1 Million	April 26, 2020
<u>Other</u>	<u>\$3.3 Billion</u>	Varies
<b>TOTAL</b>	<b>±\$18.4 Billion</b>	

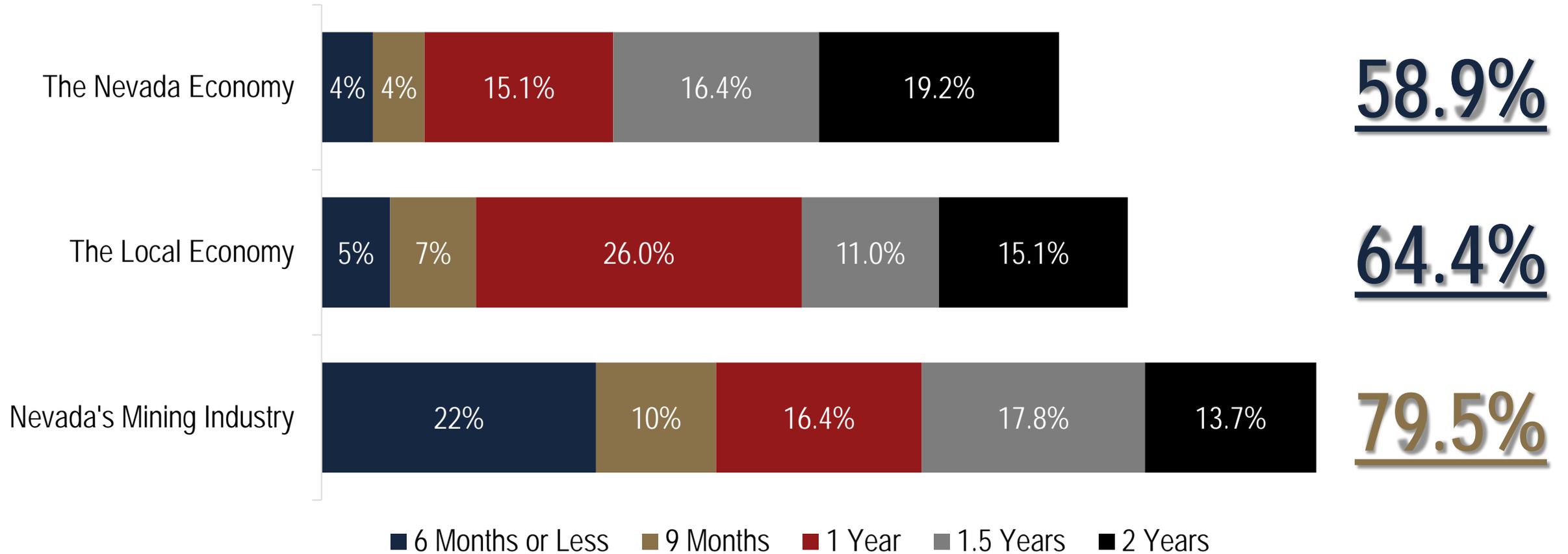
Note: Preliminary estimates and potentially conservative.

Source: Applied Analysis



# Expected Recovery From the Coronavirus Pandemic

## Full Recovery

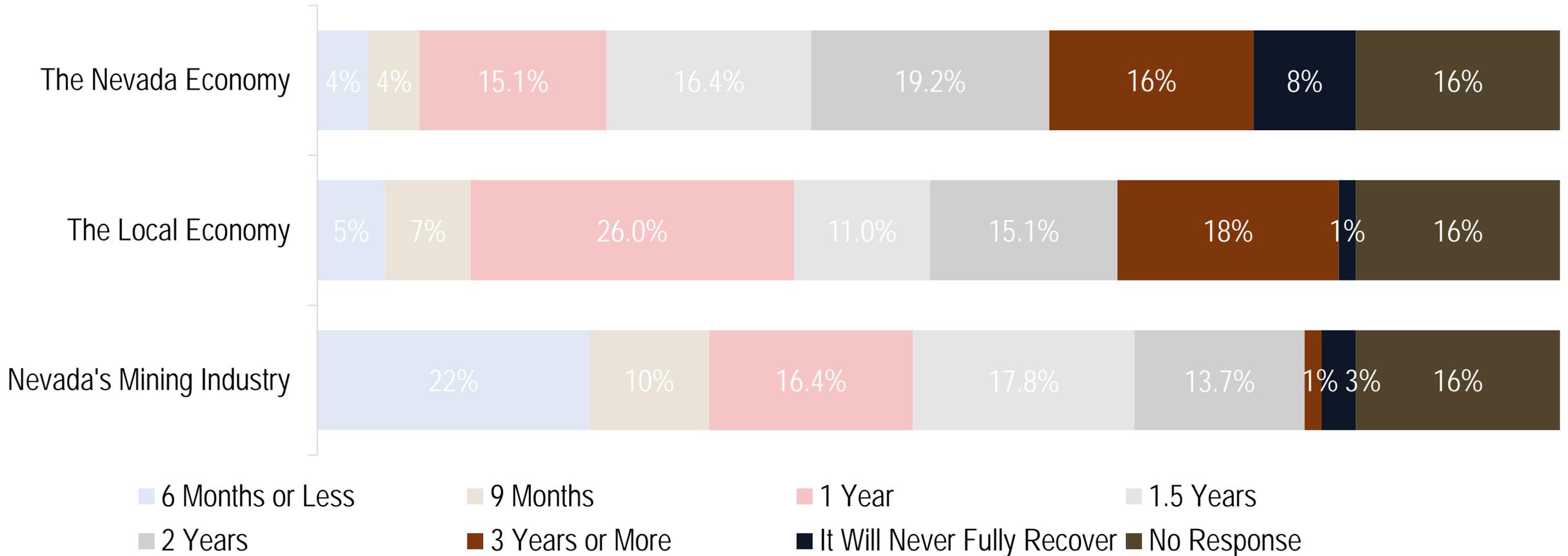


Source: NVMA 2020 Survey



# Expected Recovery From the Coronavirus Pandemic

## Full Recovery

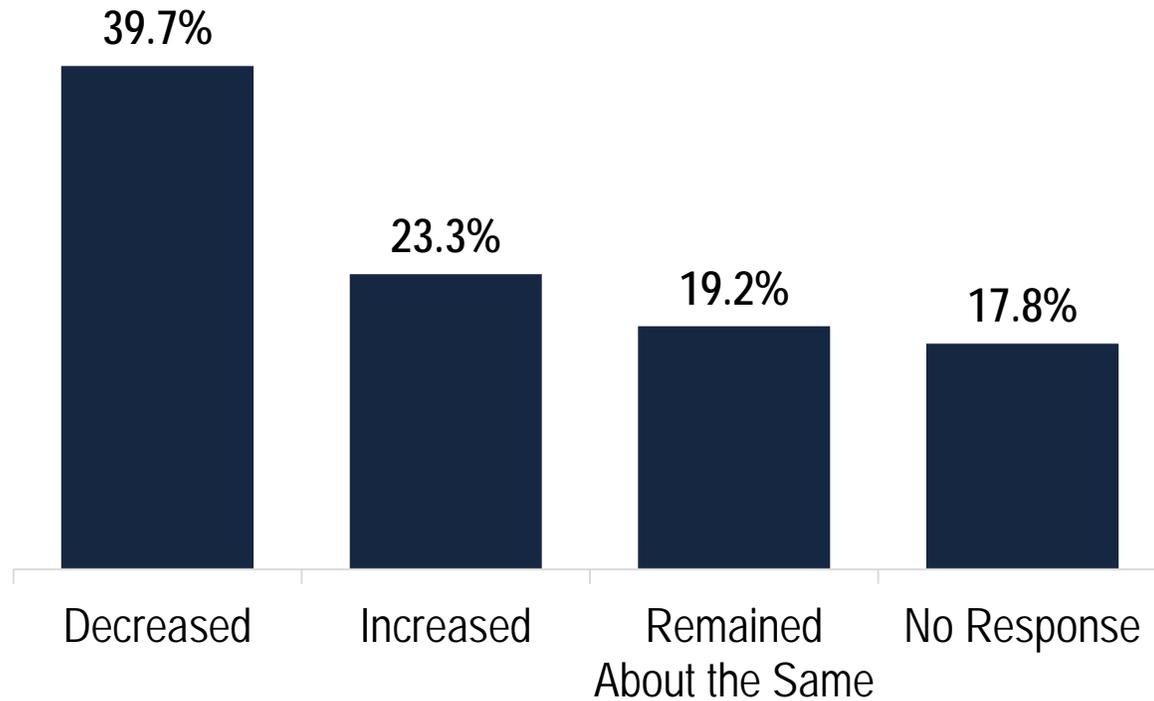


Source: NVMA 2020 Survey

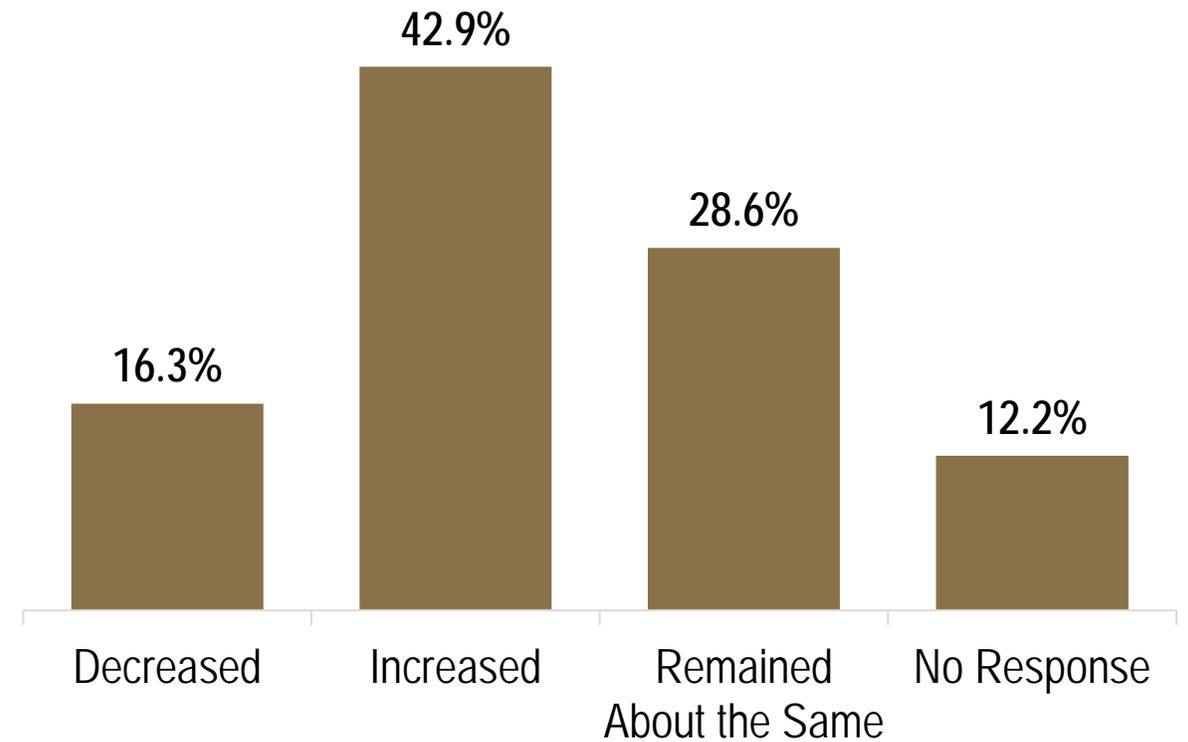
# Business Revenue

Pre- and Post- COVID-19

2020 Annual Survey Past 12 Months



2019 Annual Survey Past 12 Months

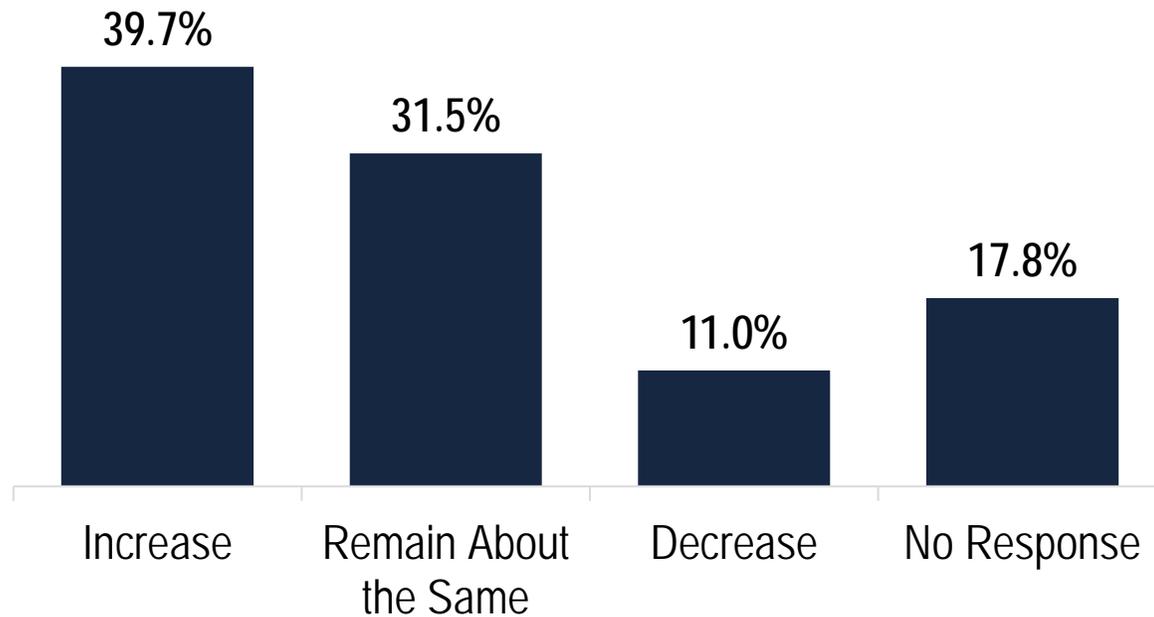


Source: NvMA 2019 and 2020 Survey

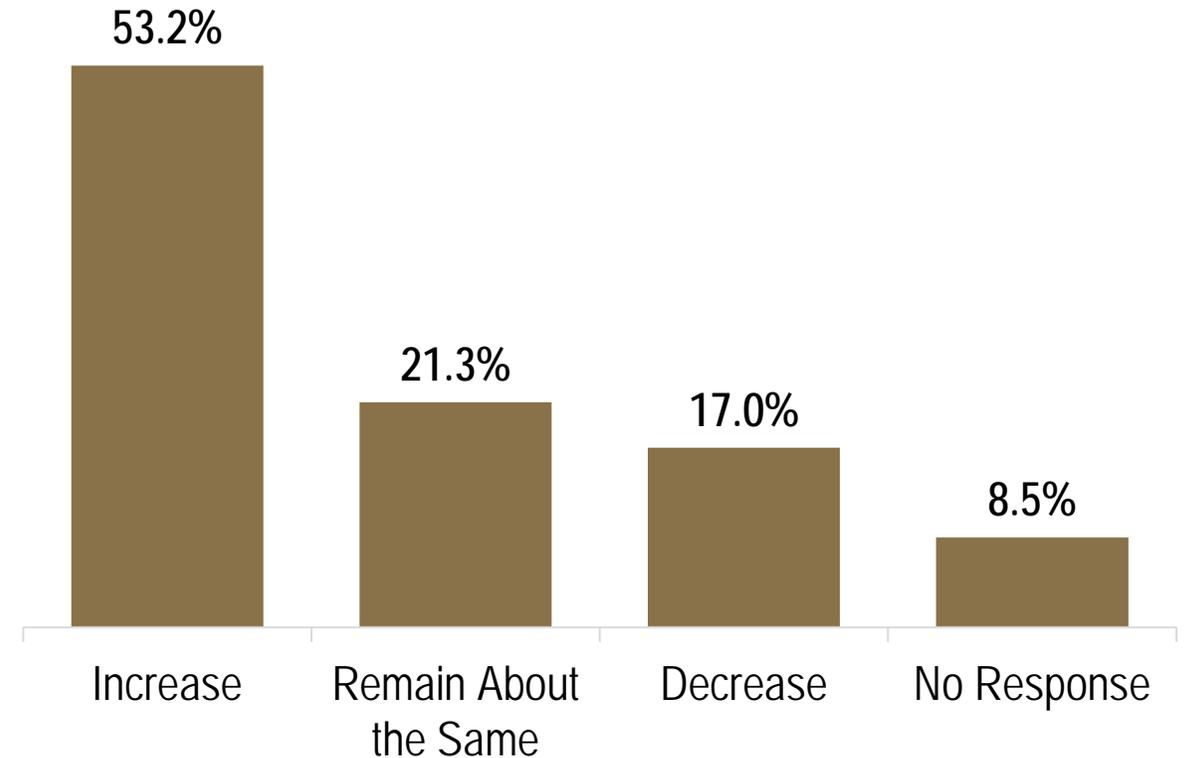
# Business Revenue

Pre- and Post- COVID-19

2020 Annual Survey Next 12 Months



2019 Annual Survey Next 12 Months

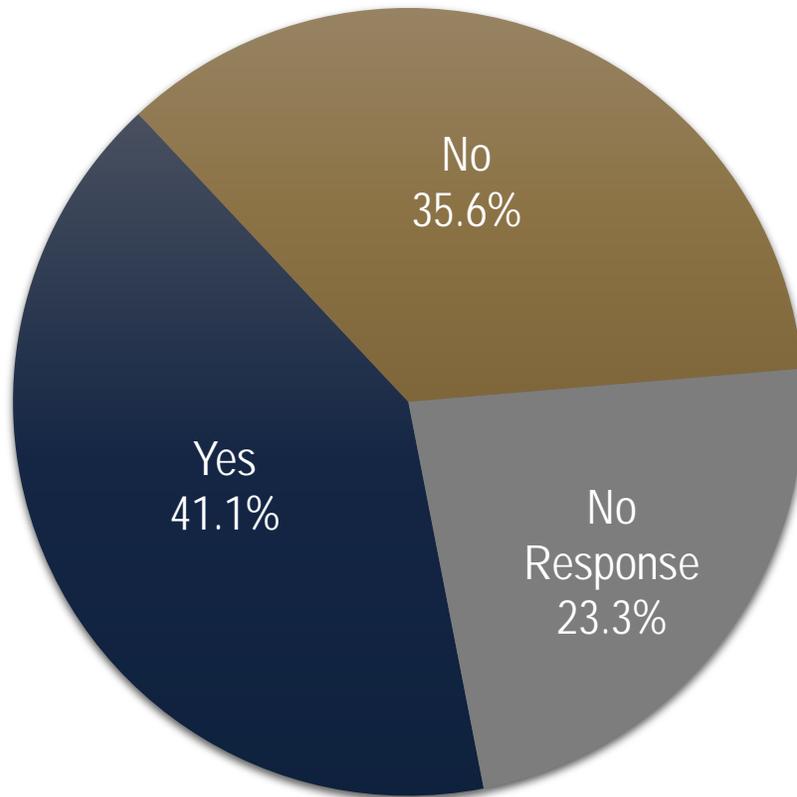


Source: NvMA 2019 and 2020 Survey

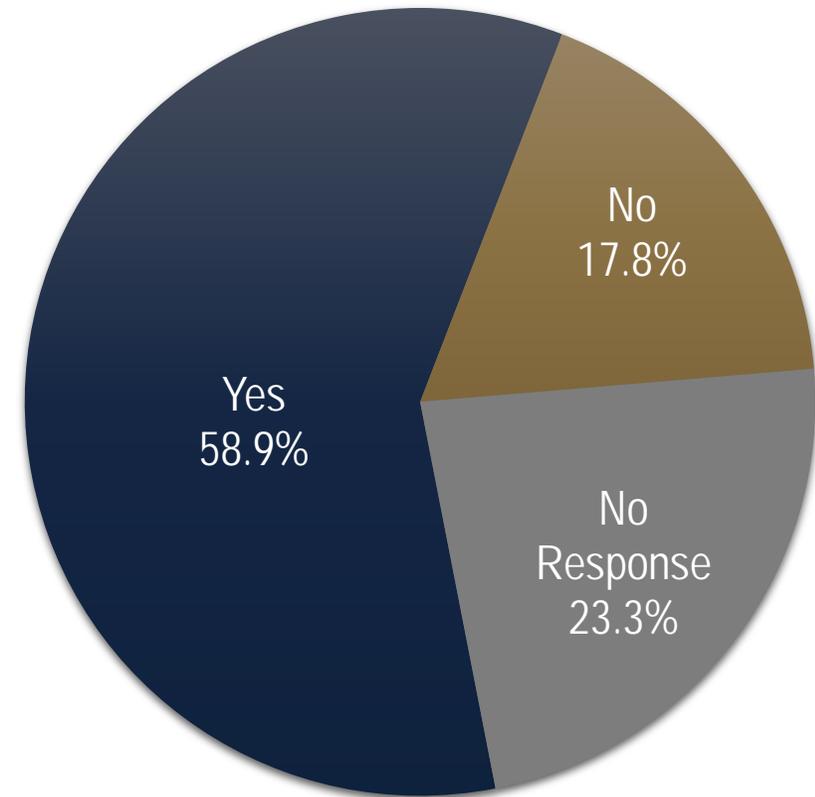


# Changes in Business Operations

## Changes In Trades or Purchases



## Changes In New Projects



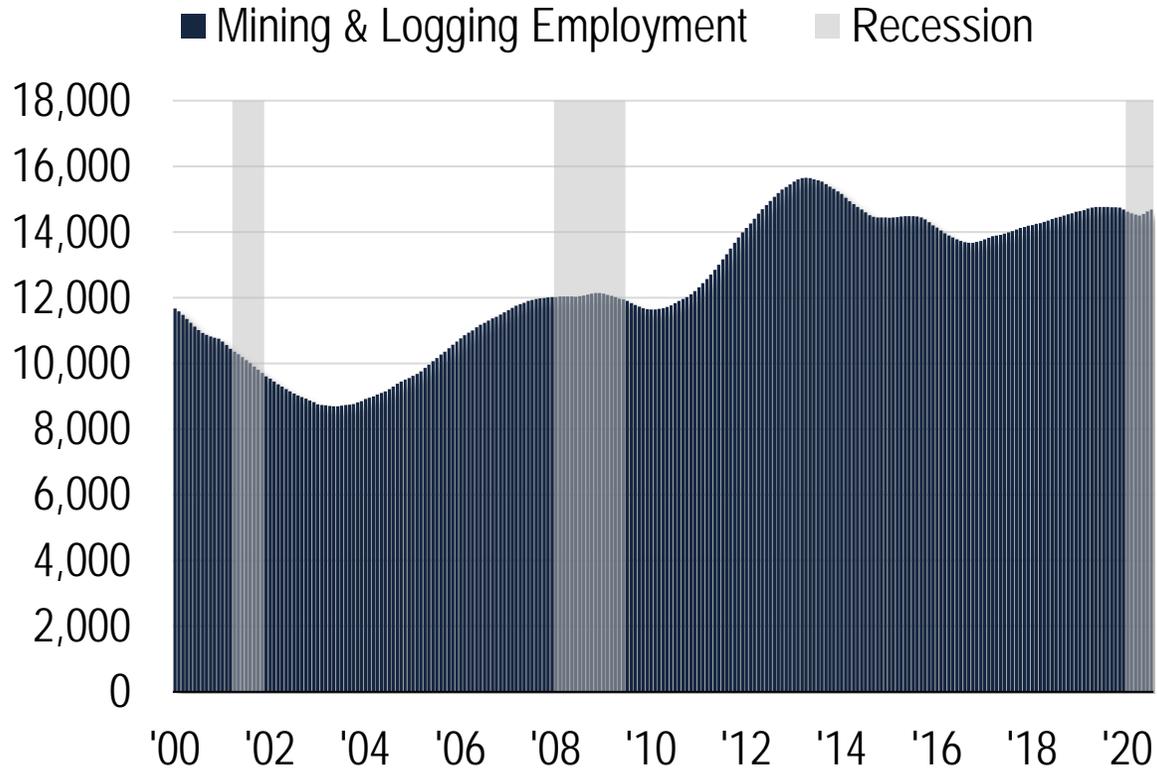
Source: NVMA 2020 Survey

# OVERALL MINING IMPACTS IN NEVADA

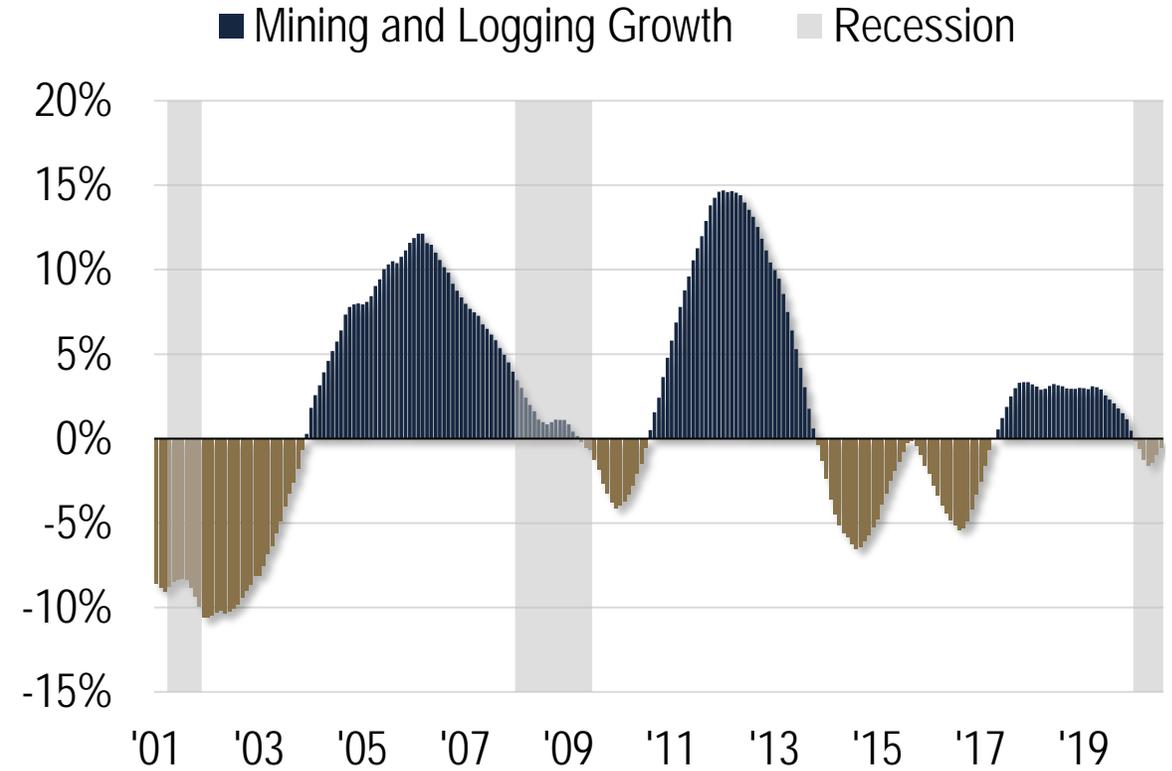
# Mining and Logging Employment

## Nevada Trailing 12-Month Average

### Historical Trend



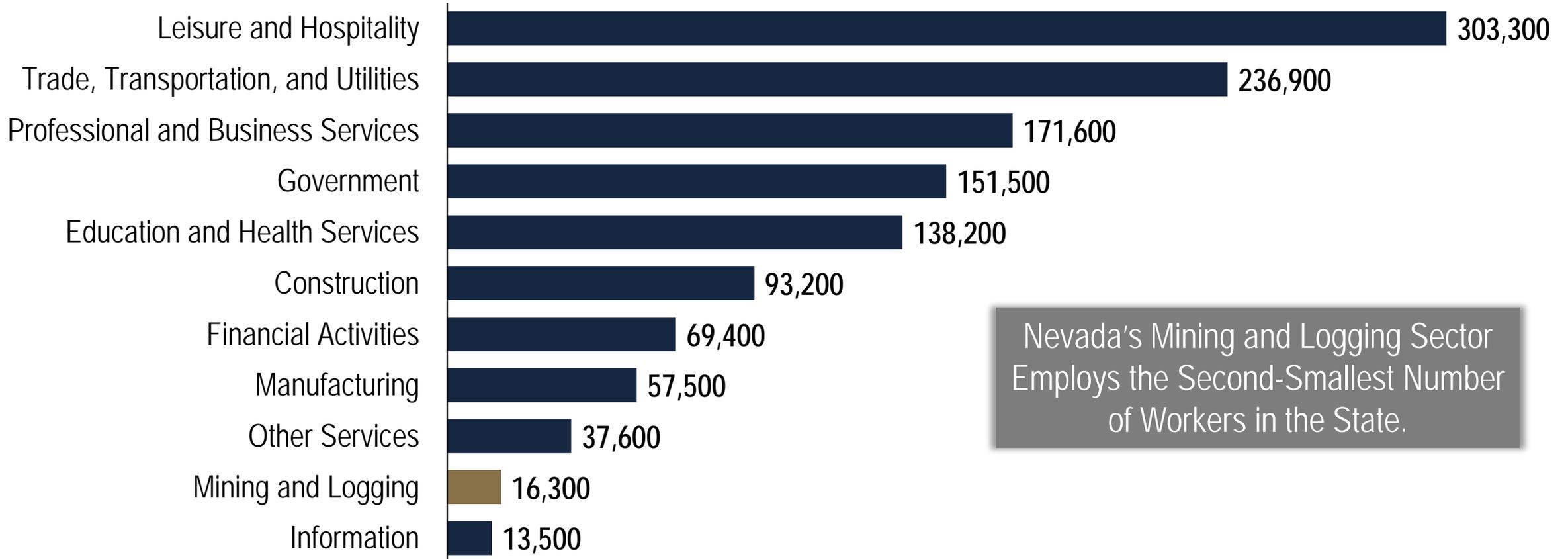
### Year-Over-Year Growth



Source: US Bureau of Labor Statistics

# Employment by Sector

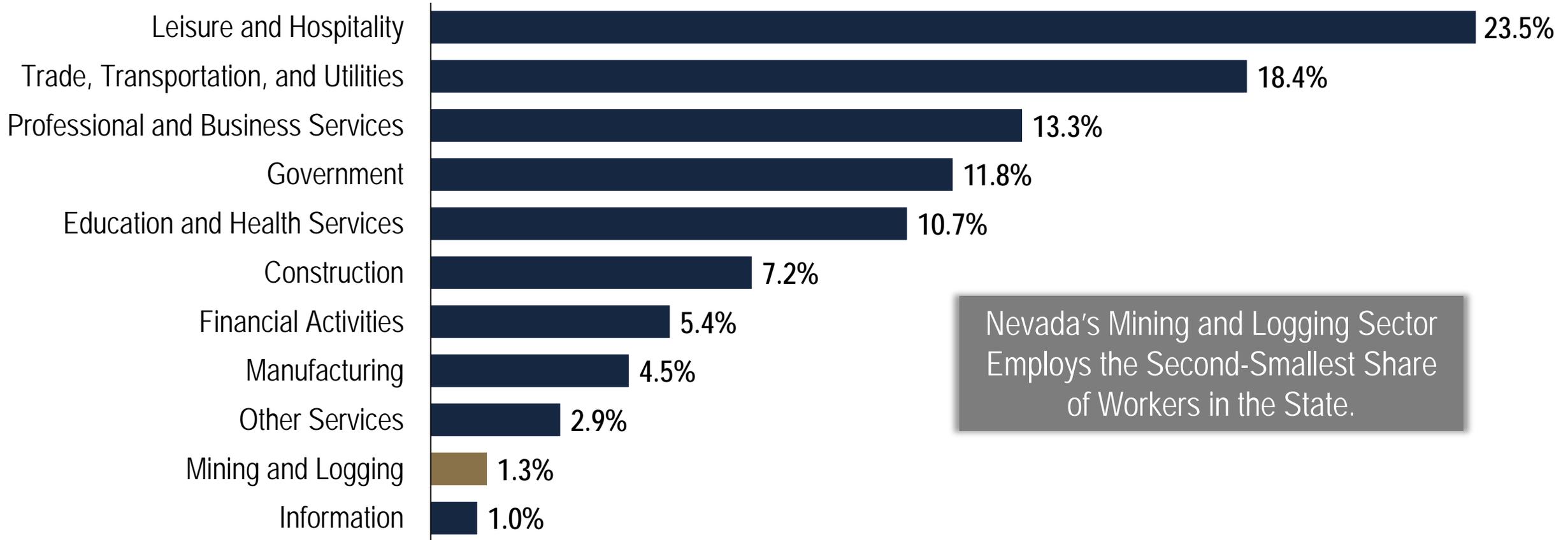
Nevada | August 2020



Source: US Bureau of Labor Statistics

# Employment Share by Sector

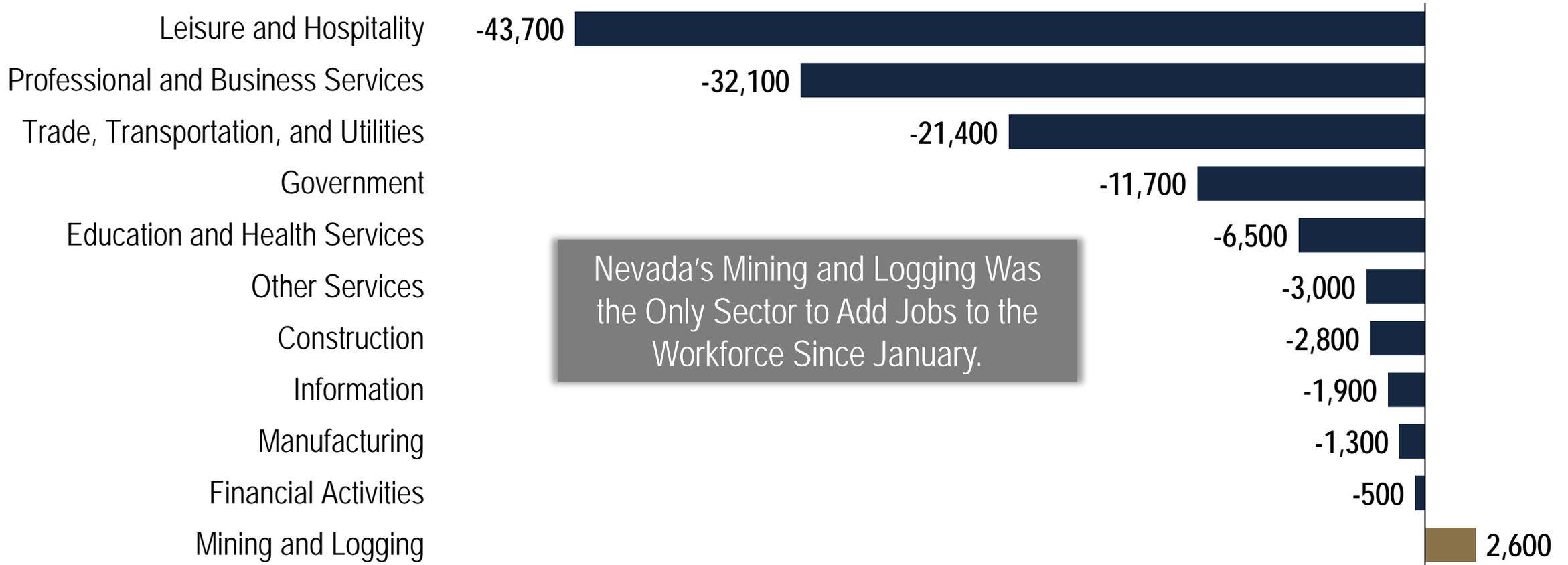
Nevada | August 2020



Source: US Bureau of Labor Statistics

# Employment Change by Sector

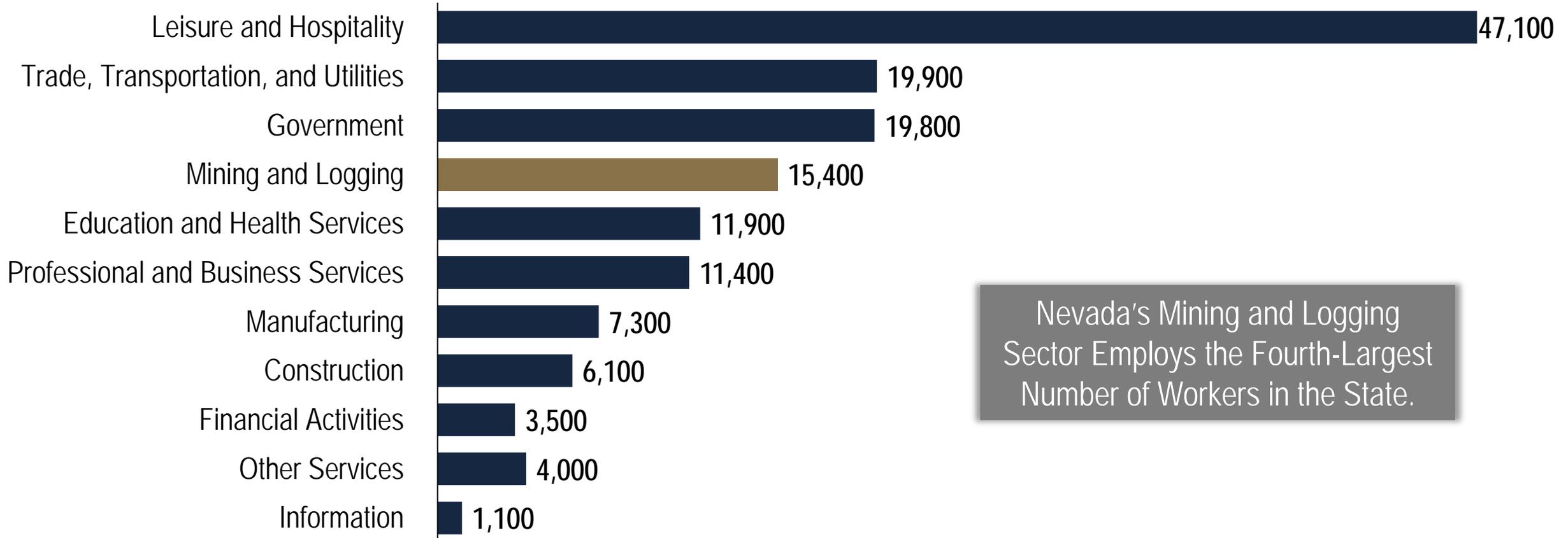
Nevada | January 2020 to August 2020



Source: US Bureau of Labor Statistics

# Employment by Sector

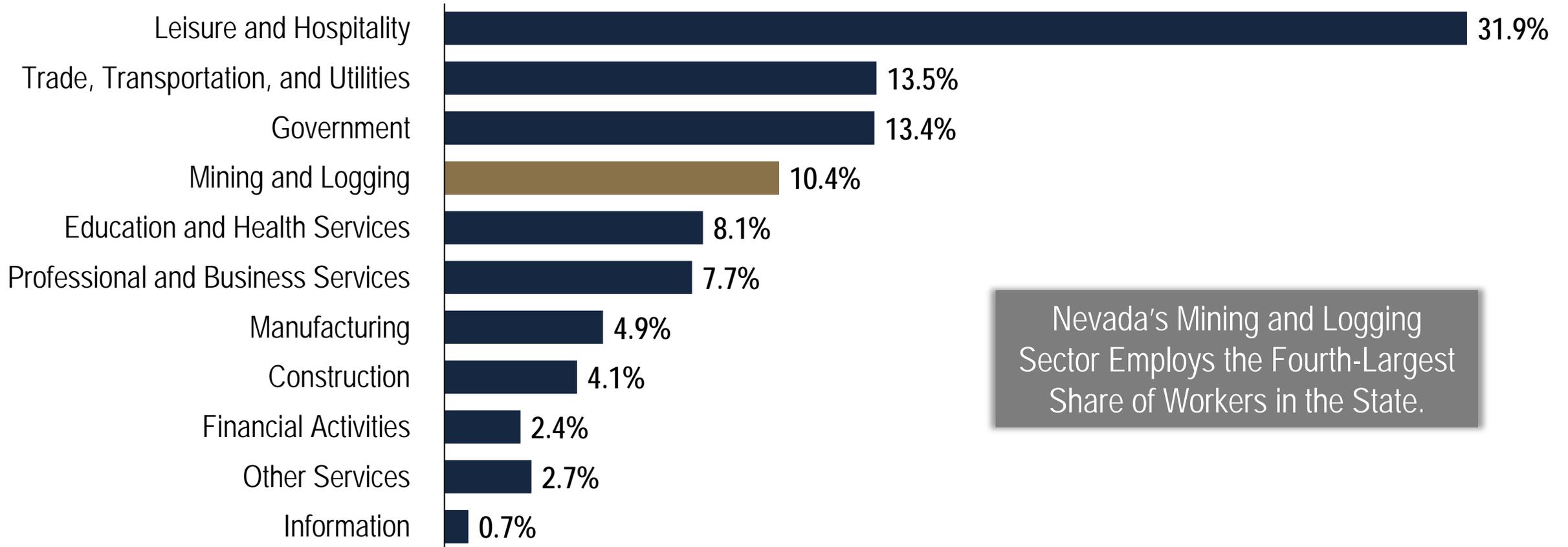
Balance of Nevada [Excluding Clark + Washoe County] | August 2020



Source: US Bureau of Labor Statistics

# Employment Share by Sector

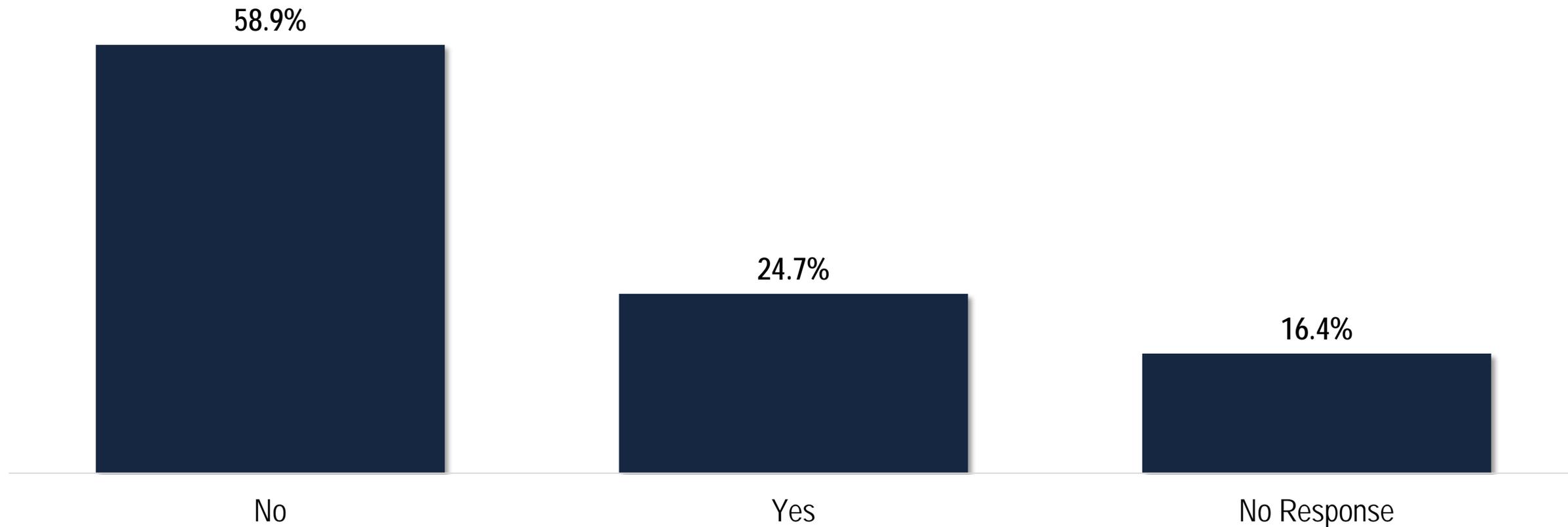
Balance of Nevada [Excluding Clark + Washoe County] | August 2020



Source: US Bureau of Labor Statistics



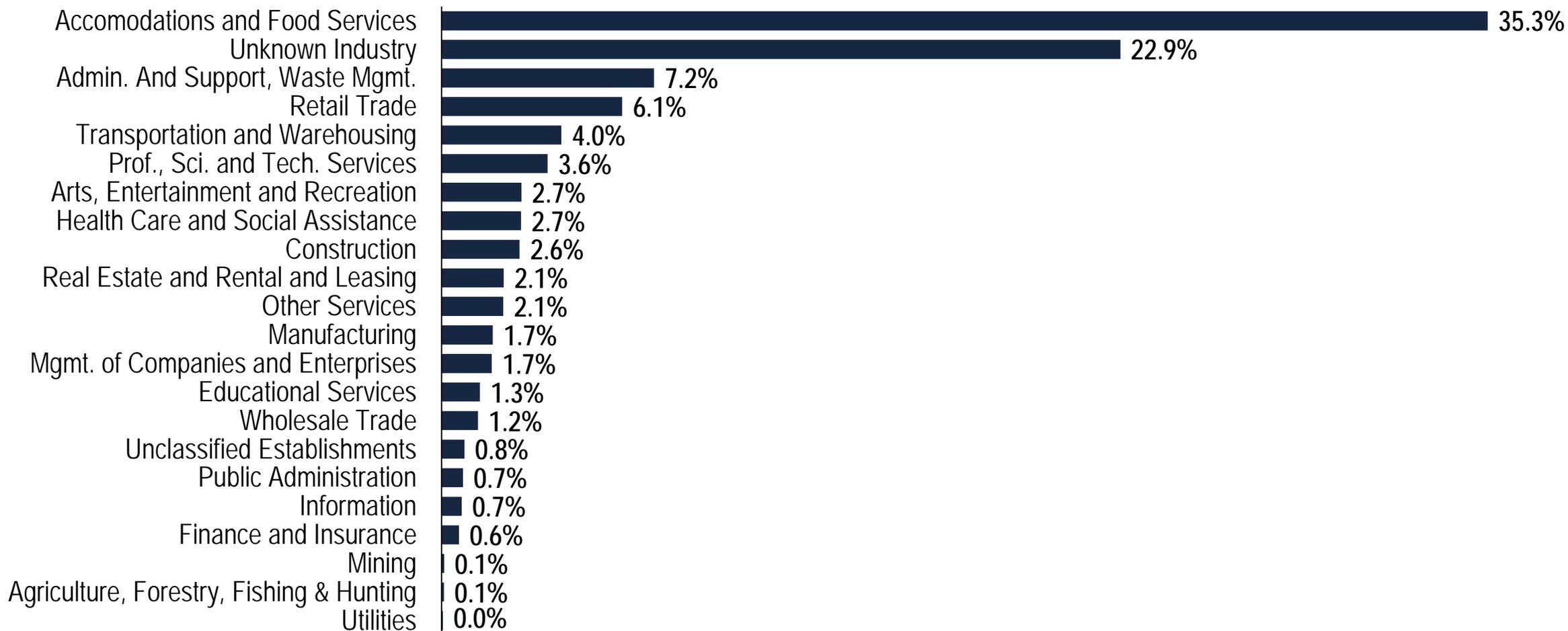
# Employment Reductions Because of COVID-19



Source: NVMA 2020 Survey

# Nevada Unemployment Insurance Claimants

## By Industry

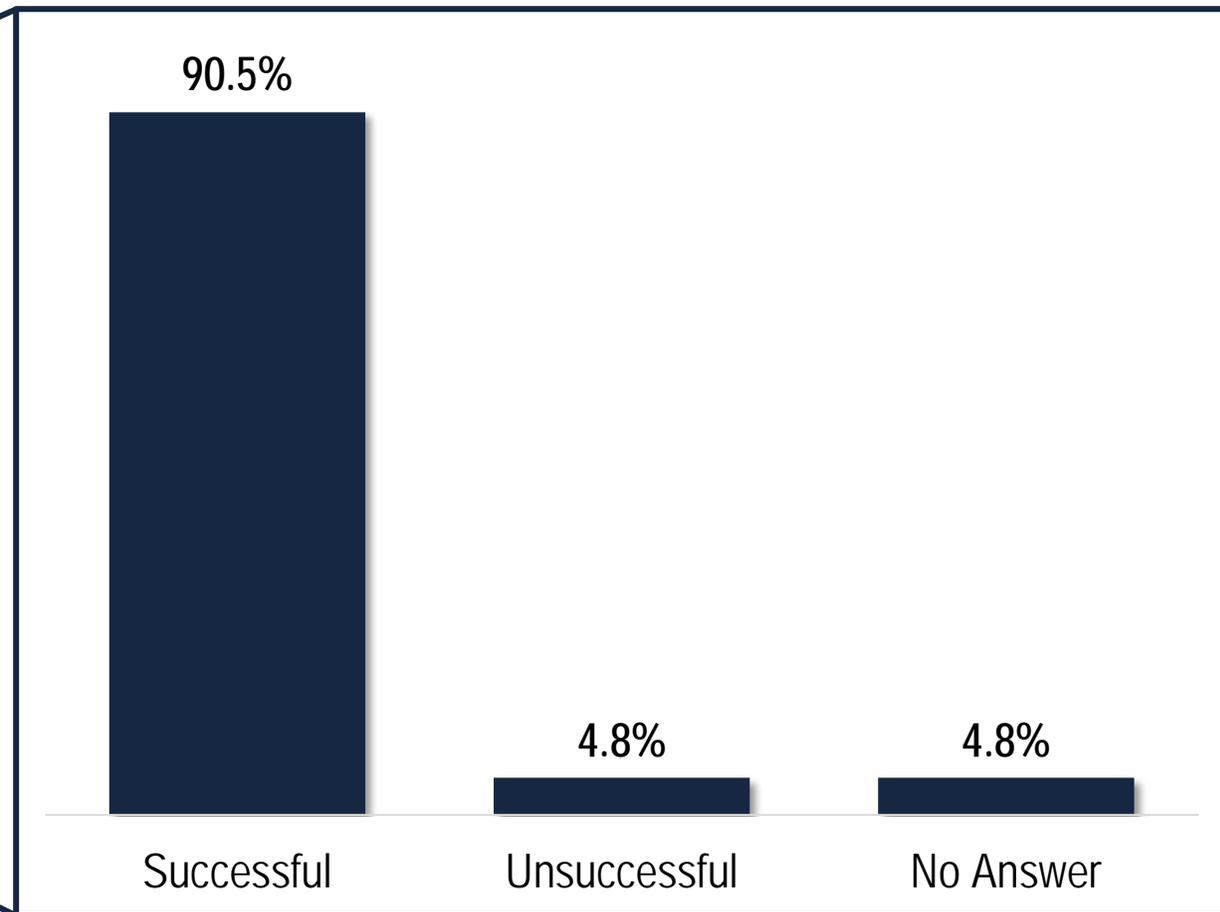
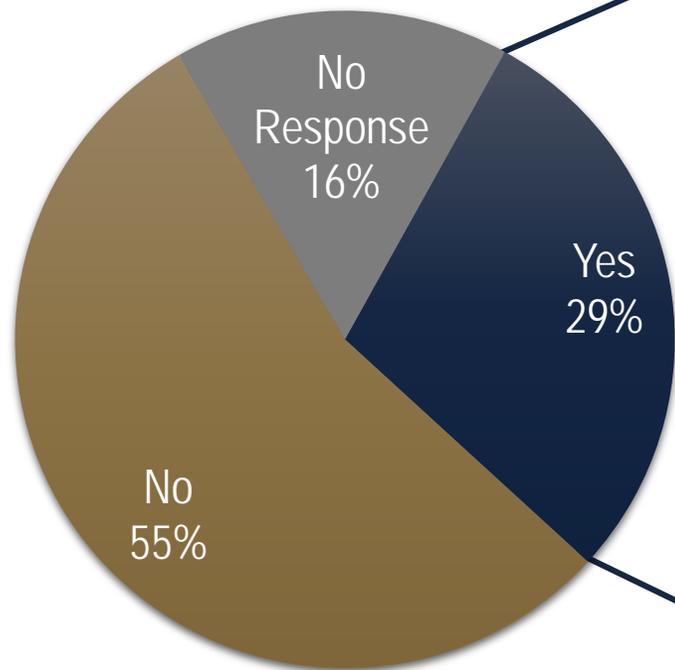


Source: Nevada Department of Employment, Training and Rehabilitation



# Relief During COVID-19

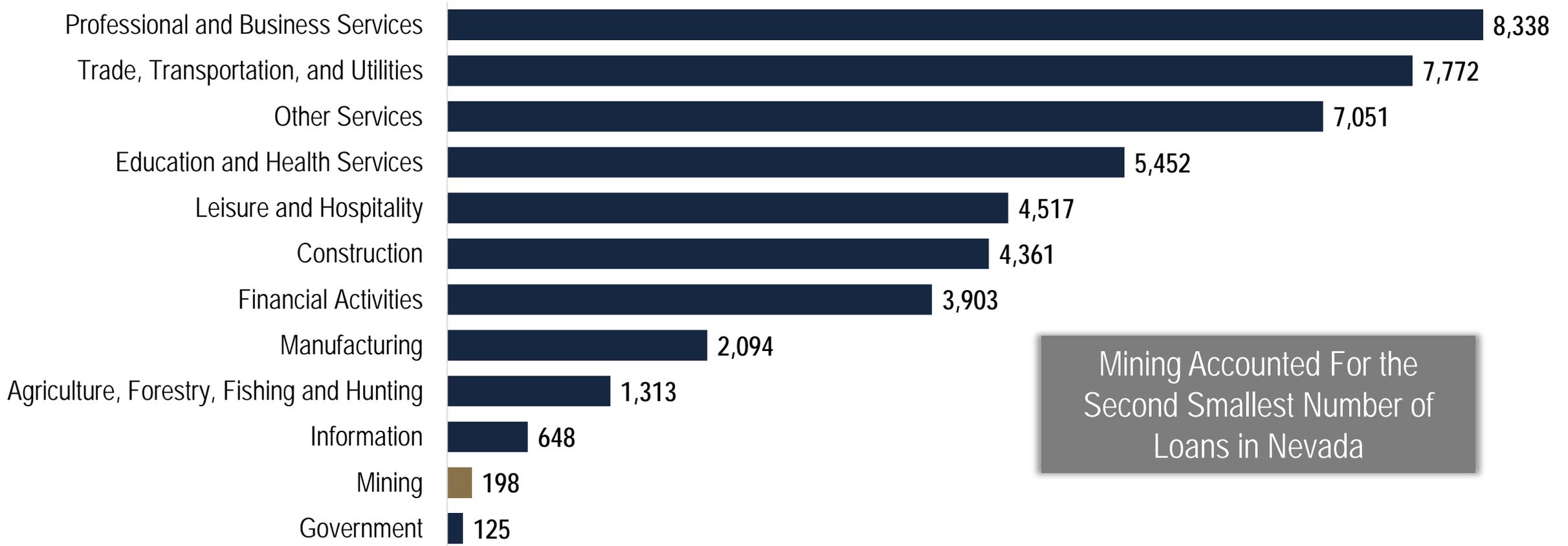
Applied For CARES Funding



Source: NVMA 2020 Survey

# Paycheck Protection Program (PPP) Loan Count by Sector

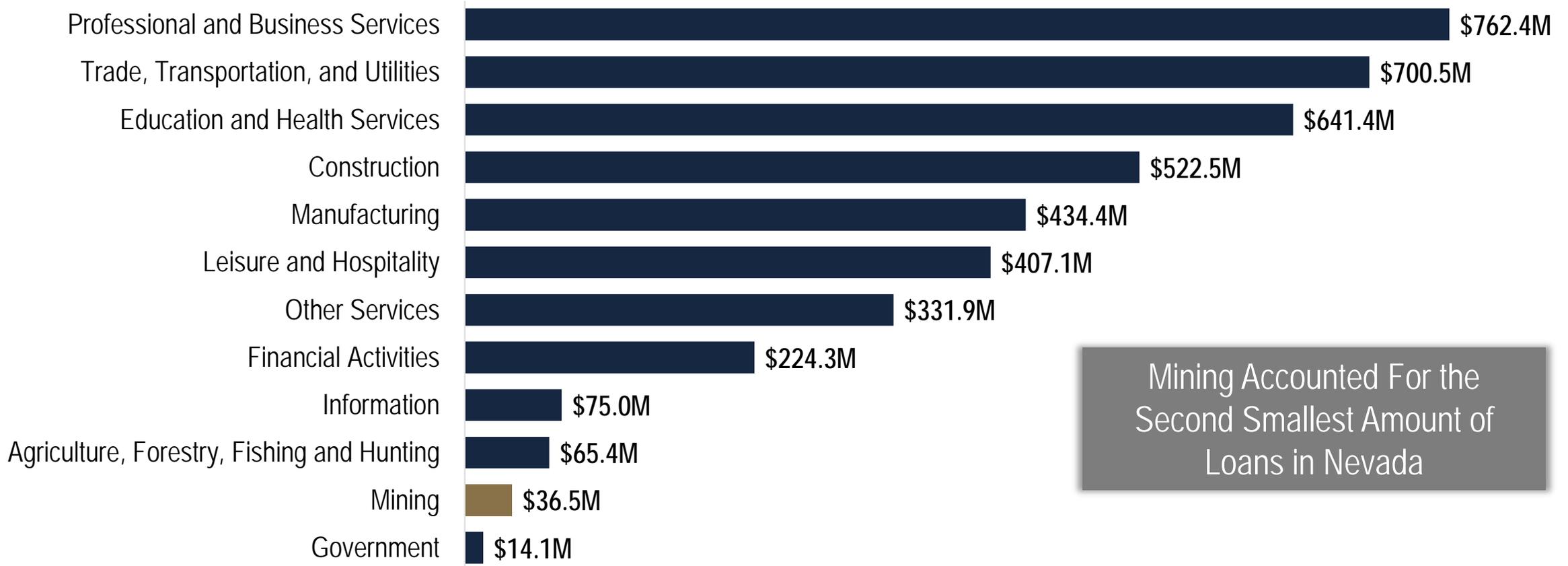
## Nevada | August 8



Source: Small Business Administration; Applied Analysis

# Paycheck Protection Program (PPP) Loan Amount by Sector

## Nevada | August 8



Source: Small Business Administration; Applied Analysis

# Paycheck Protection Program (PPP) Jobs Covered

Nevada | August 8

## Loans up to \$150,000

City	Number of Loans	Total Loan Amount	Jobs Covered
Las Vegas	23,083	\$703,487,283	94,810
Reno	5,009	\$177,586,472	20,435
Henderson	4,710	\$136,276,913	17,303
North Las Vegas	1,173	\$32,593,082	4,178
Carson City	877	\$33,641,092	3,908
All Other	5,324	\$188,623,517	24,045
<b>TOTAL</b>	<b>40,176</b>	<b>\$1,272,208,360</b>	<b>164,739</b>

## Loans greater than \$150,000

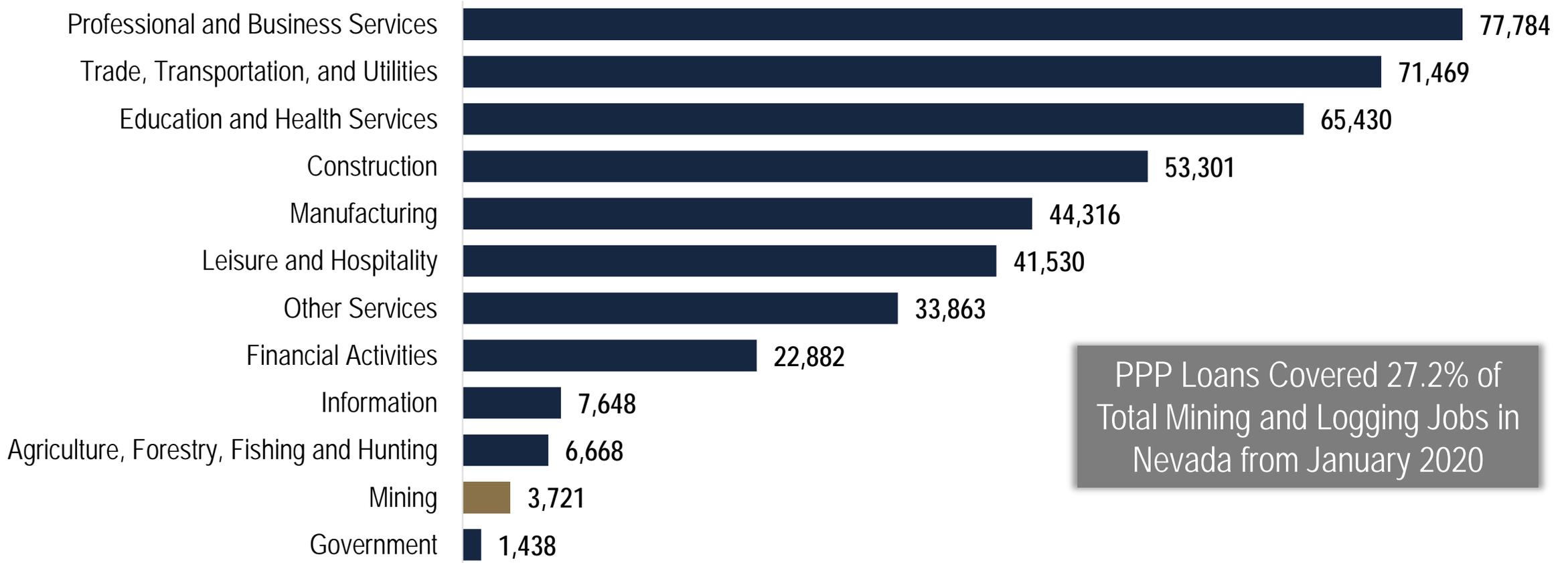
Loan Amount	Number of Loans	Jobs Covered
\$5 million to \$10 million	25	9,499
\$2 million to \$5 million	175	40,762
\$1 million to \$2 million	434	50,408
\$350,000 to \$1 million	1,627	88,150
\$150,000 to \$350,000	3,333	76,494
<b>TOTAL</b>	<b>5,594</b>	<b>265,313</b>

**430,052**  
Jobs Covered

Source: Small Business Administration; Applied Analysis

# Paycheck Protection Program (PPP) Jobs Covered by Sector

## Nevada | August 8



PPP Loans Covered 27.2% of Total Mining and Logging Jobs in Nevada from January 2020

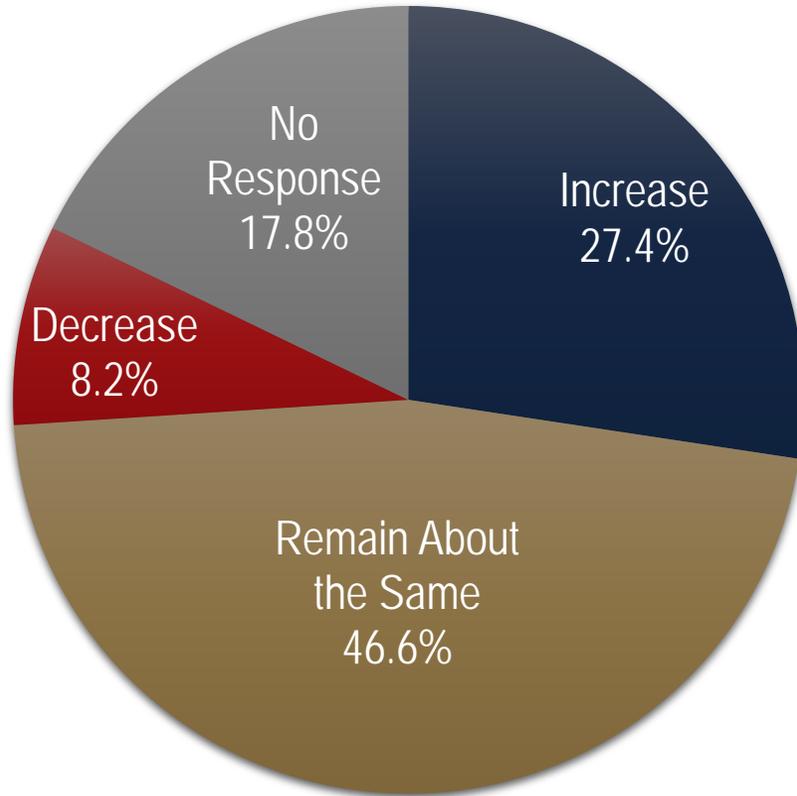
Source: Small Business Administration; U.S. Bureau of Labor Statistics; Applied Analysis



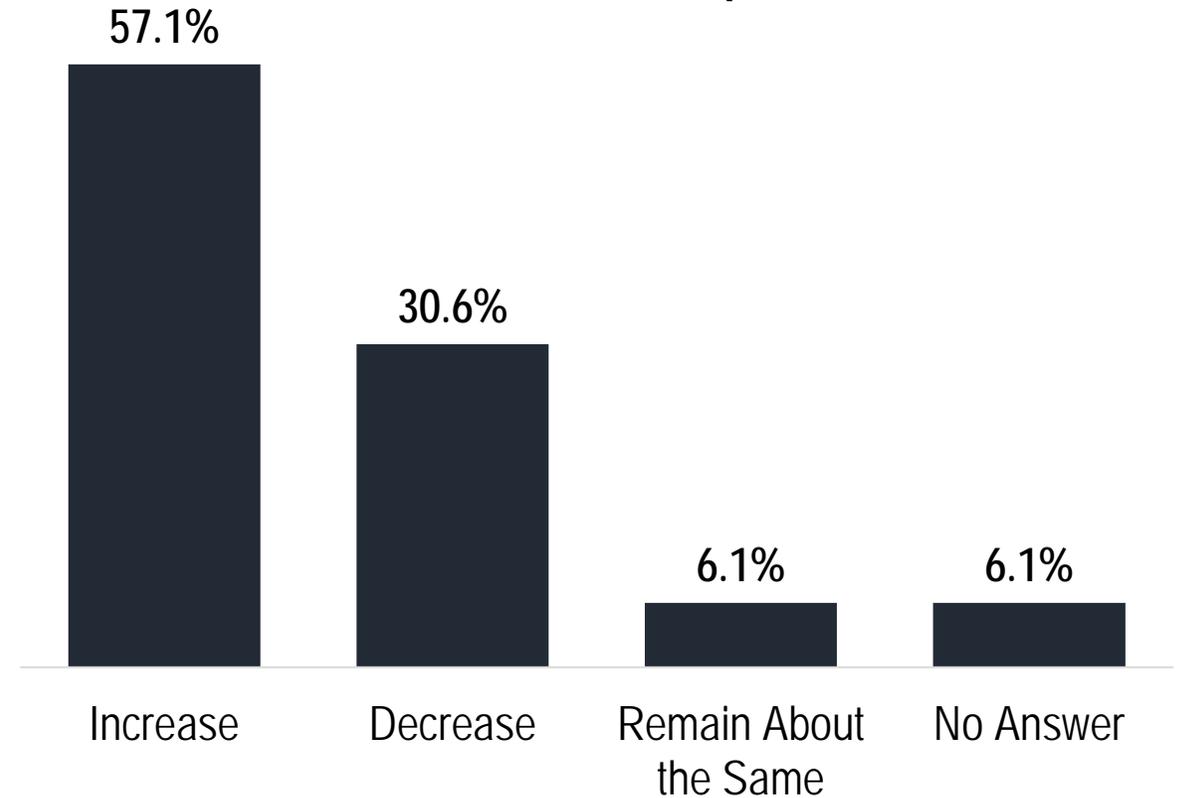
# Mining Workforce Retention

## Next 12 Months

2020 Annual Survey



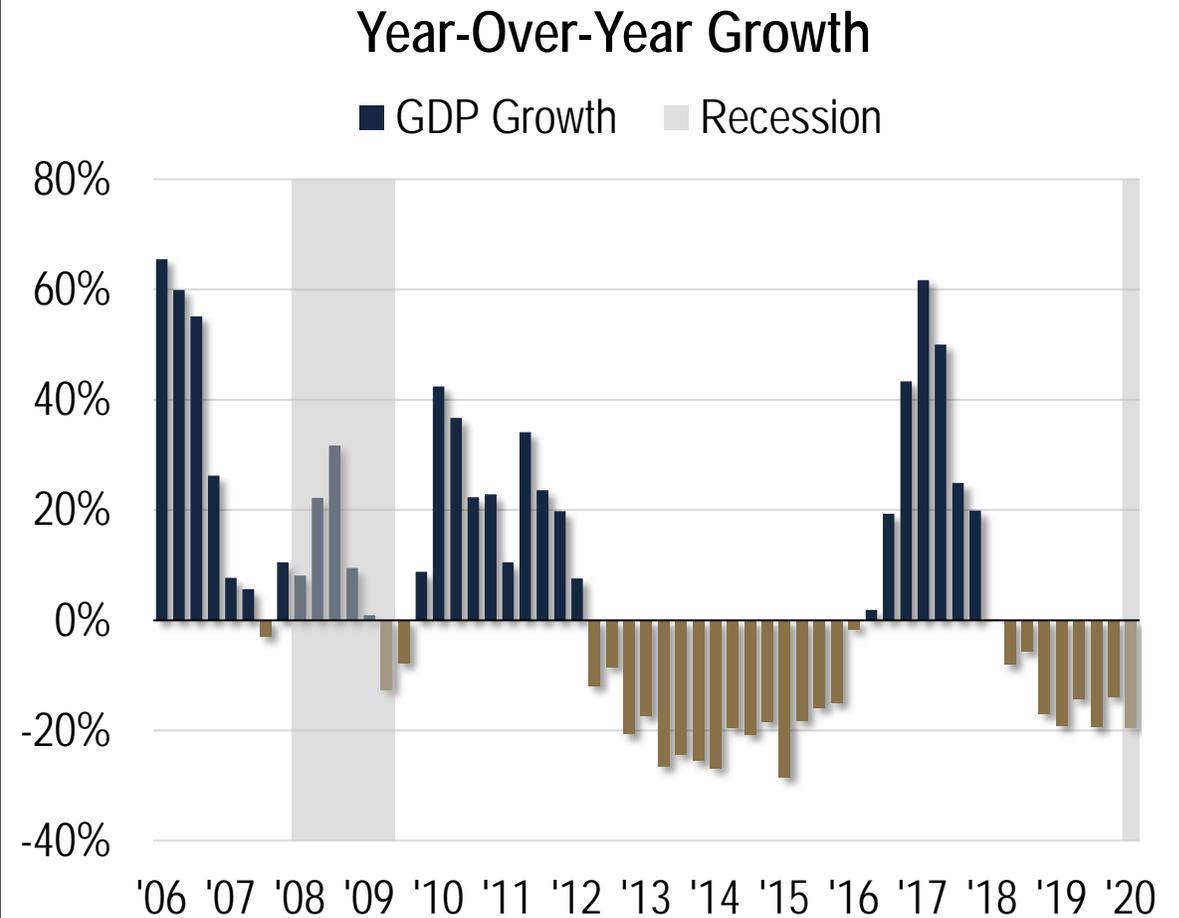
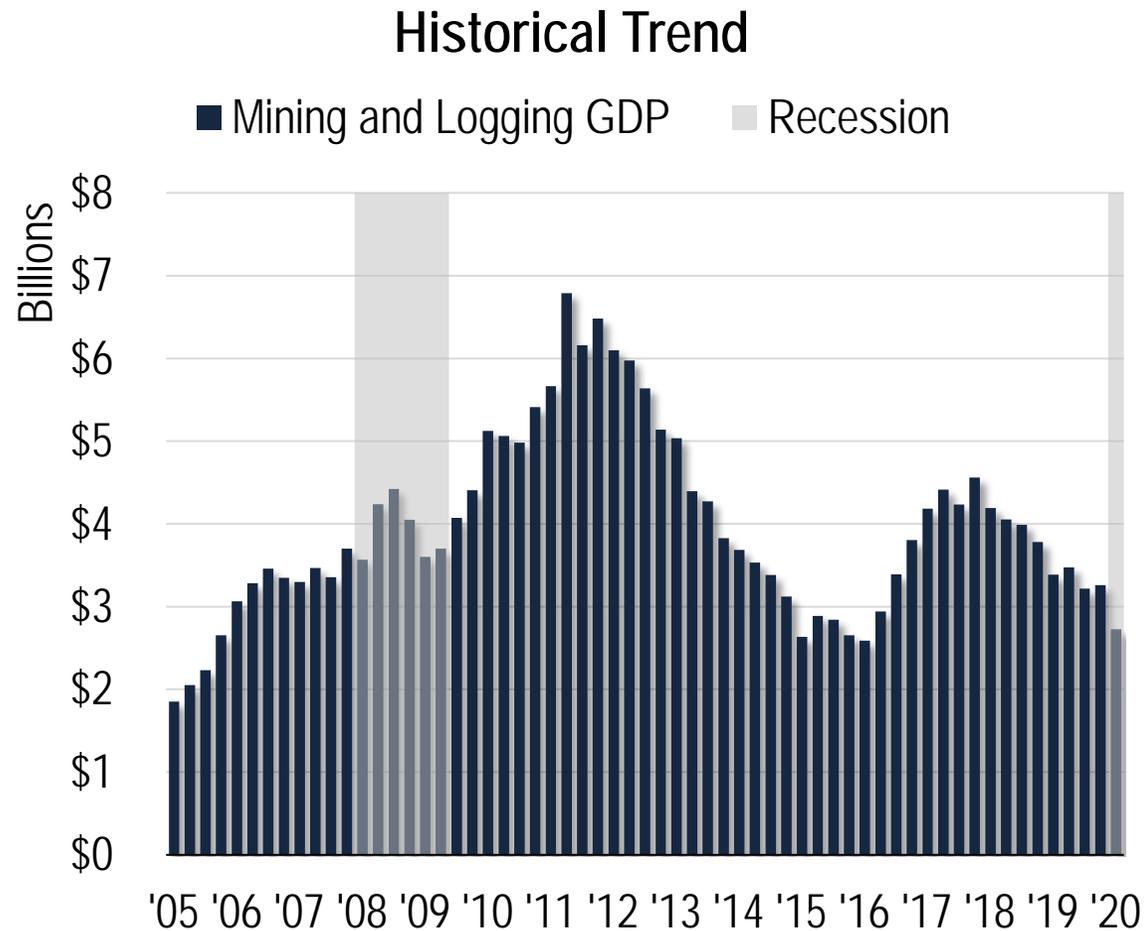
Previous Year Comparison



Source: NvMA 2019 and 2020 Survey

# Mining Industry Gross Domestic Product

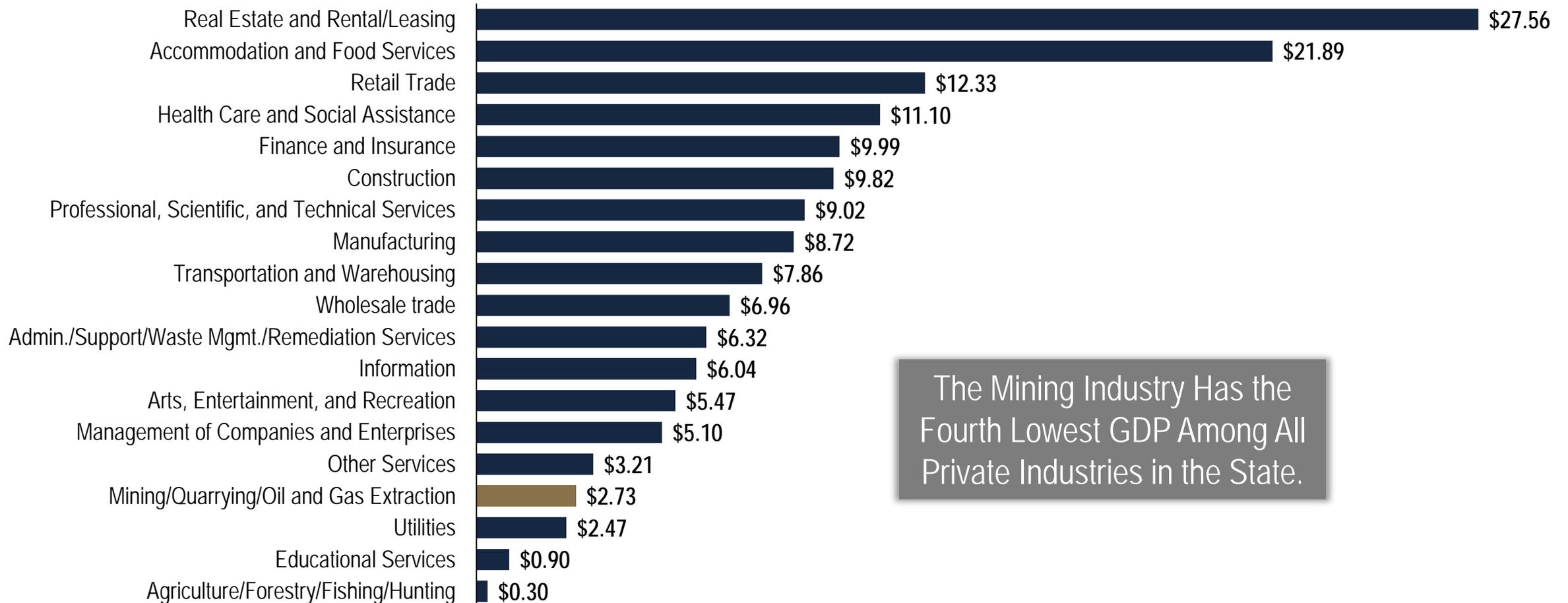
Nevada | Q1 2020



Source: Bureau of Economic Analysis

# Gross Domestic Product by Industry (Private)

Nevada | Q1 2020 (in Billions)

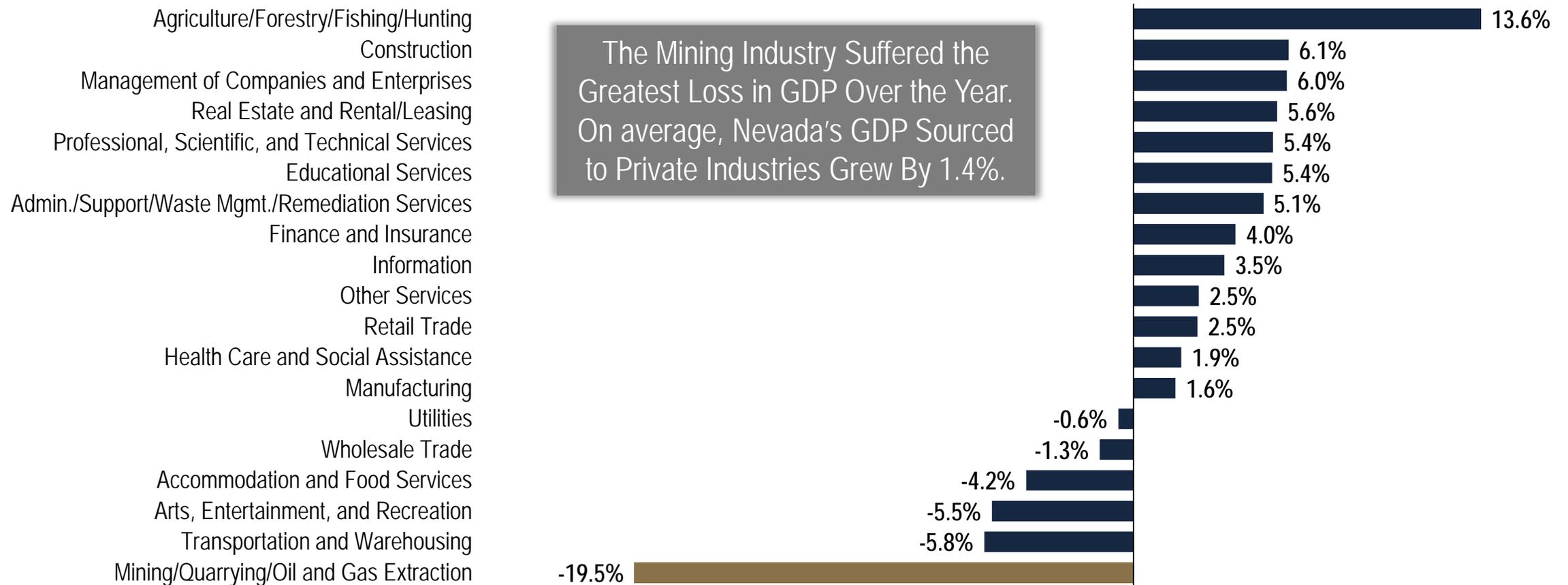


The Mining Industry Has the Fourth Lowest GDP Among All Private Industries in the State.

Source: Bureau of Economic Analysis

# Gross Domestic Product Growth by Industry (Private)

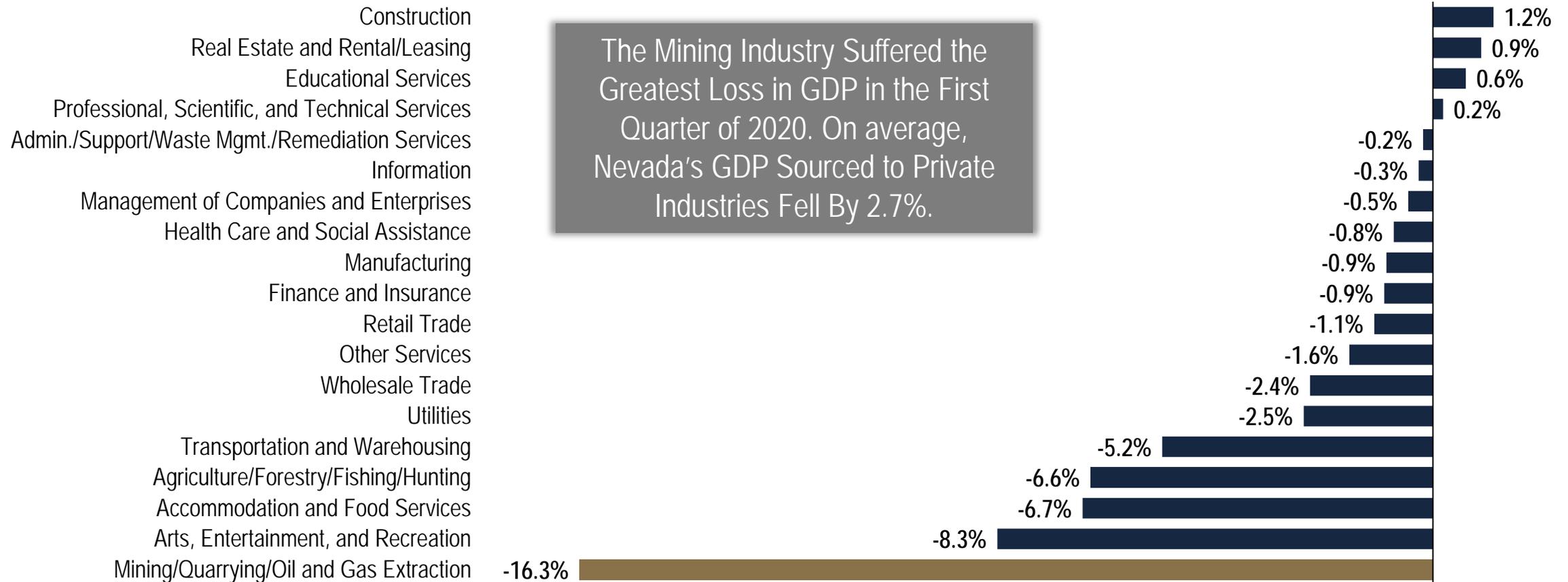
Nevada | Q1 2019 vs Q1 2020



Source: Bureau of Economic Analysis

# Gross Domestic Product Growth by Industry (Private)

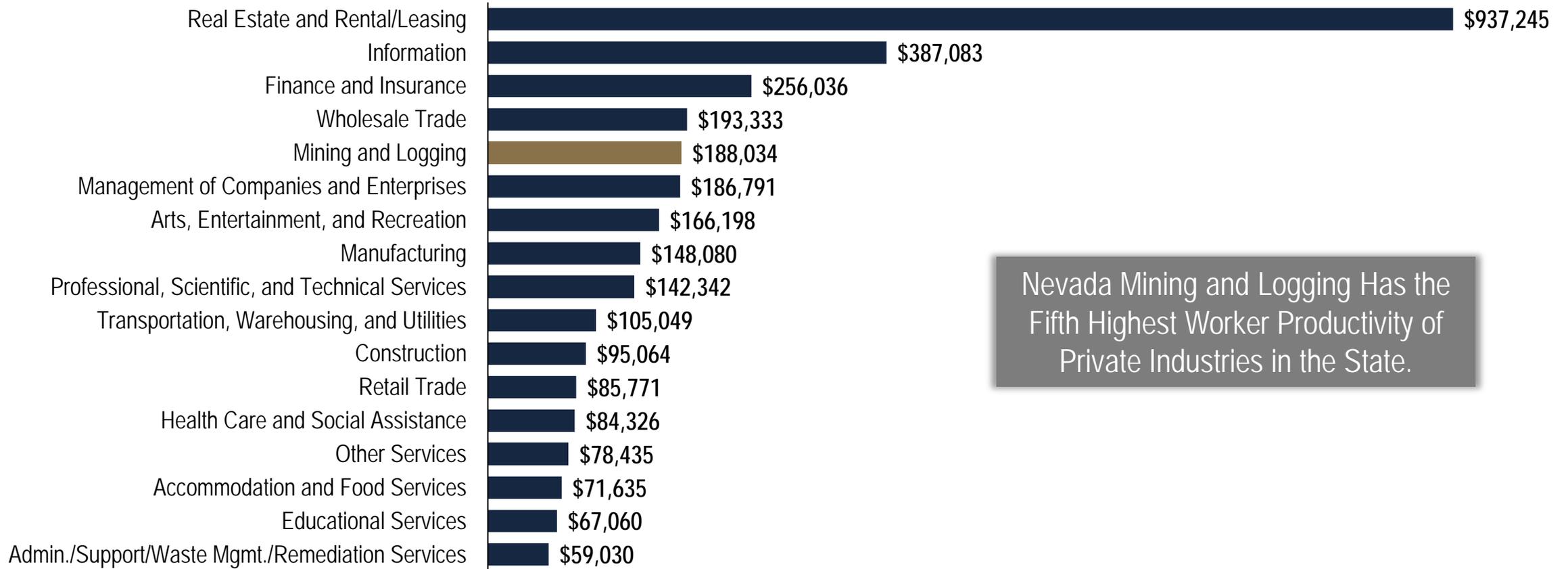
Nevada | Q4 2019 vs Q1 2020



Source: Bureau of Economic Analysis

# Gross Domestic Product per Employee

Nevada | Q1 2020

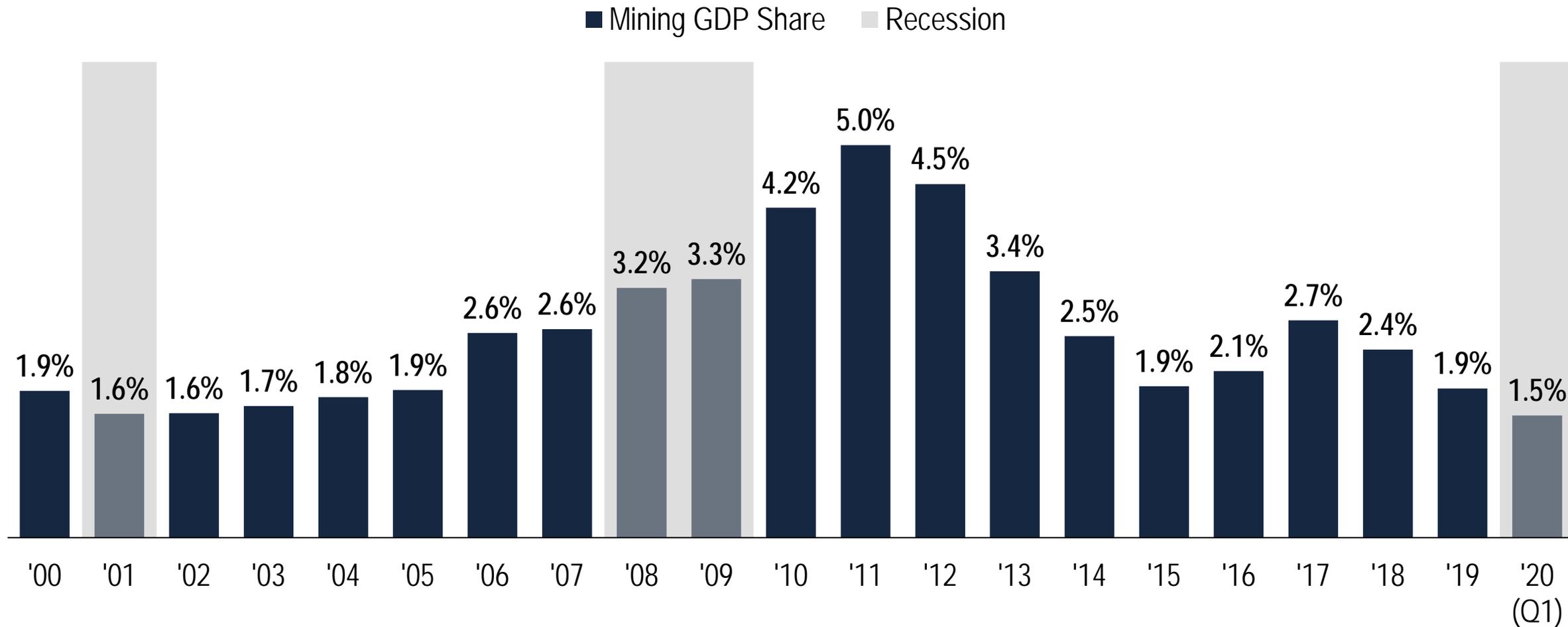


Nevada Mining and Logging Has the Fifth Highest Worker Productivity of Private Industries in the State.

Source: Bureau of Economic Analysis

# Mining GDP Share of All Industry Total

Nevada



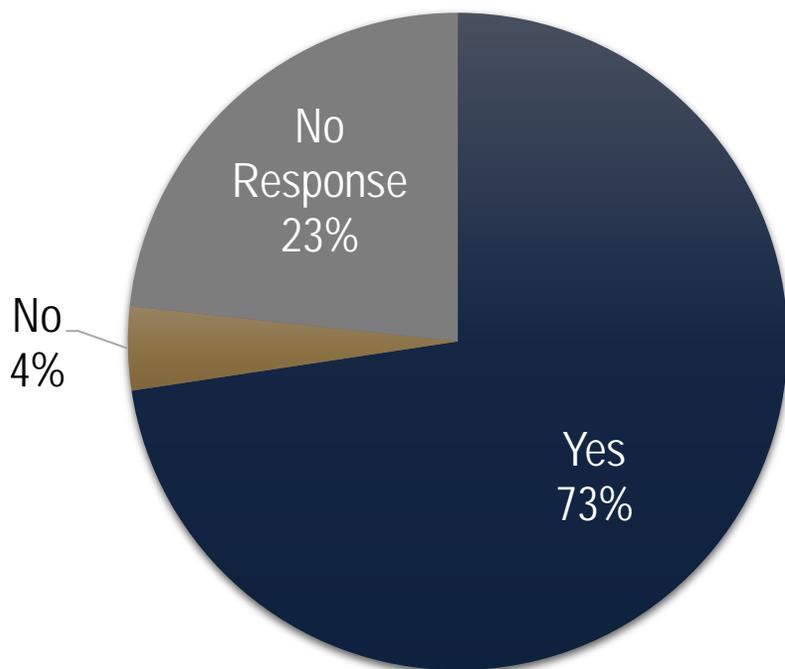
Source: Bureau of Economic Analysis



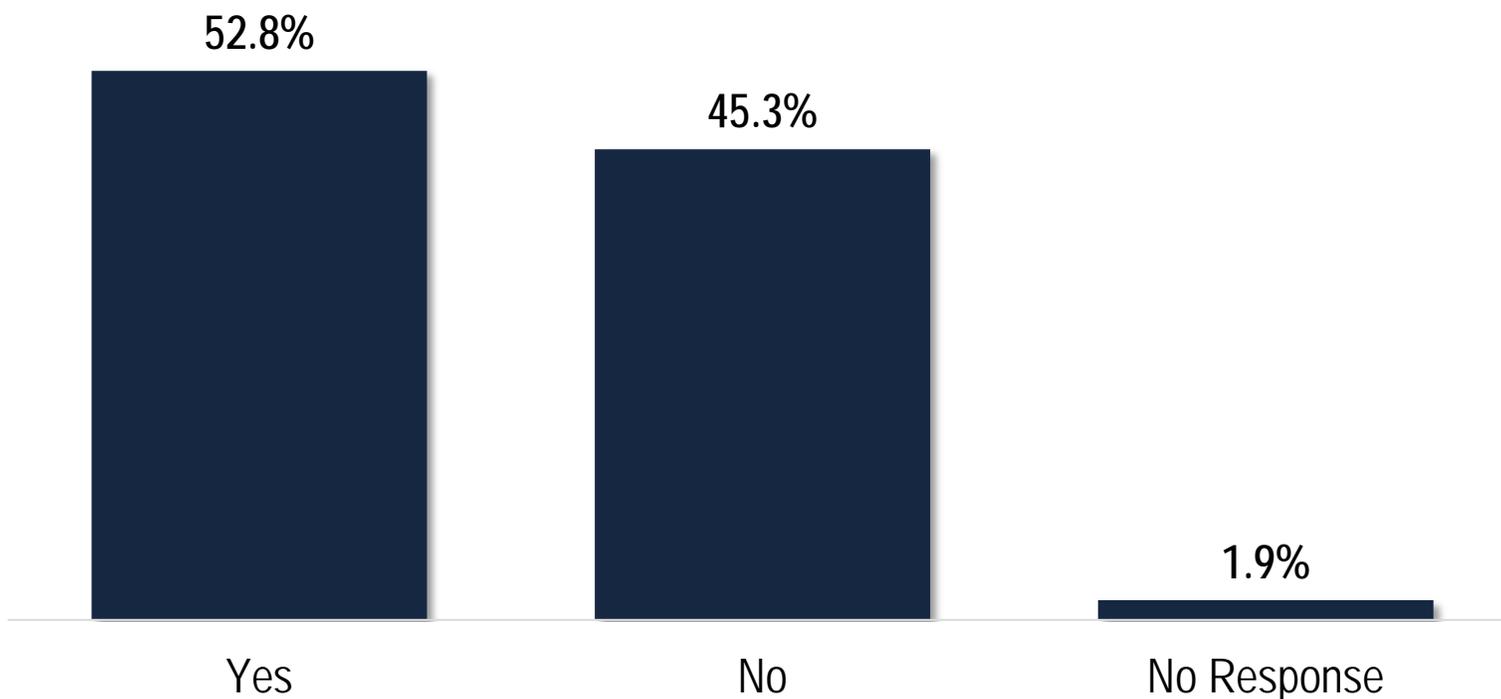
# Changes in Business Practices

## Nevada Mining Industry Safety Measures

### New Safety Protocols



### Intent to Maintain Protocols After Emergency Orders Lifted

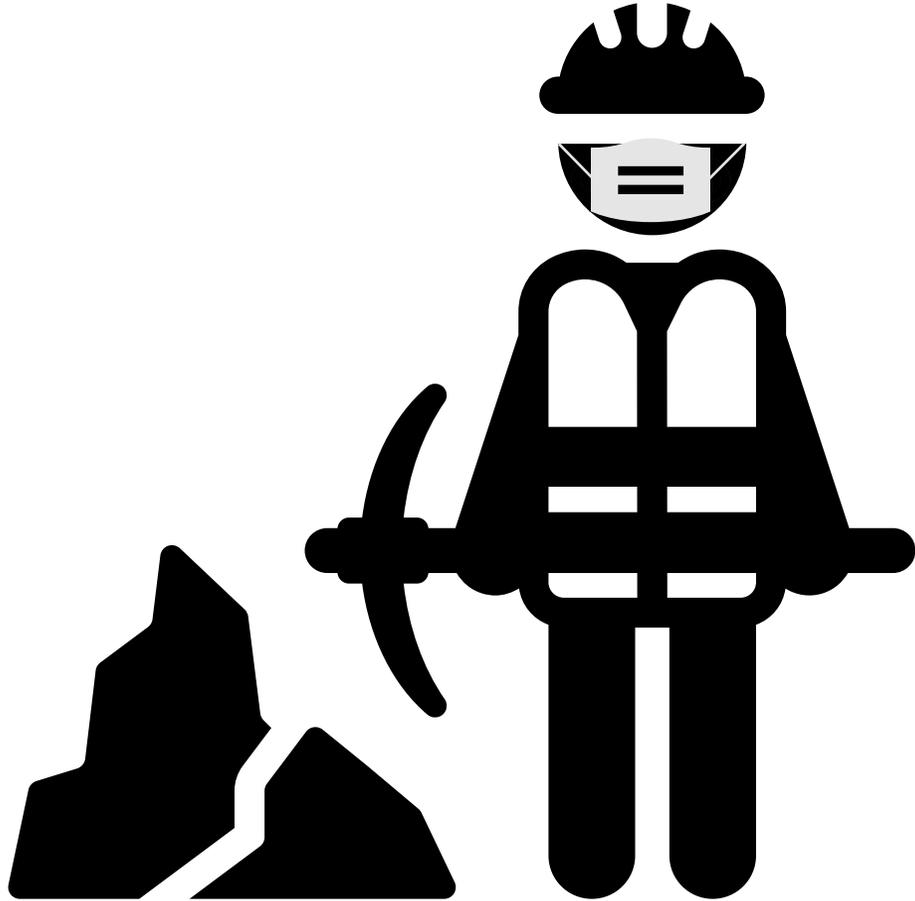


Source: NVMA 2020 Survey



# Changes in Business Practices

## Nevada Mining Industry Safety Measures



# 43%

Require Face Masks All of the Time or Most of the Time

Source: NVMA 2020 Survey; flaticon (image)

# U.S. At-Risk Mining Projects

**42** U.S. MINES

**\$402.8 M** U.S. REVENUE AT RISK

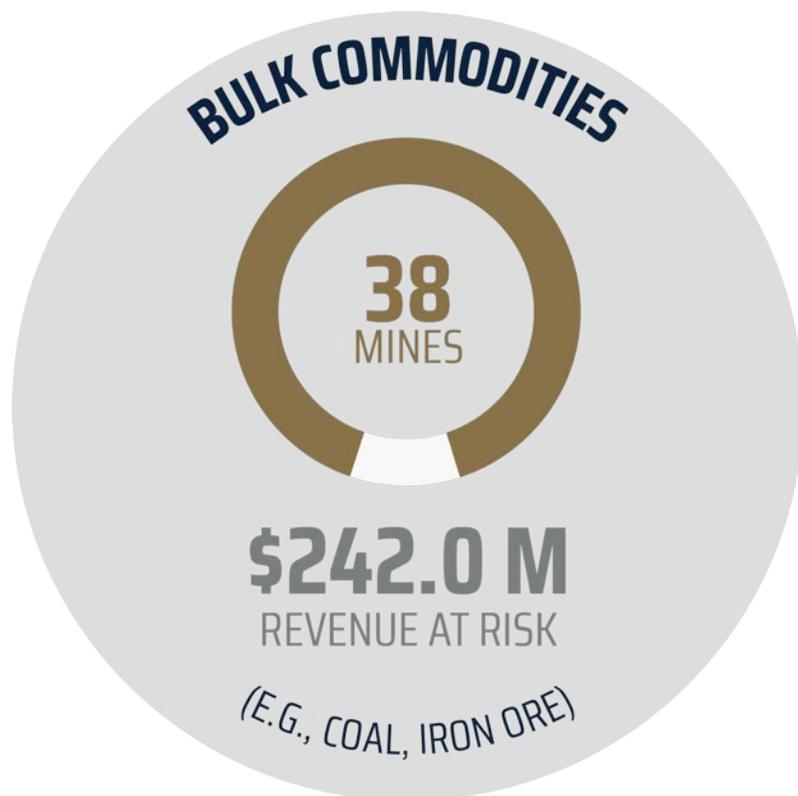


Source: S&P Global

# U.S. At-Risk Mining Projects

**42** U.S. MINES

**\$402.8 M** U.S. REVENUE AT RISK



**SPECIALTY  
COMMODITIES**



**1**  
MINE

**\$4.7 M**  
REVENUE AT RISK  
(E.G., U308)

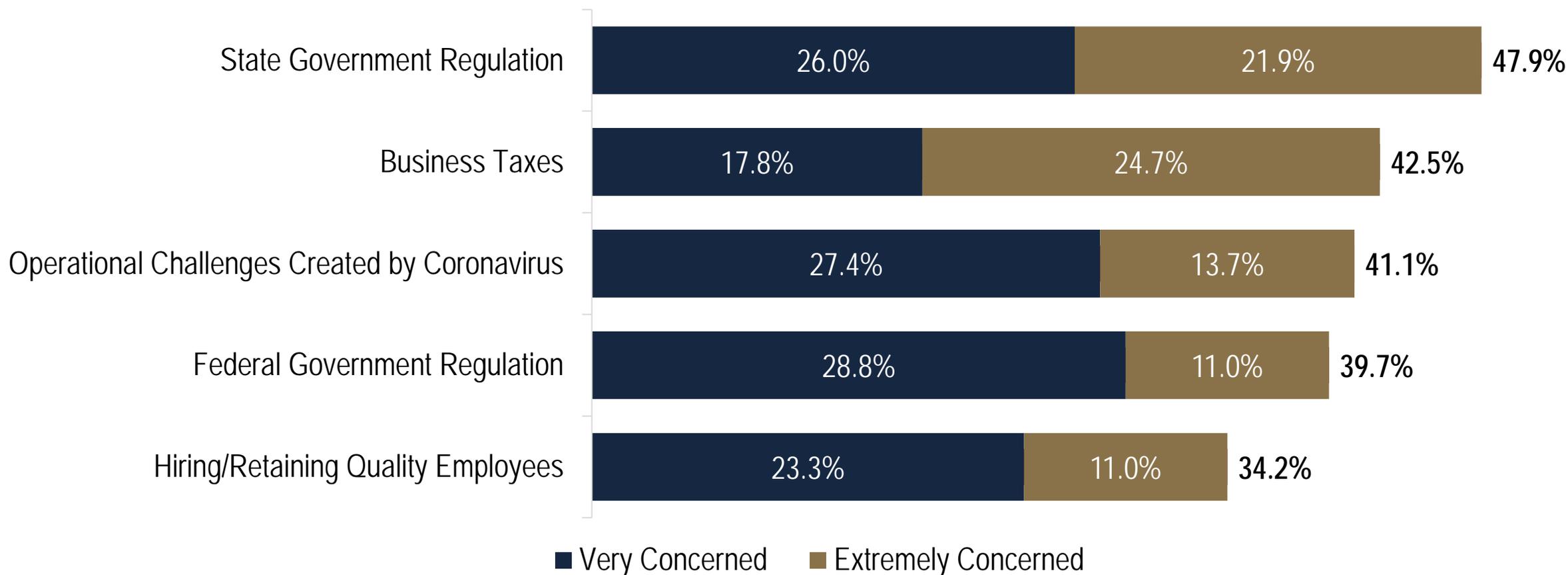


Source: S&P Global



# Business Impacts

## Top 5 Factors Impacting Businesses



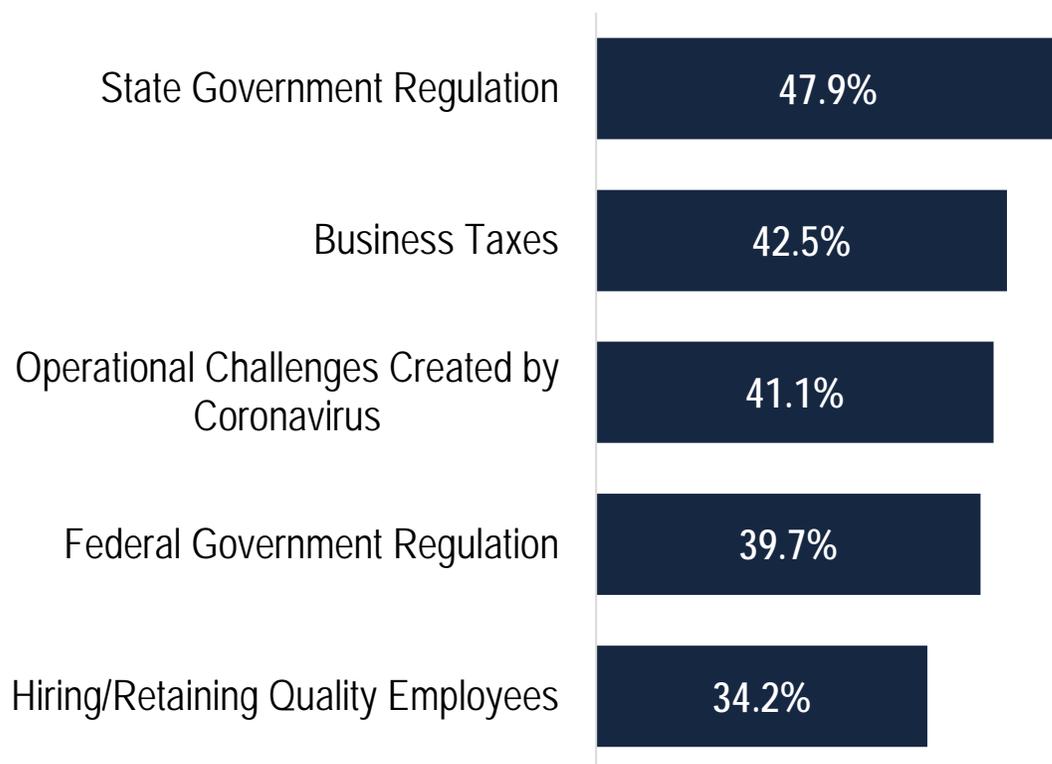
Source: NVMA 2020 Survey



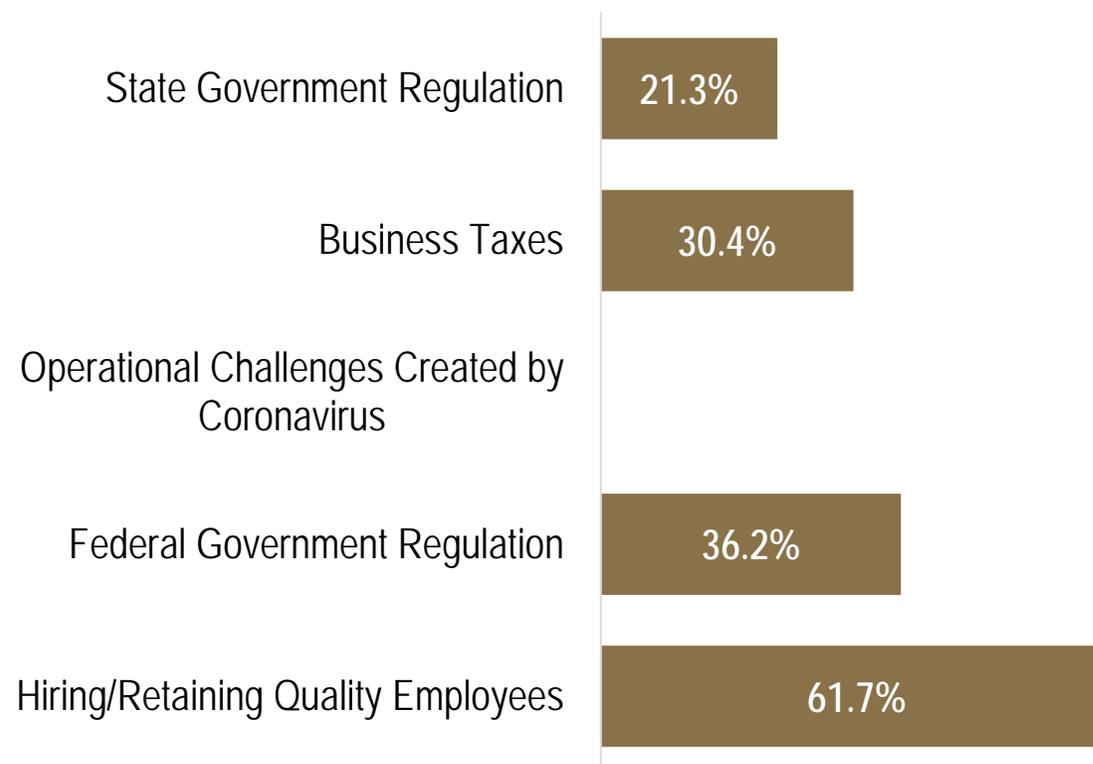
# Business Impacts

## How Has This Changed Since 2019?

### 2020 Annual Survey



### 2019 Annual Survey



Source: NvMA 2019 and 2020 Survey

# COMMODITY SUPPLY, DEMAND AND PRICING



# Commodity Price Changes

OVER THE PAST YEAR (ACTUAL)			
COMMODITY	SEPT 2019		SEPT 2020
Gold (per Troy Oz.)	\$1,522	▲	\$1,906
Silver (per Troy Oz.)	\$18.38	▲	\$24.30
Copper (per Pound)	\$2.58	▲	\$3.09

Source: NvMA 2020 Survey



# Commodity Price Changes

OVER THE PAST YEAR (ACTUAL)		
COMMODITY	SEPT 2019	SEPT 2020
Gold (per Troy Oz.)	\$1,522	▲ \$1,906
Silver (per Troy Oz.)	\$18.38	▲ \$24.30
Copper (per Pound)	\$2.58	▲ \$3.09

Were Your 2019  
Predictions  
Correct?

Source: NvMA 2020 Survey



# Commodity Price Changes

OVER THE PAST YEAR (ACTUAL)			2019 SURVEY PREDICTIONS	
COMMODITY	SEPT 2019		SEPT 2020	INCREASE
Gold (per Troy Oz.)	\$1,522	▲	\$1,906	63.8%
Silver (per Troy Oz.)	\$18.38	▲	\$24.30	56.5%
Copper (per Pound)	\$2.58	▲	\$3.09	48.9%

Source: NVMA 2020 Survey

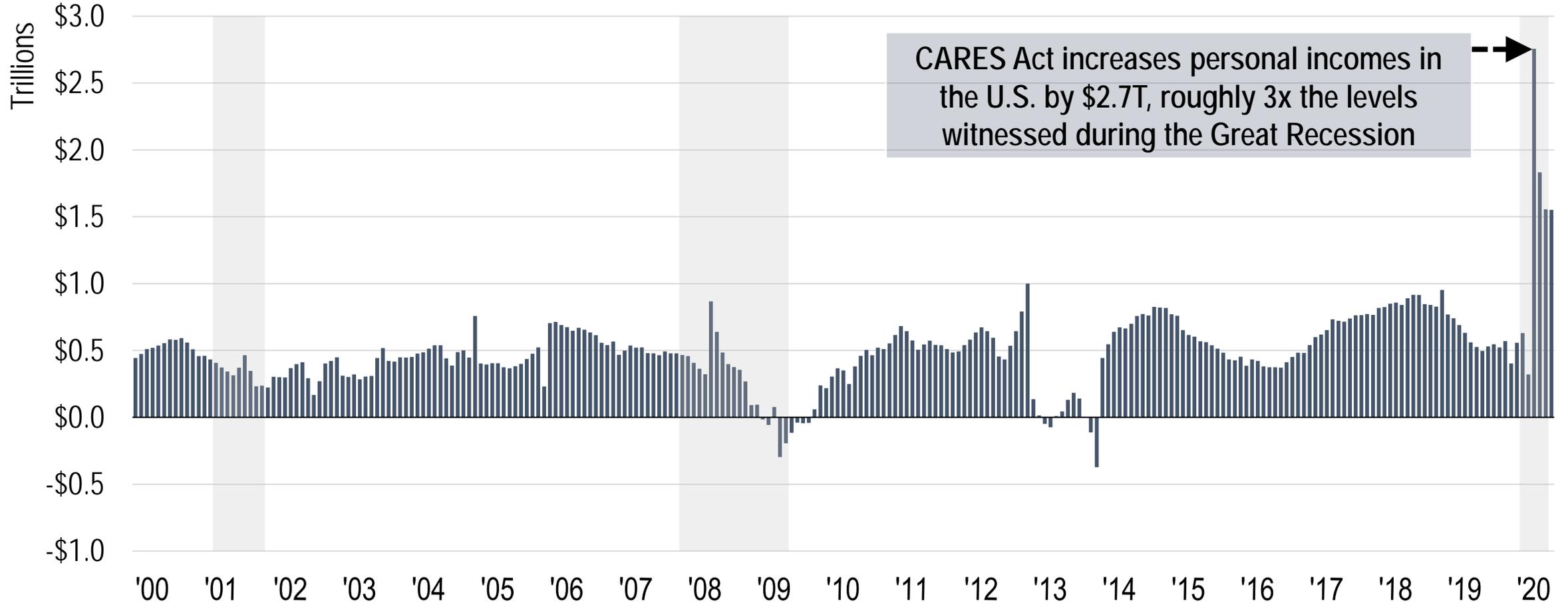


# CARES Act

Coronavirus Aid,  
Relief, and Economic  
Security Act

# U.S. Disposable Personal Income

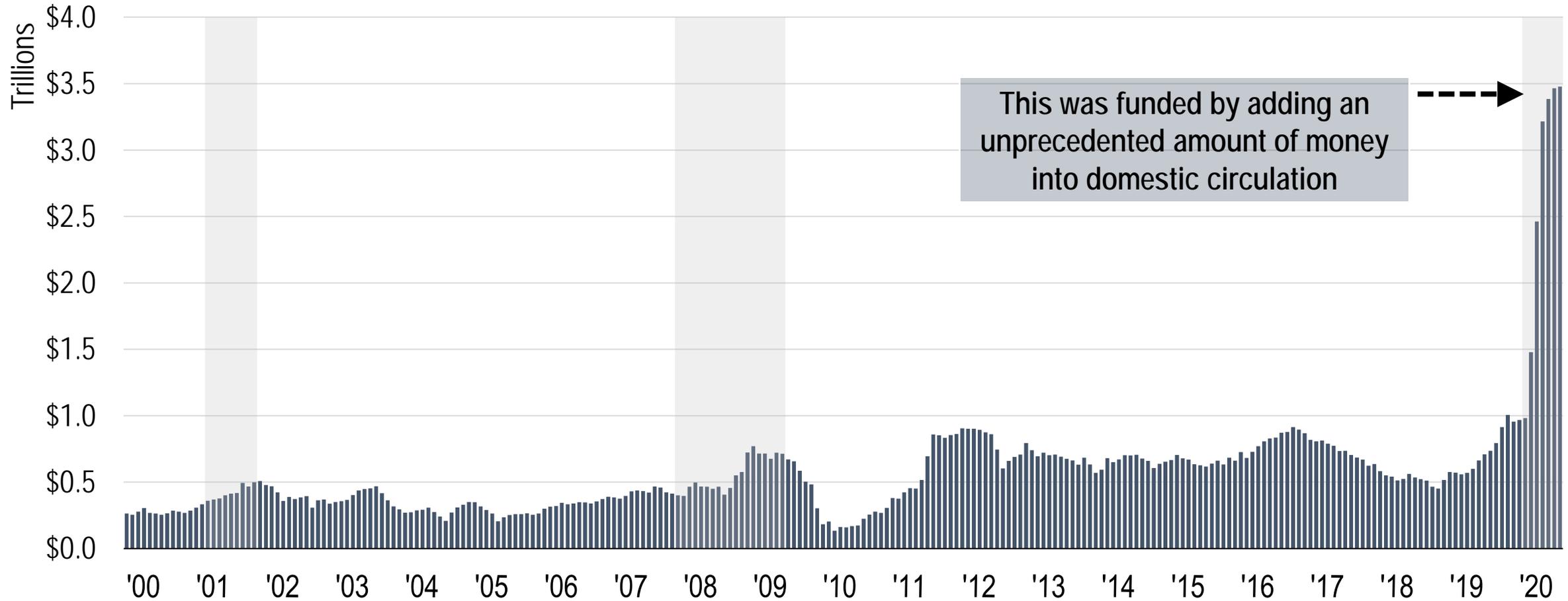
## Year-over-Year Total Growth



Source: Federal Reserve Bank of St. Louis

# U.S. M2 Money Supply

## Year-over-Year Total Growth



Source: Federal Reserve Bank of St. Louis



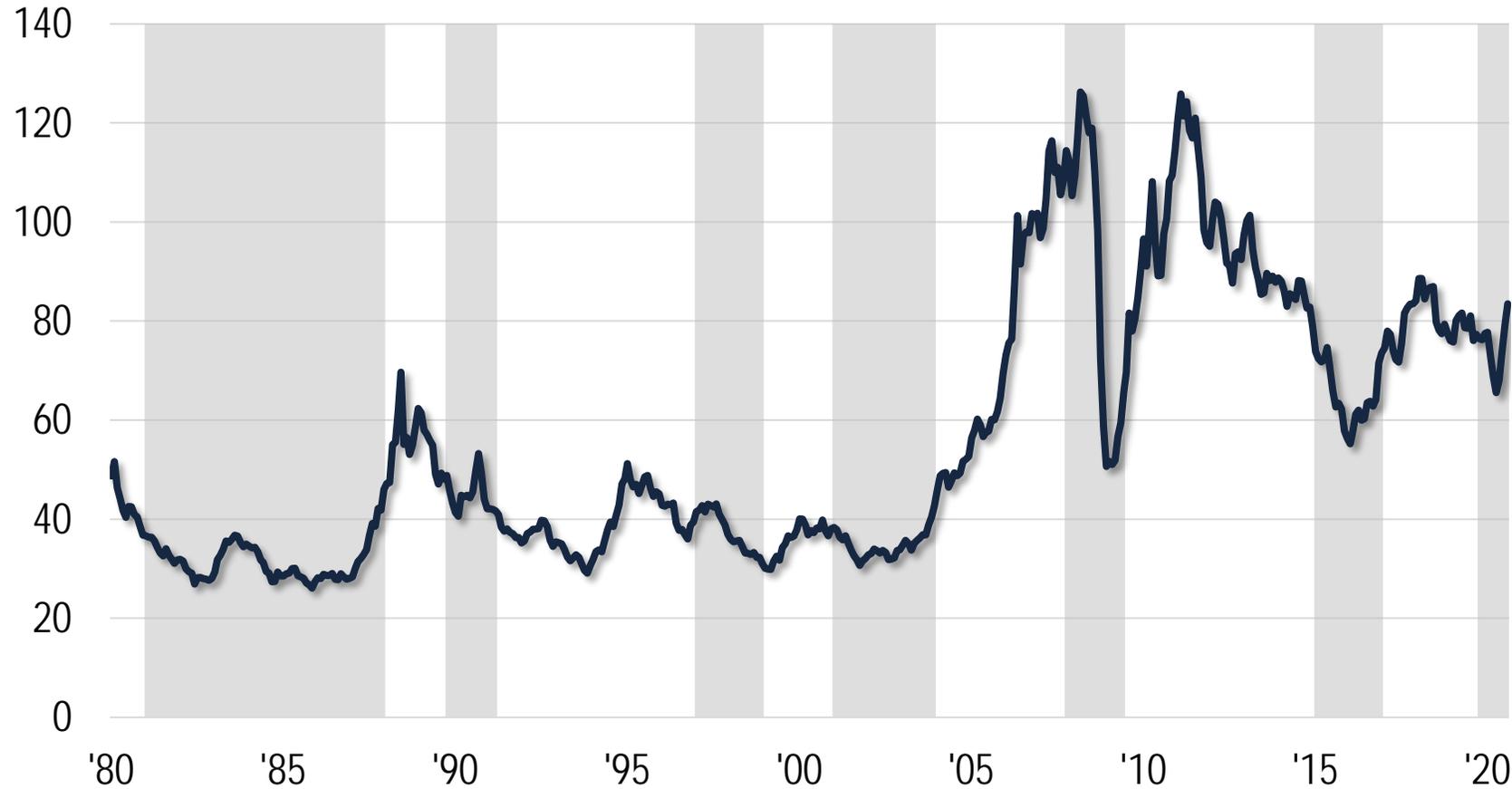
# Commodity Price Changes

OVER THE PAST YEAR (ACTUAL)			PROJECTED IN NEXT 12 MONTHS		
COMMODITY	SEPT 2019		SEPT 2020	INCREASE	DECREASE
Gold (per Troy Oz.)	\$1,522	▲	\$1,906	56.2%	6.8%
Silver (per Troy Oz.)	\$18.38	▲	\$24.30	52.1%	5.5%
Copper (per Pound)	\$2.58	▲	\$3.09	39.7%	5.5%

Source: NVMA 2020 Survey

# Phases of Prices and Supply and Demand During Recessions

Metals and Minerals Monthly Indices | 2010=100



Source: The World Bank; McKinsey and Company

# Phases of Prices and Supply and Demand During Recessions

Metals and Minerals Monthly Indices | 2010=100



**Phase I: Price Shock**  
Two Weeks to Two Months

**Phase II: Demand Shock**  
Three Months to Two Years

Source: The World Bank; McKinsey and Company

# Phases of Prices and Supply and Demand During Recessions

Metals and Minerals Monthly Indices | 2010=100



**Phase I: Price Shock**  
Two Weeks to Two Months

**Phase II: Demand Shock**  
Three Months to Two Years

**Phase III: New S&D Equilibrium**  
One Year to Three Years

Source: The World Bank; McKinsey and Company

# Phases of Prices and Supply and Demand During Recessions

Metals and Minerals Monthly Indices | 2010=100



**Phase I: Price Shock**  
Two Weeks to Two Months

**Phase II: Demand Shock**  
Three Months to Two Years

**Phase III: New S&D Equilibrium**  
One Year to Three Years

**Phase IV: Demand Recovery**  
One Year to Five Years

Source: The World Bank; McKinsey and Company

# Price of Gold

## USD per Troy Ounce



Source: London Bullion Market Association



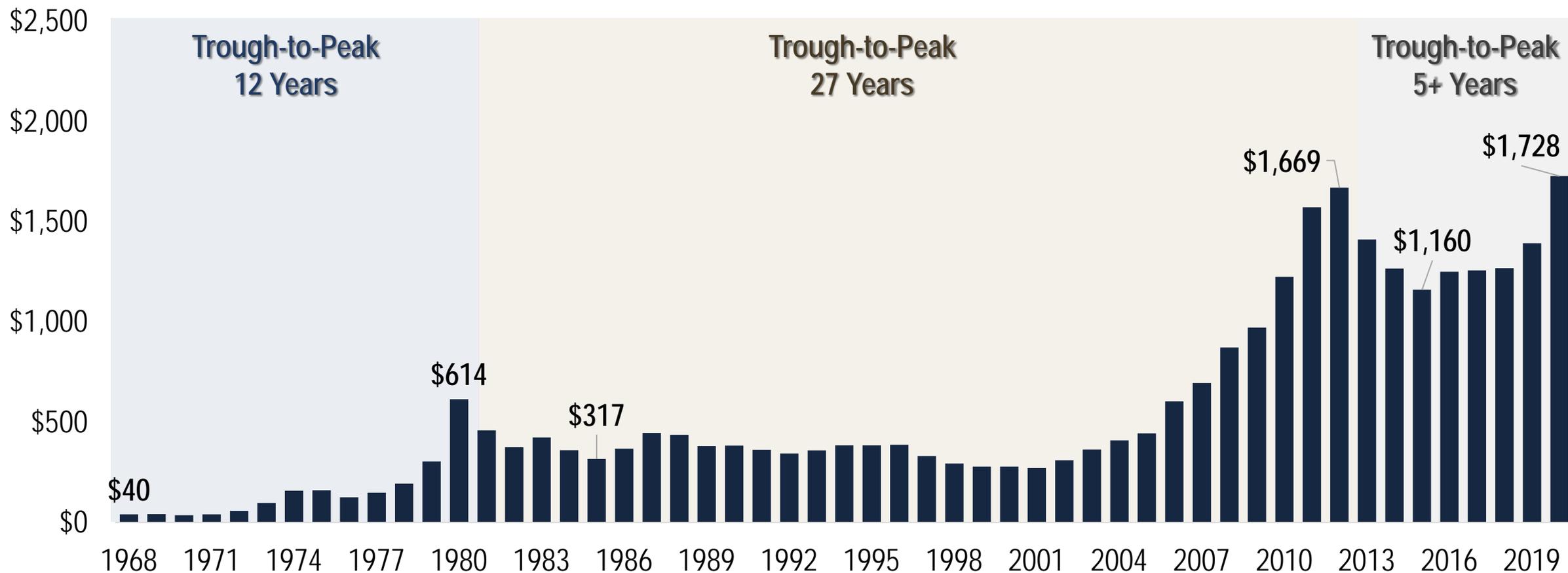
# Price of Gold

## Next 12 Months



Source: London Bullion Market Association; NvMA 2020 Survey

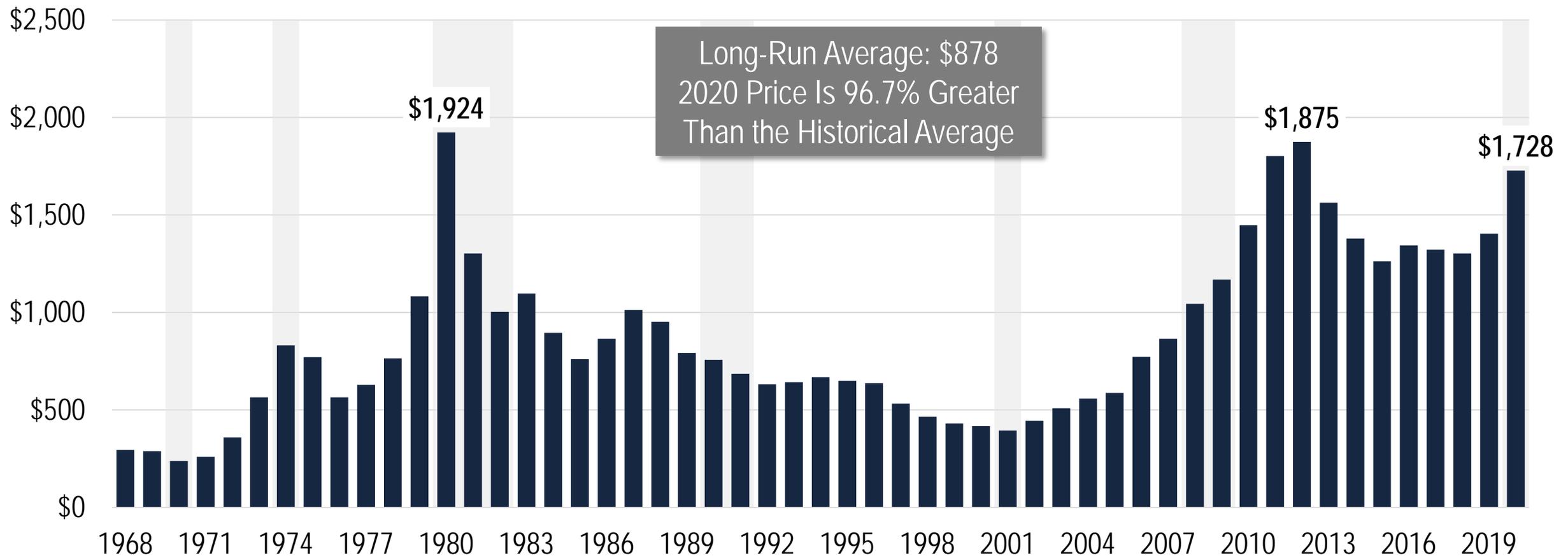
# Average Annual Gold Prices



Source: London Bullion Market Association; FRED; Applied Analysis

# Inflation-Adjusted Gold Prices

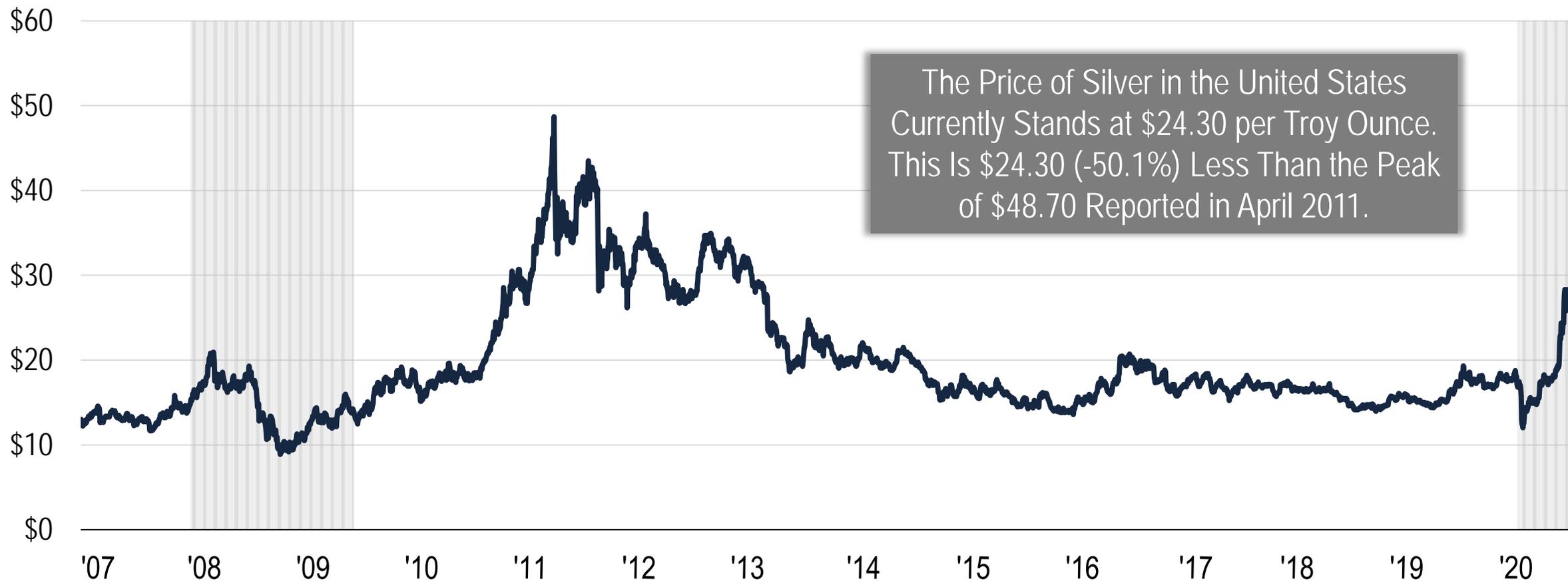
## Annual Average



Source: London Bullion Market Association; FRED; Applied Analysis

# Price of Silver

## USD per Troy Ounce



Source: London Bullion Market Association



# Price of Silver

## Next 12 Months



Source: London Bullion Market Association; NvMA 2020 Survey

# Price of Copper

USD per Pound



Source: London Metal Exchange



# Price of Copper

## Next 12 Months

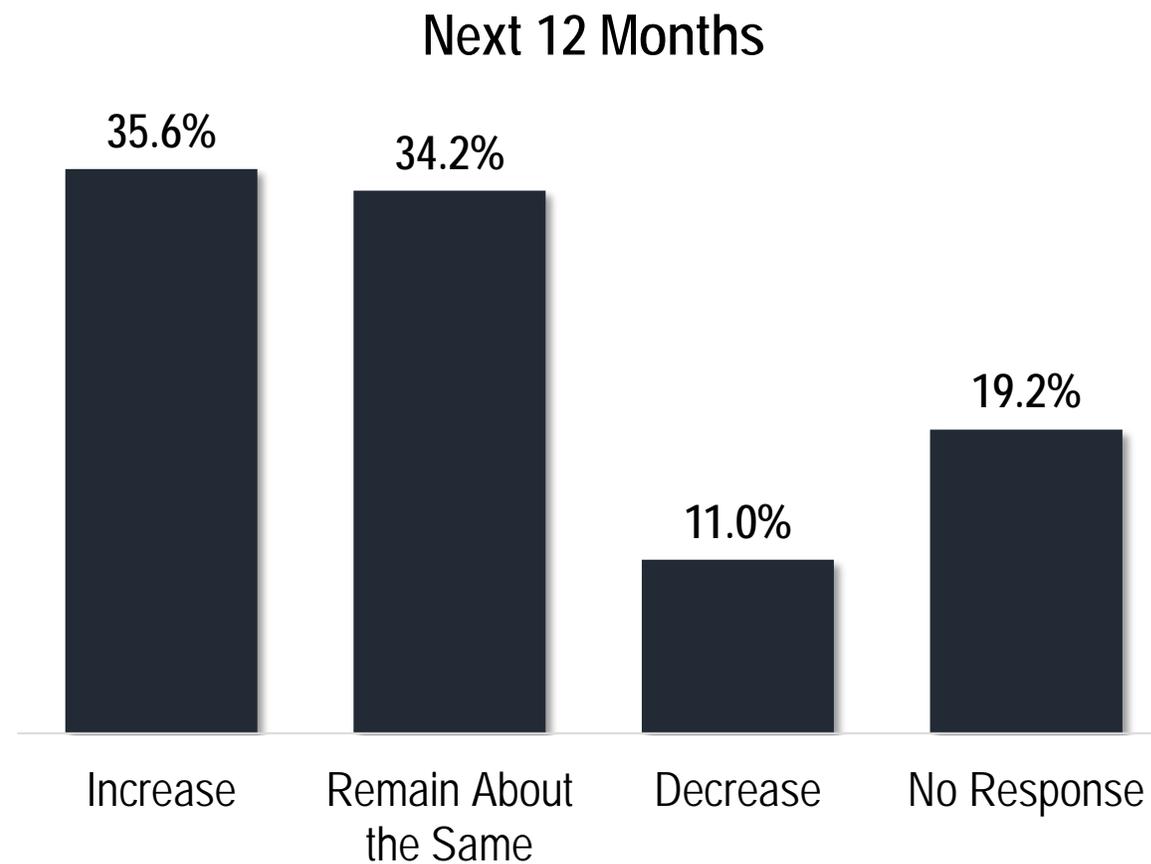
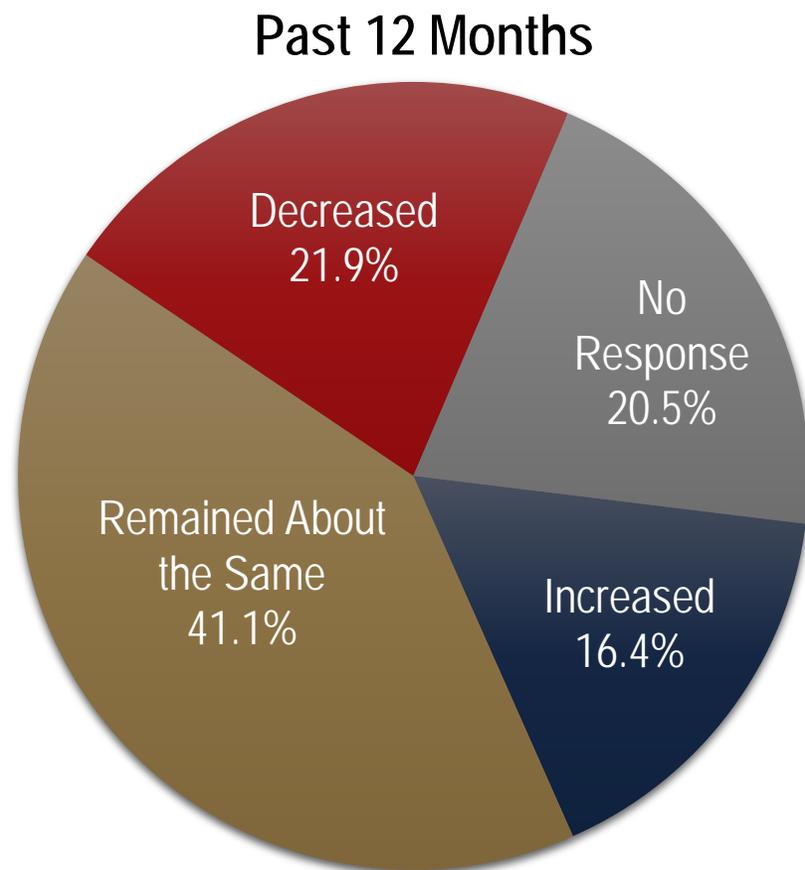


Source: London Metal Exchange; NVMA 2020 Survey



# Mineral Production

Pre- and Post- COVID-19

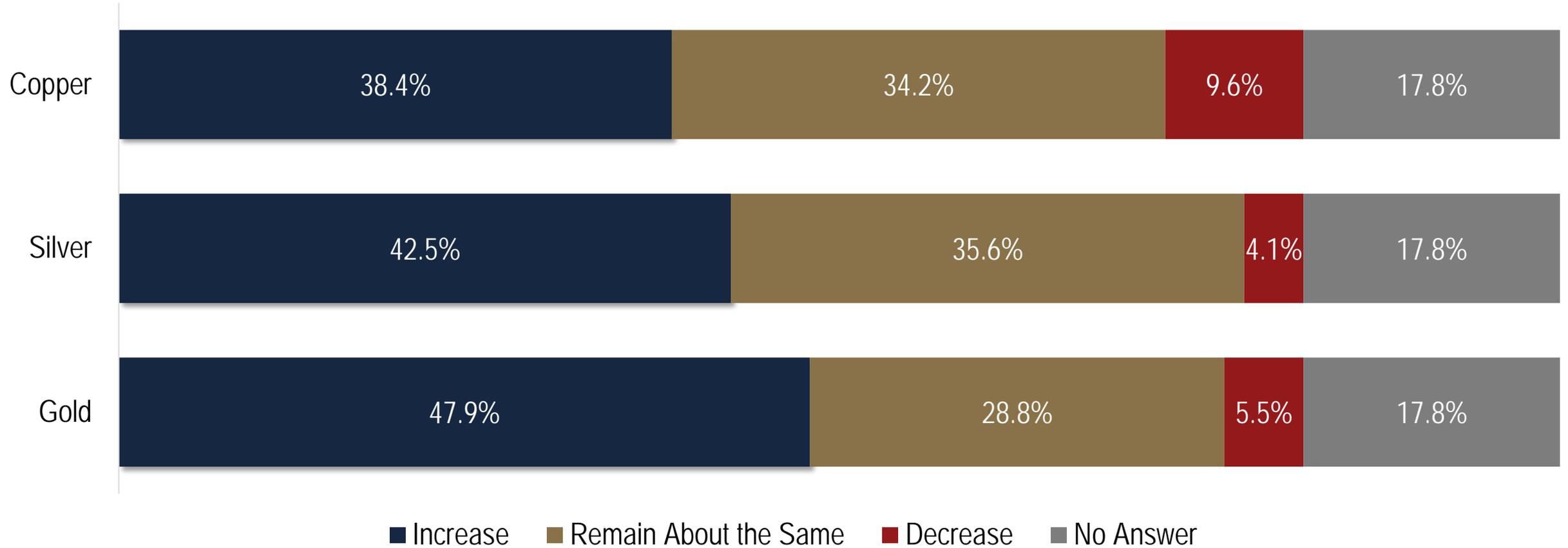


Source: NVMA 2020 Survey



# Commodity Demand

## Next 12 Months



Source: NVMA 2020 Survey

# Gold Supply Chain Disruptions and the Effect on Demand

## Production

Halted Production  
Reduced Supply



**Increased  
Gold  
Prices**

## Delivery

Travel Regulations  
Increased Delivery  
Costs



## Traders

Limited Supply  
and Increased  
Delivery Cost



## Refineries

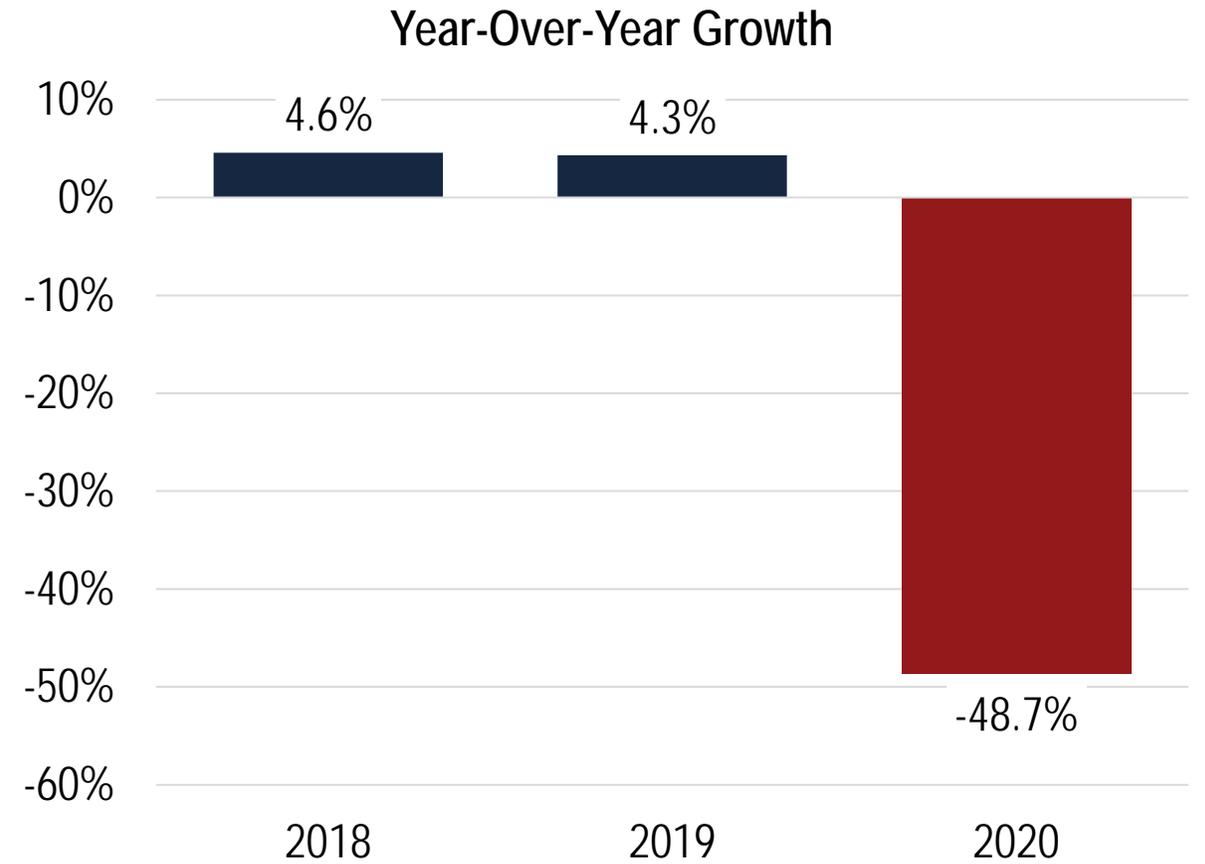
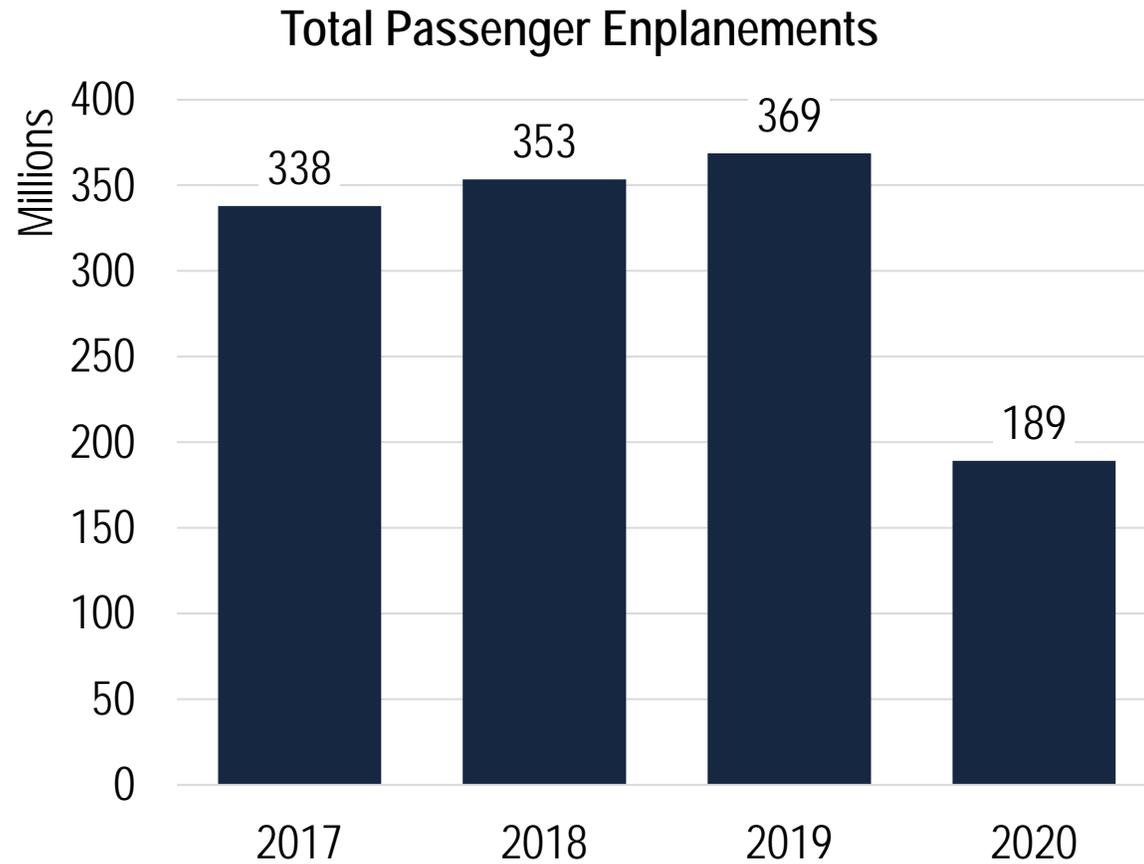
Reduced Gold  
Inputs Decreased  
Supply



Source: Visual Capitalist

# Gold Supply Chain Disruptions and the Effect on Demand

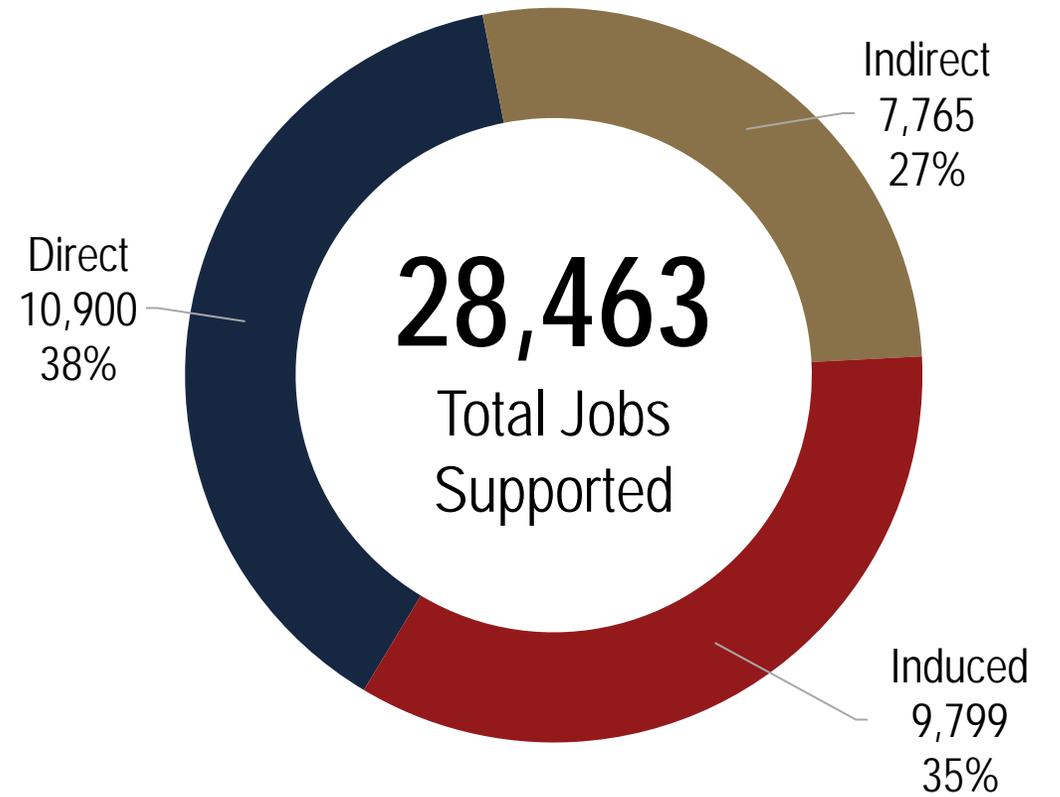
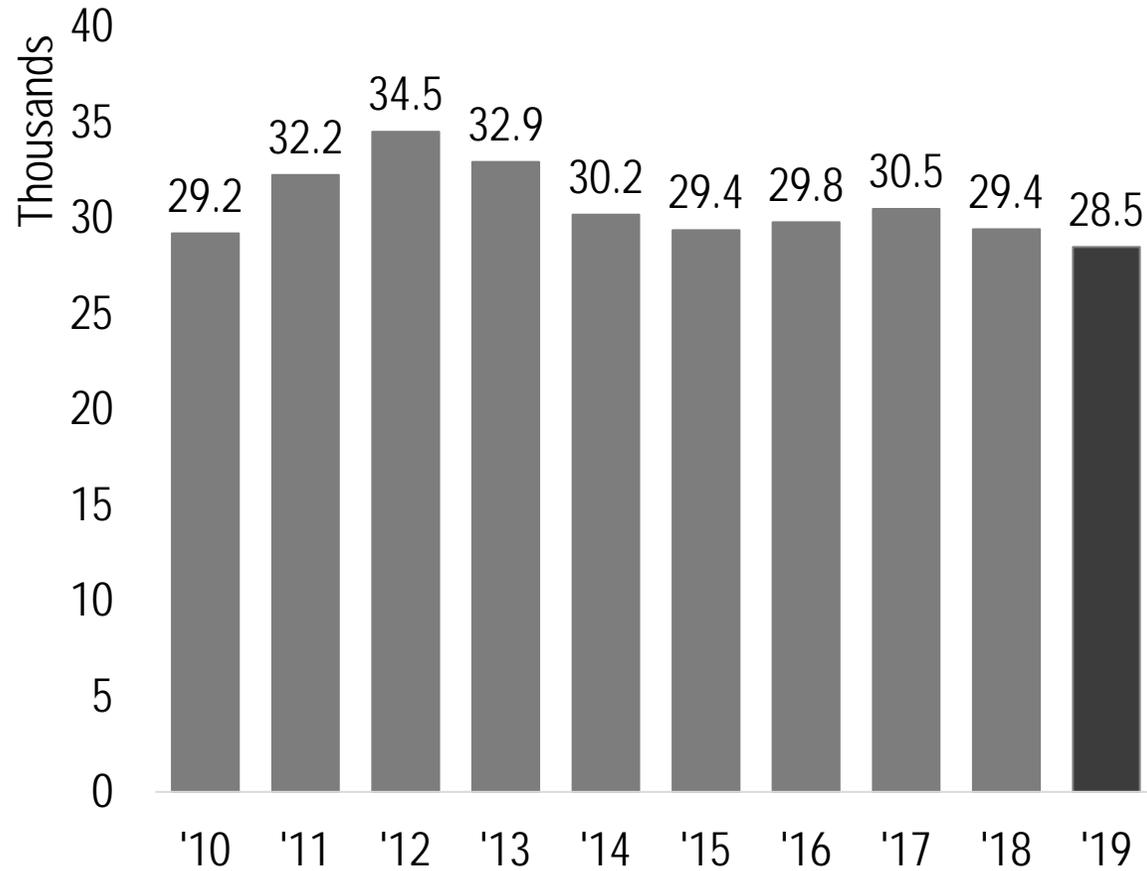
Passenger Enplanements on U.S. Airlines | 2019 to 2020 5-Month Total



Source: Bureau of Transportation Statistics

# 2019 MINING IMPACTS

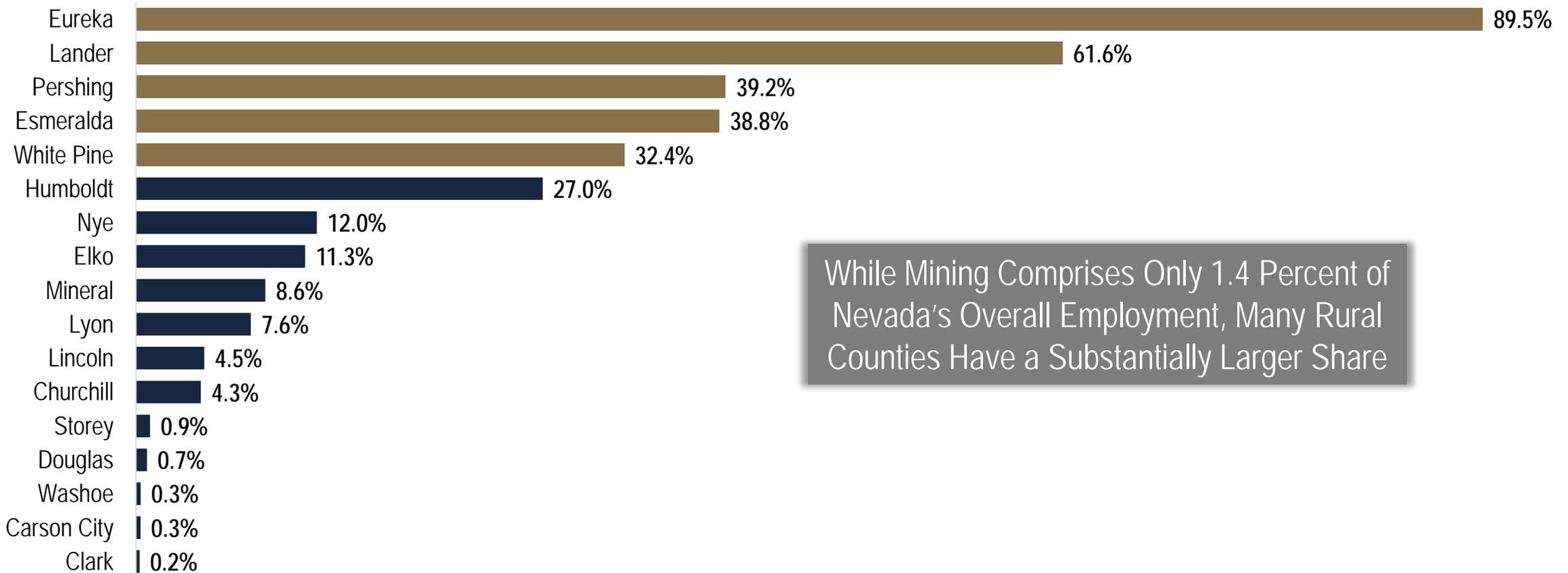
# Employment Impacts for Nevada Mining Industry Operations | 2019



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

# County Employment

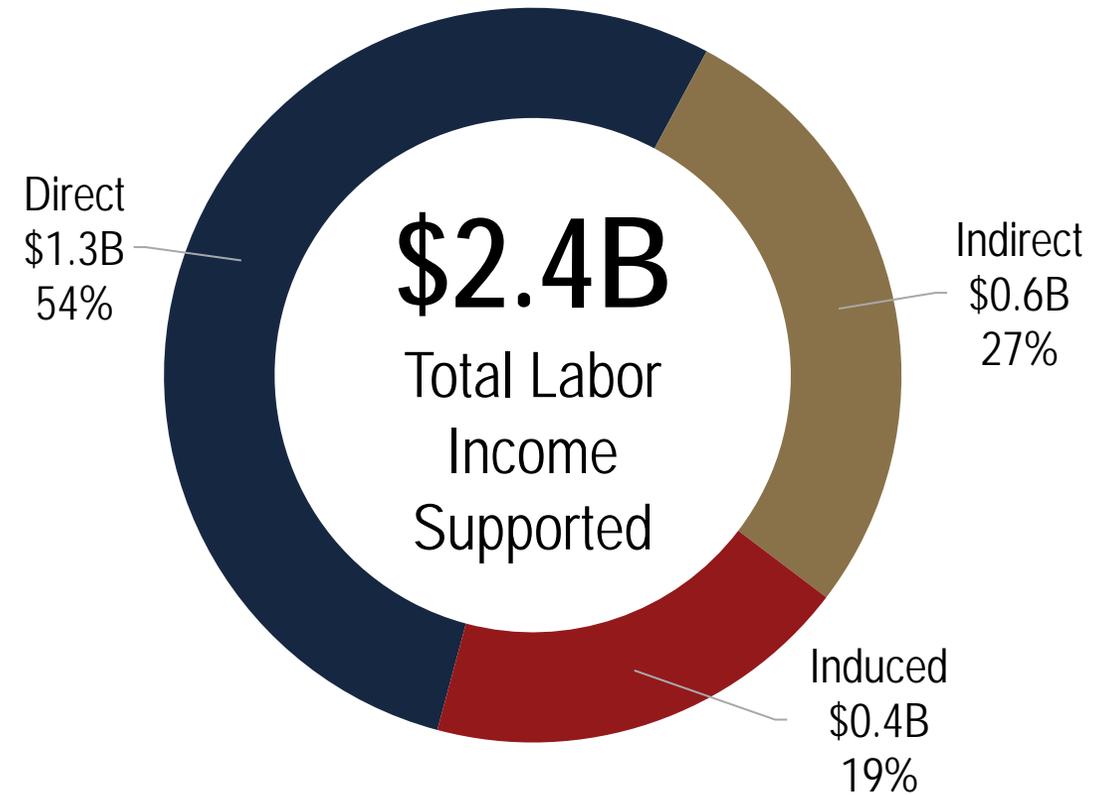
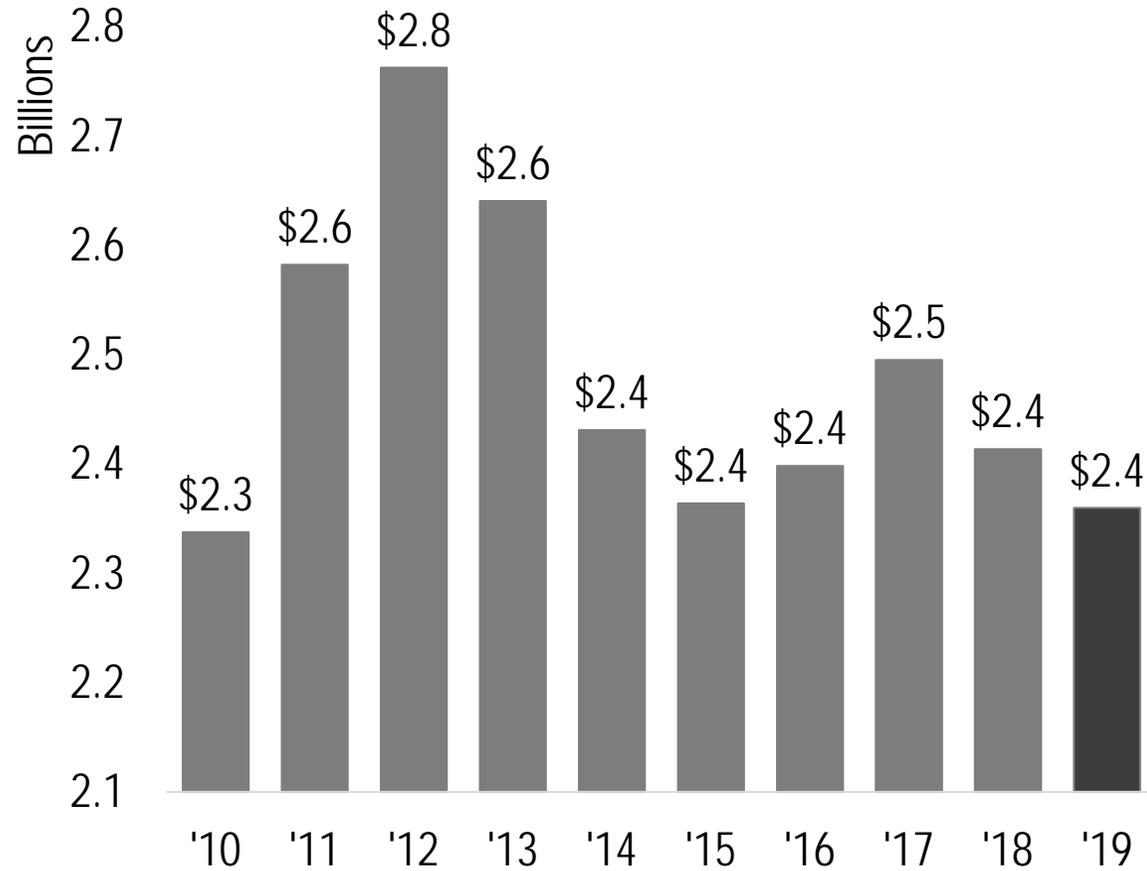
## Mining and Natural Resources Employment as Percentage of Total Employment



While Mining Comprises Only 1.4 Percent of Nevada's Overall Employment, Many Rural Counties Have a Substantially Larger Share

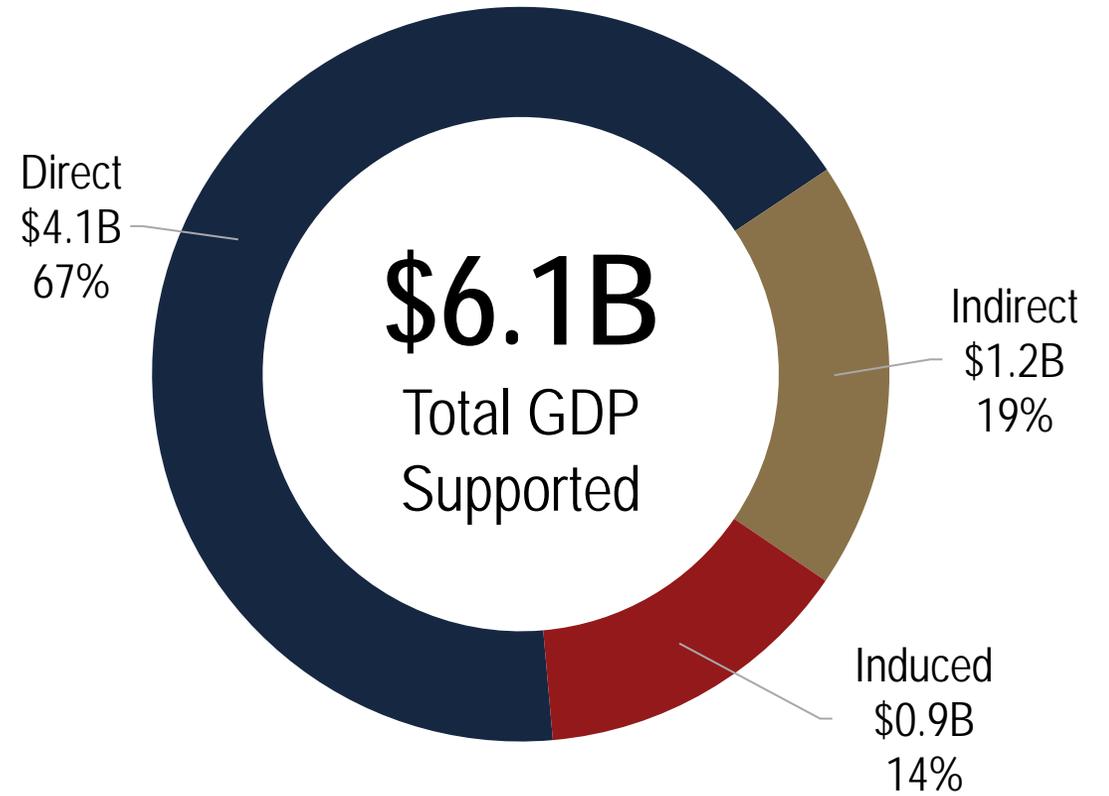
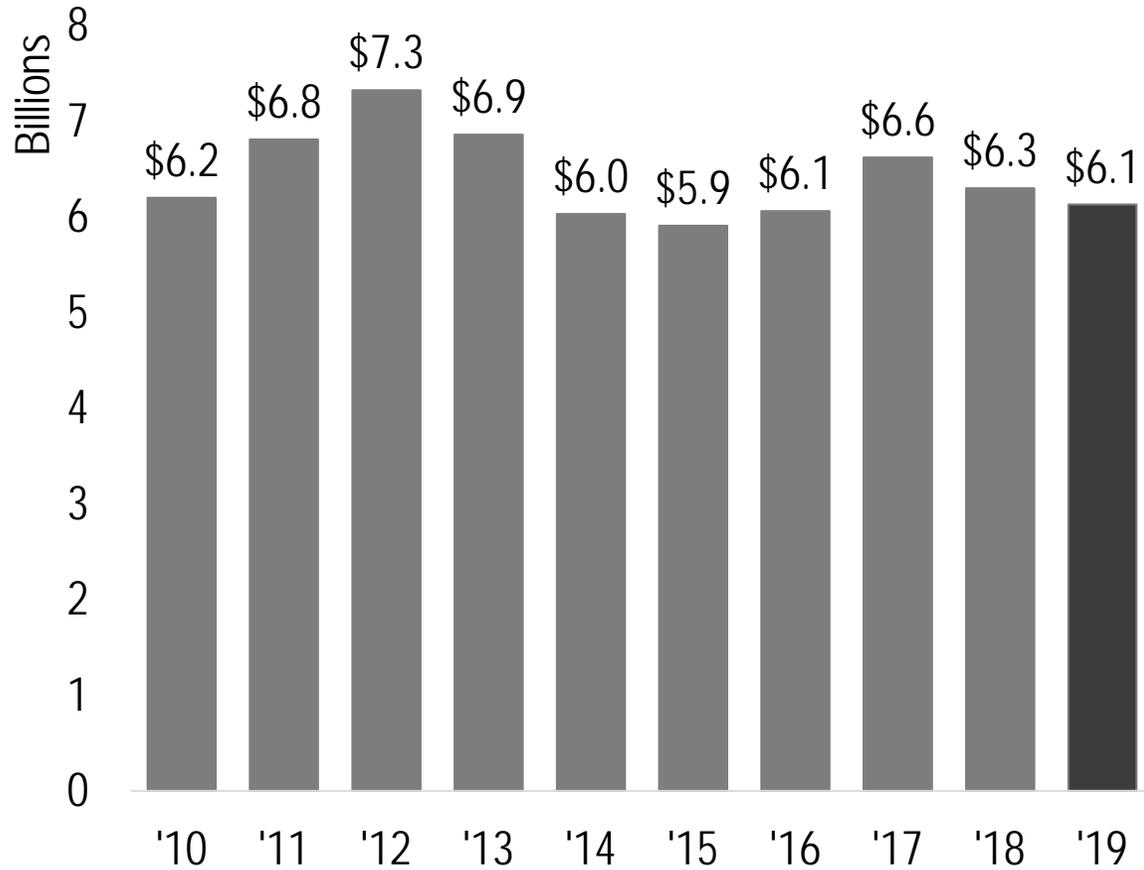
Source: U.S. Bureau of Labor Statistics; Nevada Department of Taxation; IMPLAN; Applied Analysis

# Wage and Salary Impacts for Nevada Mining Industry Operations | 2019



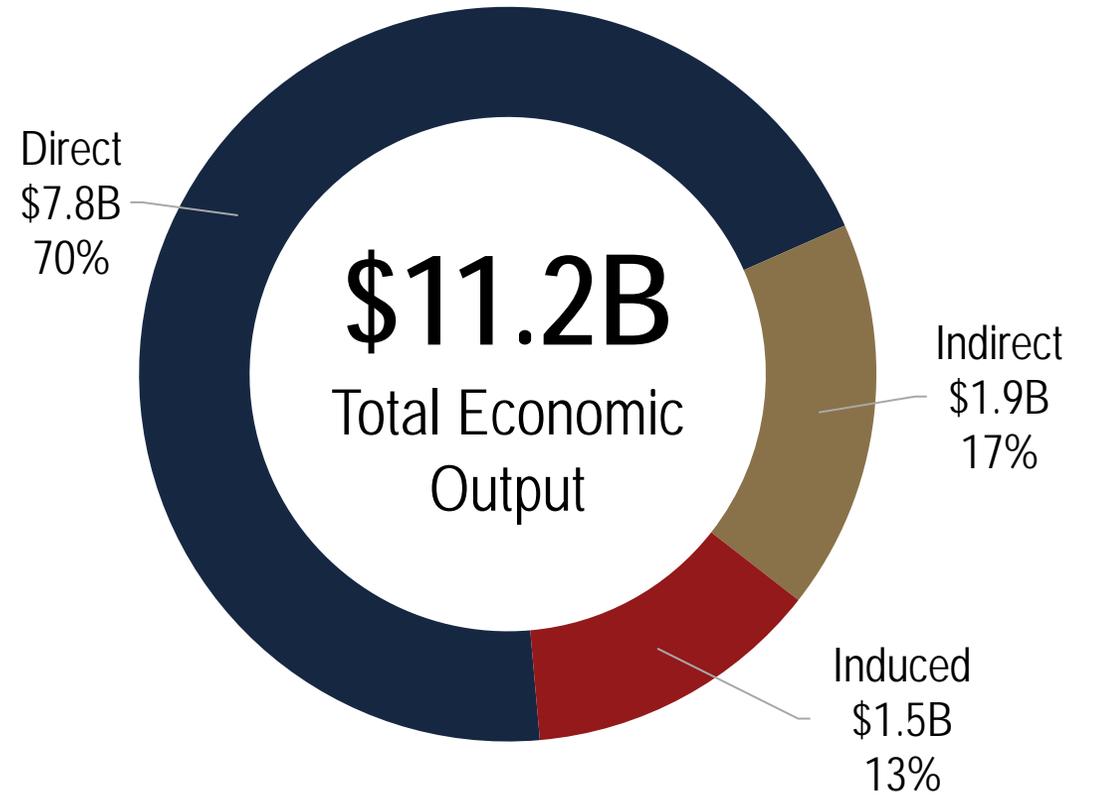
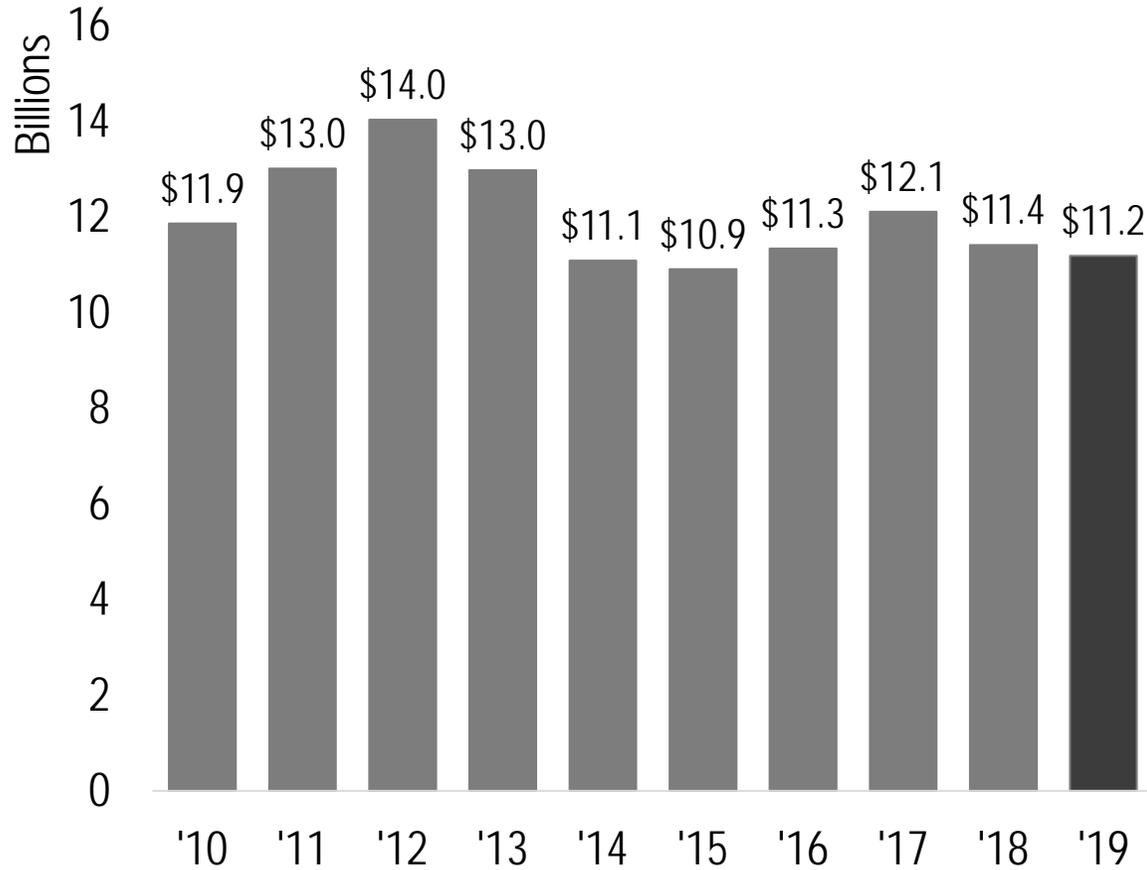
Source: U.S. Bureau of Labor Statistics; Nevada Department of Taxation; IMPLAN; Applied Analysis

# Value Added Impacts for Nevada Mining Industry Operations | 2019



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

# Economic Output for Nevada Mining Industry Operations | 2019

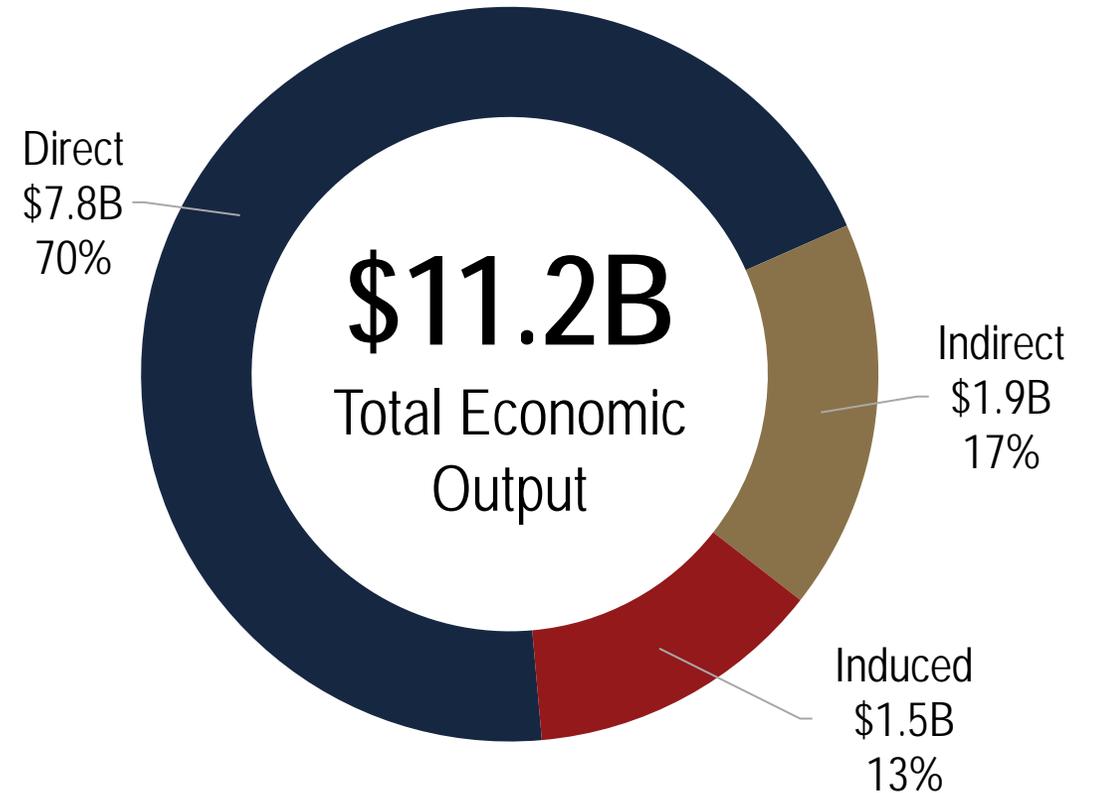


Source: U.S. Bureau of Labor Statistics; Nevada Department of Taxation; IMPLAN; Applied Analysis

# Economic Output for Nevada Mining

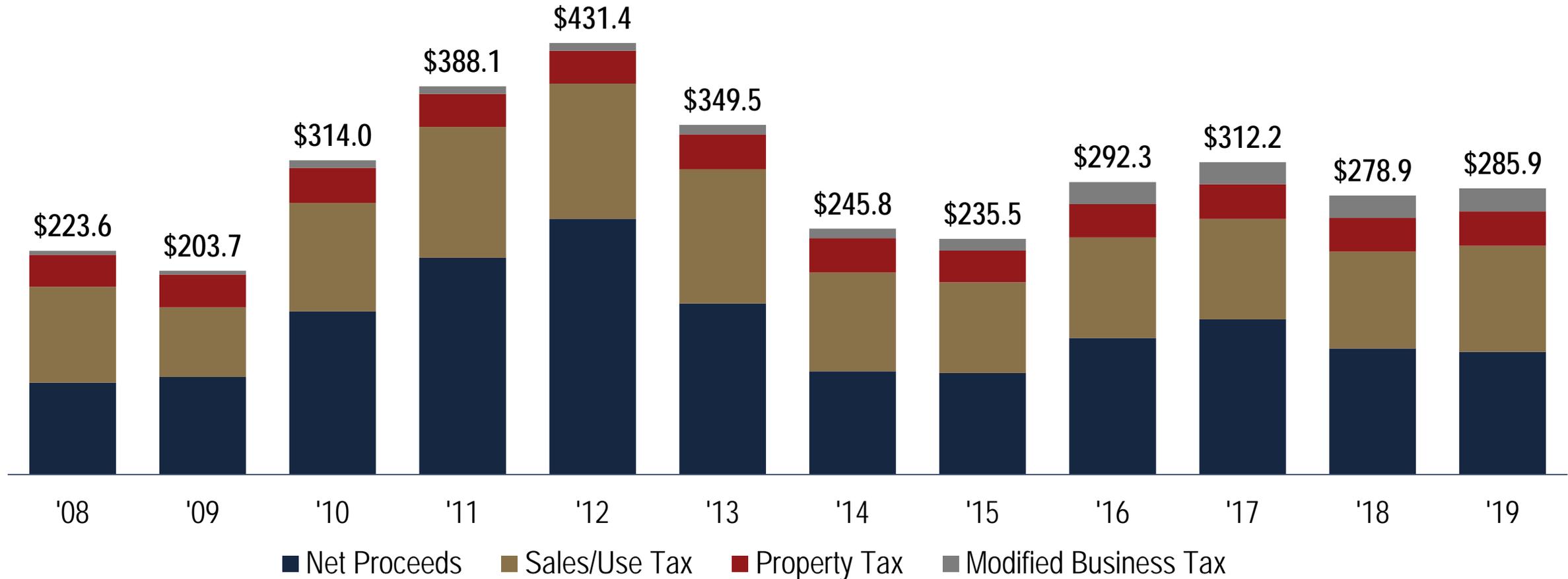
## Supported Sectors Indirect and Induced | 2019

Sector	Total Output
Natural Resources and Mining	\$840.6 million
Trade, Transportation and Utilities	\$829.8 million
Financial Activities	\$567.4 million
Information	\$269.8 million
Professional and Business Services	\$261.1 million
Manufacturing	\$181.6 million
Leisure and Hospitality	\$155.8 million
Education and Health Services	\$130.2 million
Construction	\$73.1 million
Government	\$38.7 million
Other Services	\$33.0 million
<b>Total</b>	<b>\$3.4 billion</b>



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

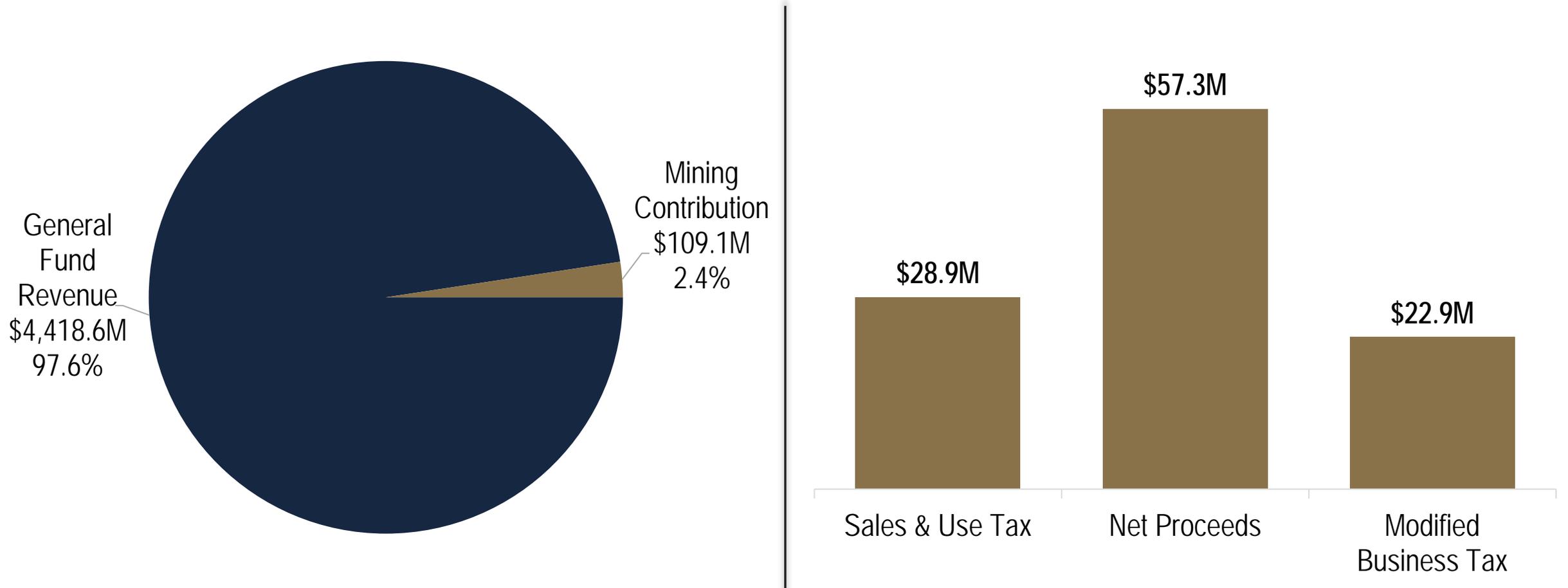
# Total Estimated Major Taxes Paid by Nevada Mining (Millions)



Note: Historical figures may be adjusted to reflect the latest available information.

Source: Nevada Department of Taxation, NvMA Member Survey, Natural Resource Industry Institute (2008 – 2010), Industry Surveys

# Total Estimated Major Taxes Paid by Nevada Mining (Millions)

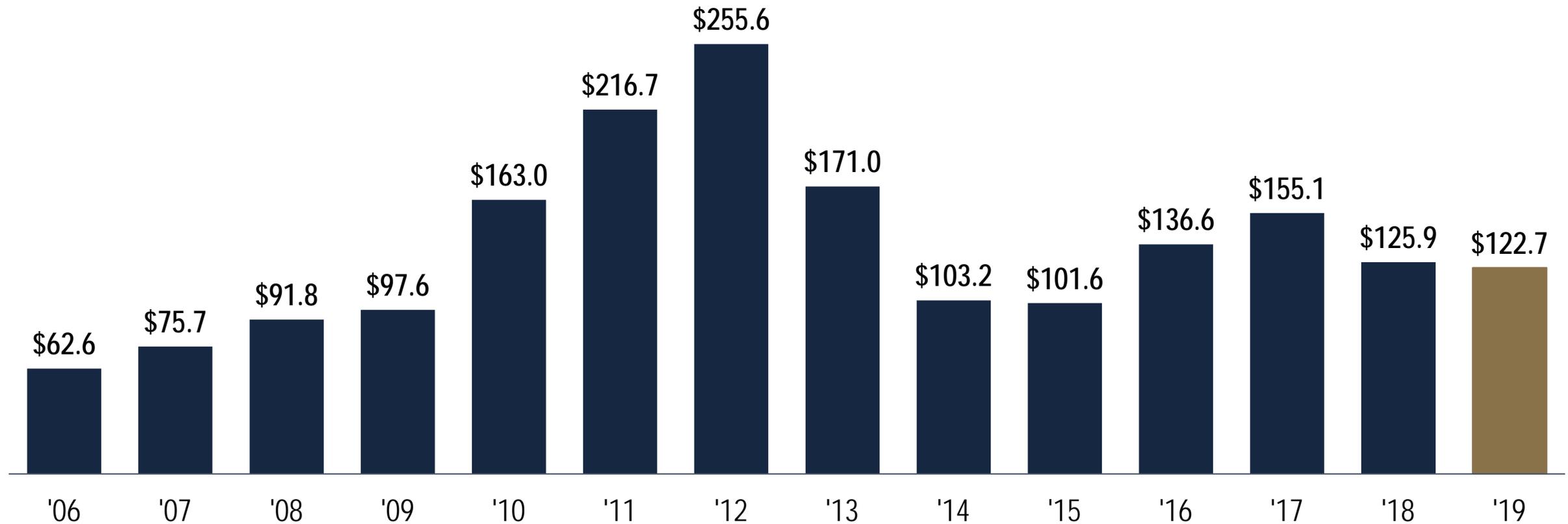


Note: Historical figures may be adjusted to reflect the latest available information.

Source: Nevada Department of Taxation, NvMA Member Survey, Natural Resource Industry Institute (2008 – 2010), Industry Surveys

# Net Proceeds of Minerals Taxes

## Including Royalty Receipts

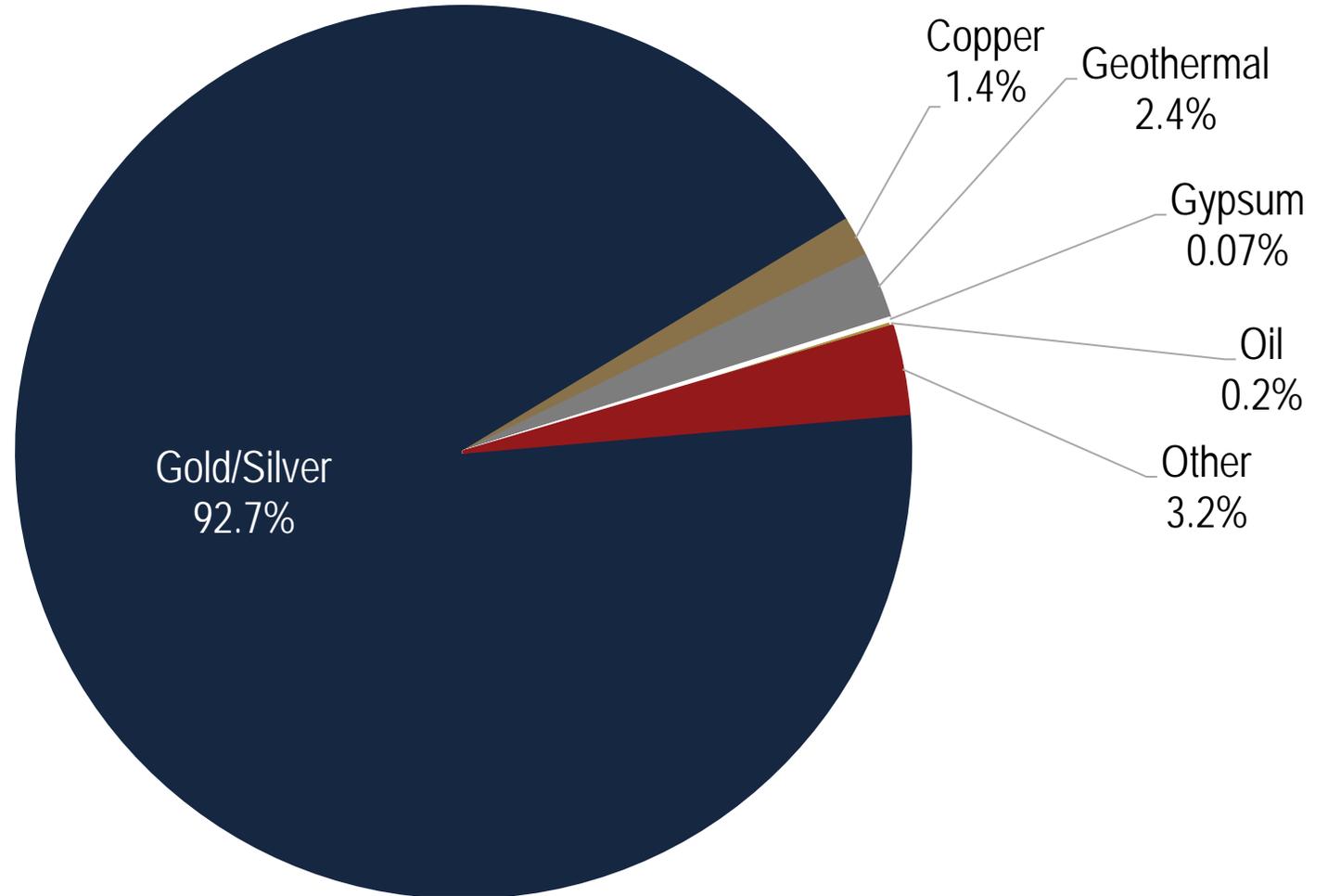


Source: U.S. Bureau of Labor Statistics; Nevada Department of Taxation; IMPLAN; Applied Analysis

# Net Proceeds of Minerals Tax By Mineral Type

# \$122.7M

Total Net Proceeds Tax Generated

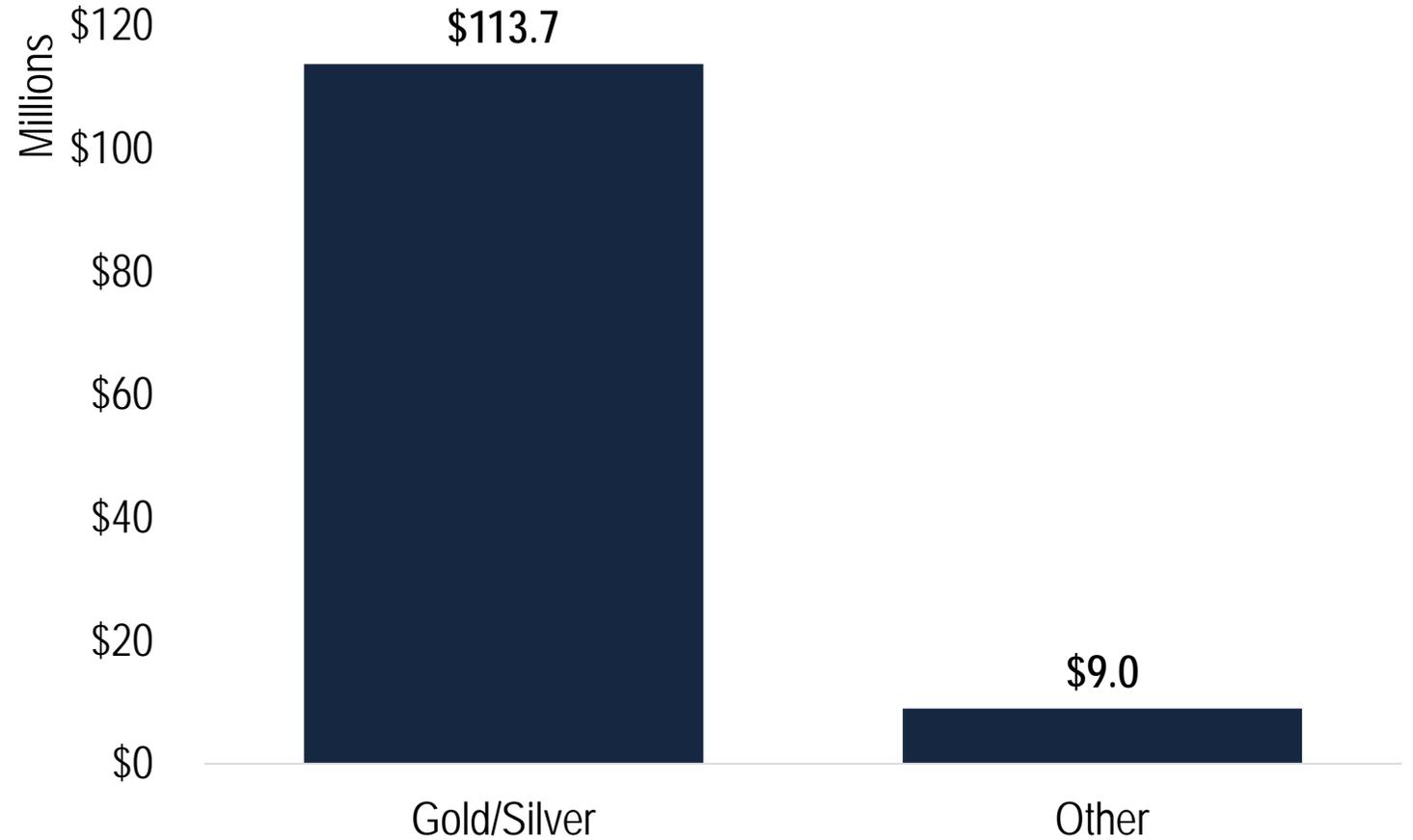


Source: U.S. Bureau of Labor Statistics; Nevada Department of Taxation; IMPLAN; Applied Analysis

# Net Proceeds of Minerals Tax By Mineral Type

# \$113.7M

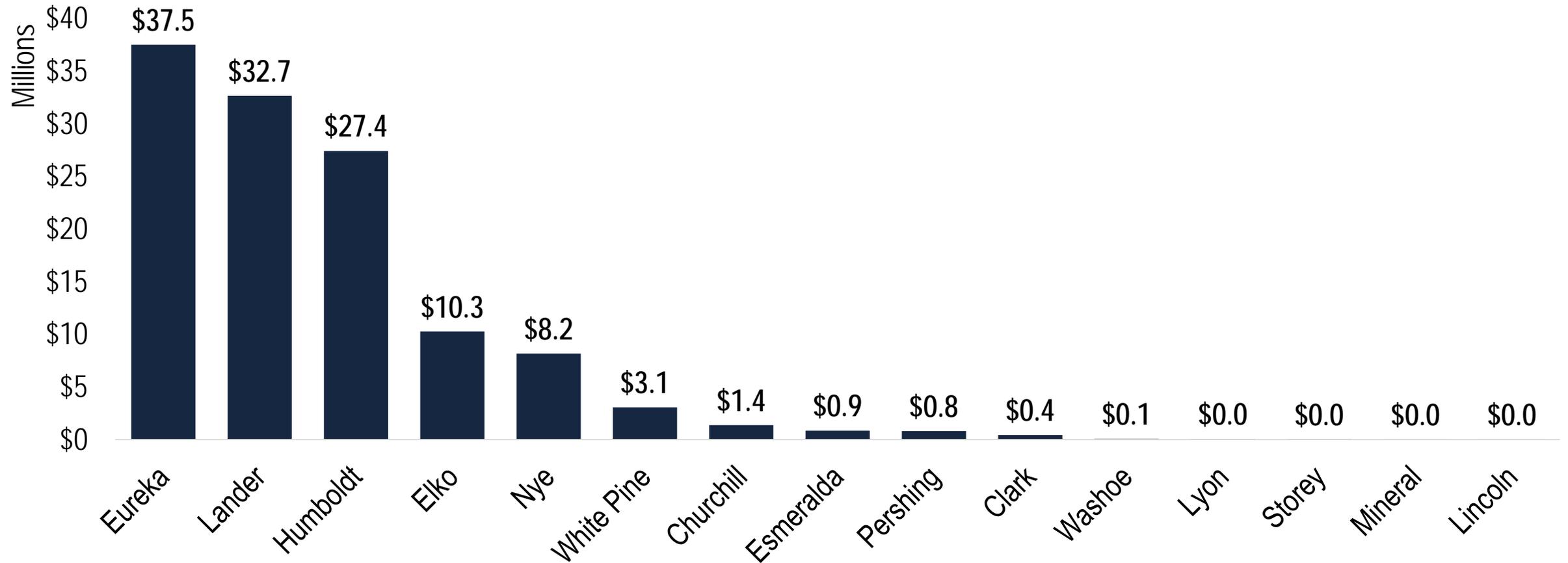
Total Net Proceeds  
Generated by Gold/Silver



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

# Net Proceeds of Minerals Tax

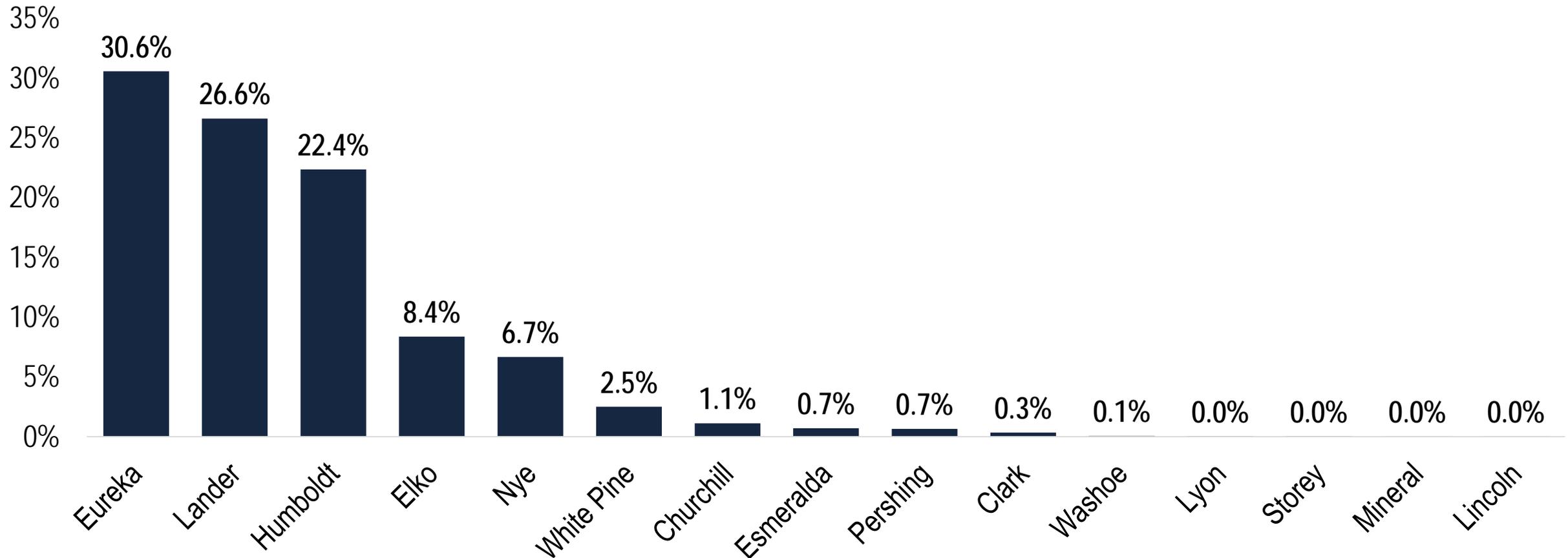
Total by County



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

# Net Proceeds of Minerals Tax

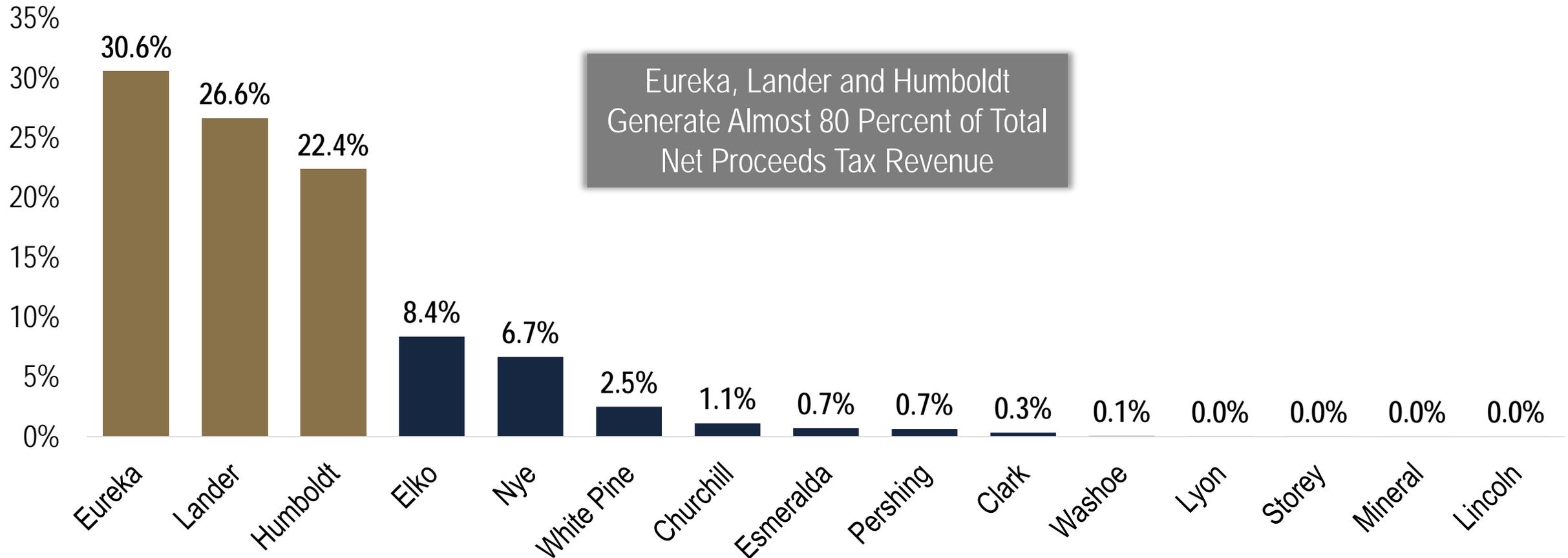
## Share by County



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

# Net Proceeds of Minerals Tax

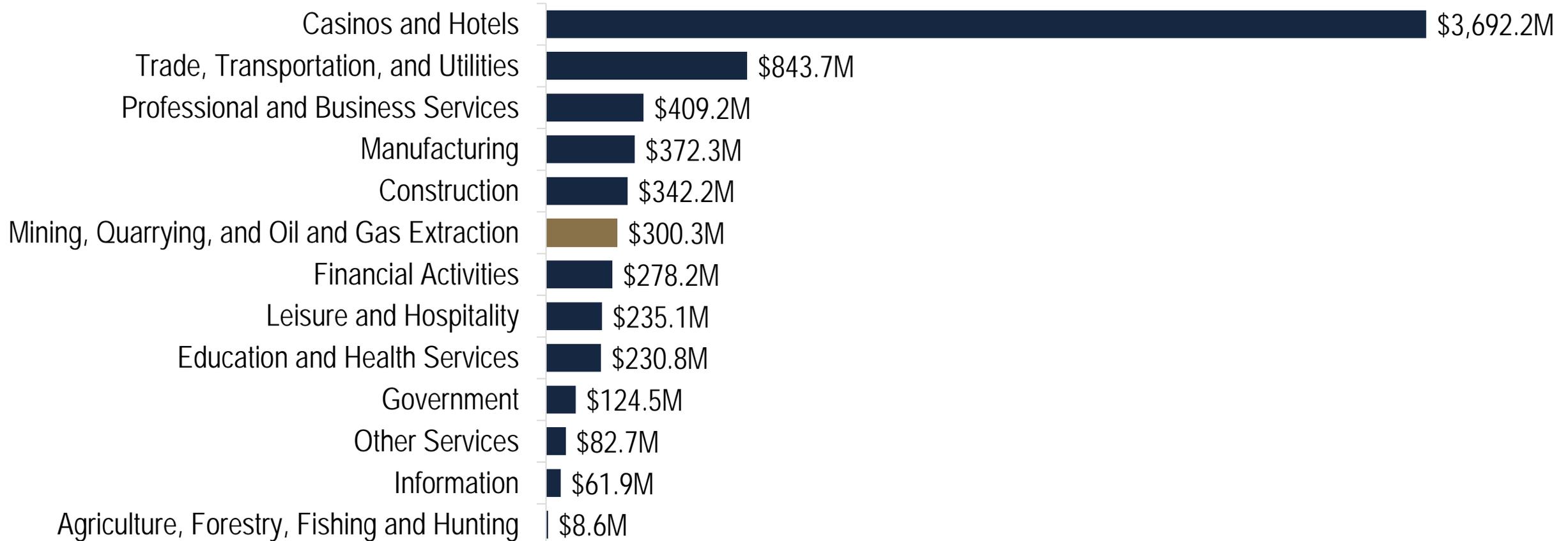
## Share by County



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

# Effective Tax Rate Comparison

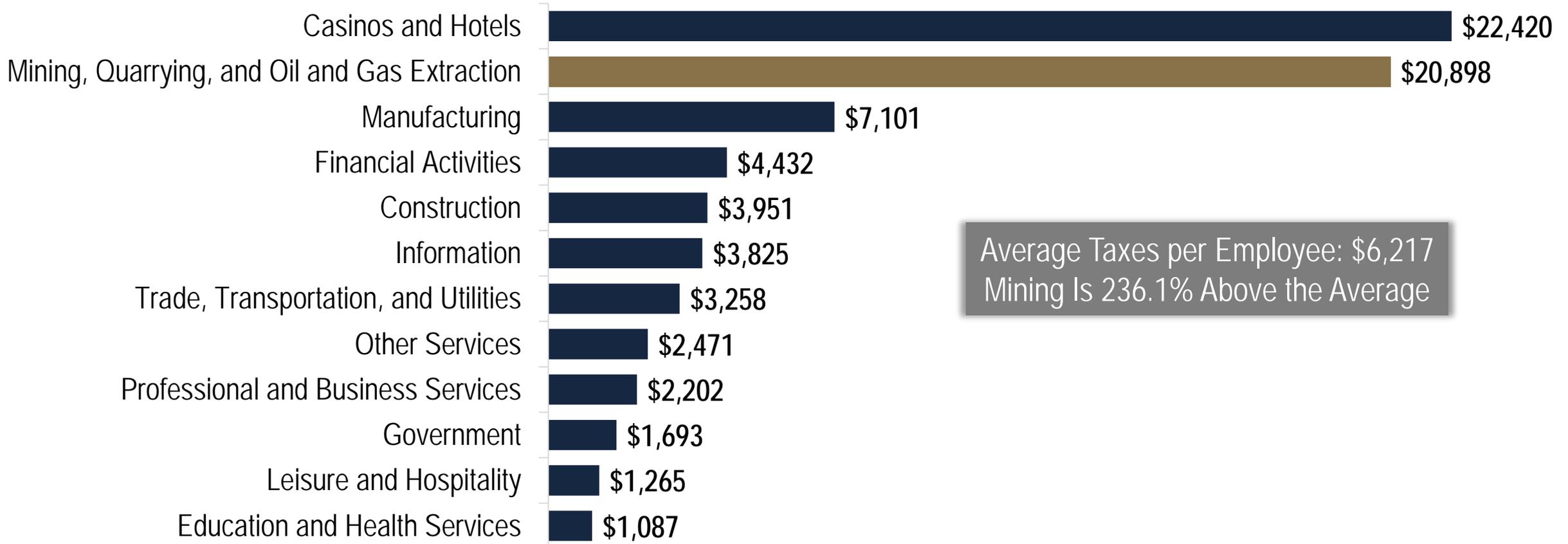
## Total Taxes by Industry



*Note: Casinos and Hotels include tax revenue generated by guests and patrons*

# Effective Tax Rate Comparison

## Total Taxes per Employee



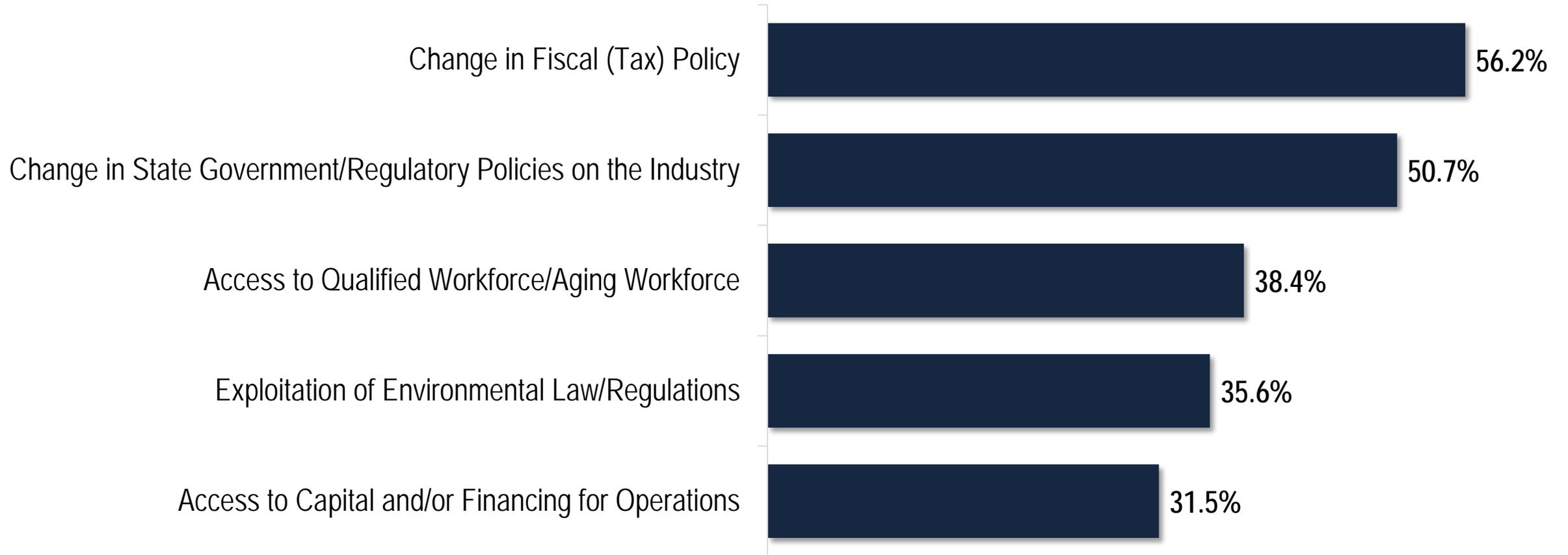
Note: Casinos and Hotels include tax revenue generated by guests and patrons; Agriculture industry is excluded from this analysis

# IMPACTS OF SPECIAL SESSION AND BUDGET ALLOCATIONS



# Nevada Mining Industry Risks

## Top 5 Greatest Perceived Risks



Source: NVMA 2020 Survey



# Nevada Mining Industry Risks

## Top 5 Greatest Perceived Risks

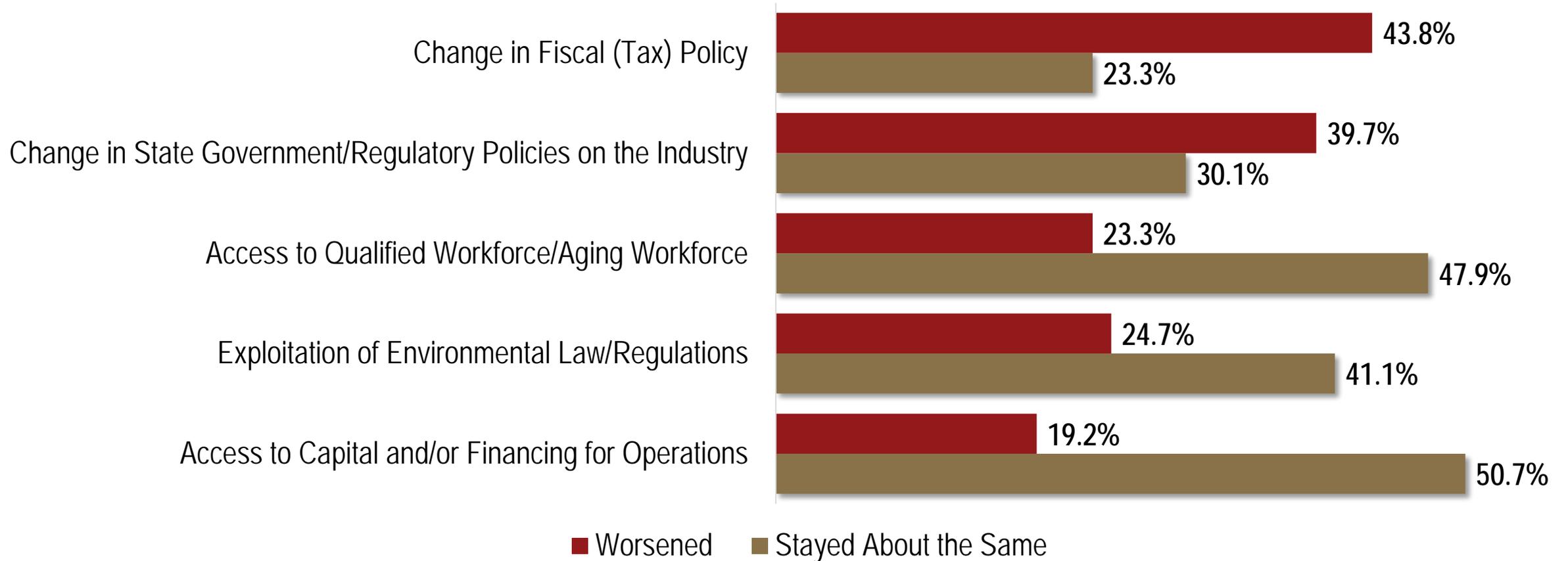


Source: NVMA 2020 Survey



# Nevada Mining Industry Risks

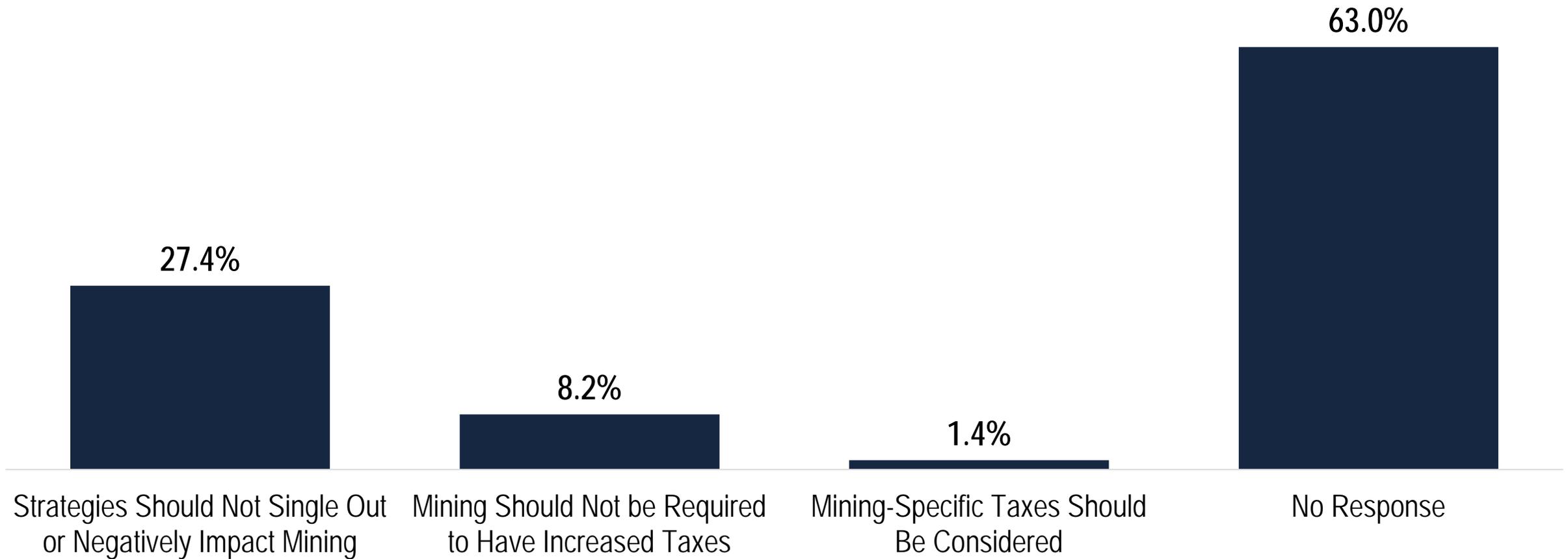
## Change in Risks



Source: NVMA 2020 Survey



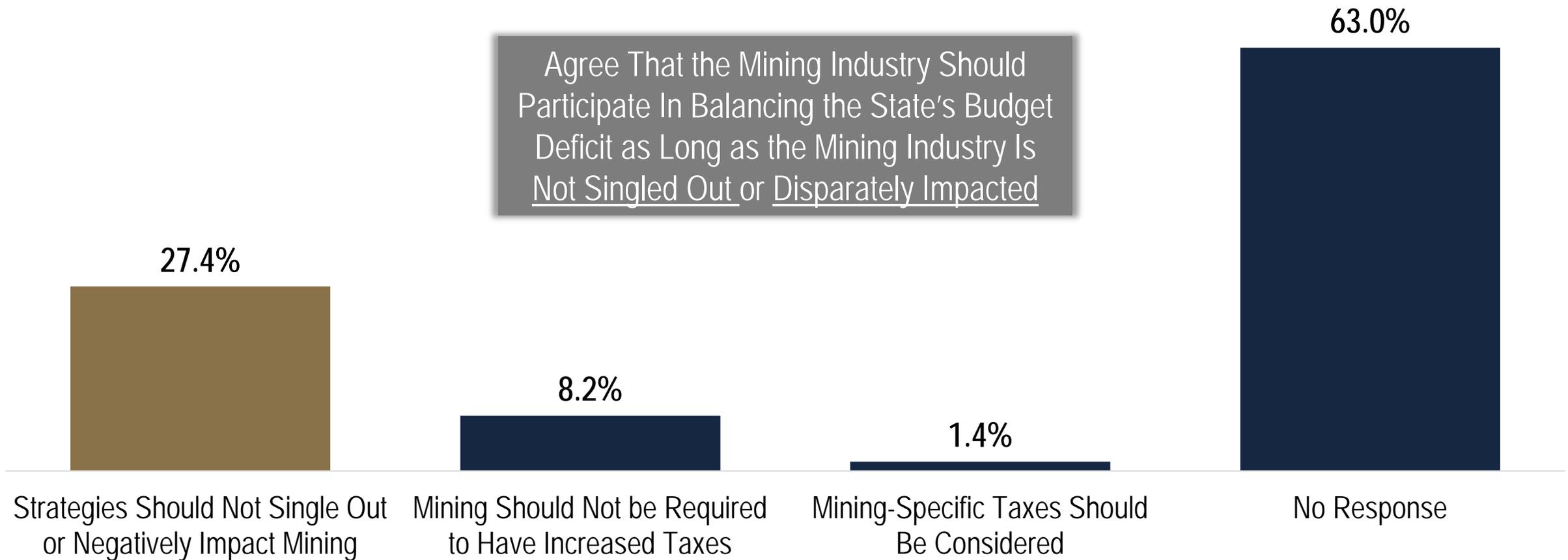
# Fiscal Shortfalls Impact On Mining



Source: NVMA 2020 Survey



# Fiscal Shortfalls Impact On Mining



Source: NVMA 2020 Survey

# 31<sup>st</sup> (2020) Special Session



State Budget  
Deficit  
**\$1.2 Billion**

## Budget Reductions

Dept. of Health and  
Human Services

**\$152 Million**

Dept. of Education  
(K-12)

**\$150 Million**

Nevada System of Higher Education

**\$135 Million**

Capital Projects

**\$73 Million**

## Revenue Increases

Net Proceeds of  
Minerals Prepay

**\$55 Million**

Governmental  
Services Tax

**\$48 Million**

CARES Act

**\$50 Million**

Transfers and Reallocations

**\$91 Million**

AN ACT relating to governmental financial administration; temporarily accelerating the collection of a portion of the tax upon the net proceeds of minerals; temporarily requiring persons who extract minerals to pay a portion of the tax on the net proceeds of the estimated royalties that will be paid for certain years; temporarily altering the allocation of a portion of the proceeds of the basic governmental services tax; requiring the Department of Taxation to allow for the payment of delinquent taxes, fees or assessments without a penalty for a limited period in certain circumstances; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law provides for the taxation of the net proceeds of minerals based upon the actual net proceeds from the preceding calendar year. (NRS 362.100-362.240) Existing law requires the person extracting any mineral in this State to file a statement which shows the estimated gross yield and estimated net proceeds from each operation for the current calendar year and an estimate of all royalties that will be paid during the current calendar year. (NRS 362.115) **Sections 2 and 3** of this bill temporarily require advance payment of the portion of the tax that is distributed to the State General Fund, based upon the estimated net proceeds and royalties for the current calendar year. **Section 12** of this bill provides that the collection of the tax on net proceeds of minerals reverts back to the former method of collection on actual net proceeds beginning for calendar year 2024. However, because a portion of the tax on the net proceeds of minerals imposed for calendar year 2023 will be paid in advance during fiscal year 2023, **section 8** of this bill enacts transitory provisions governing the duties of the Department of Taxation for fiscal year 2024.

Existing law imposes a basic tax for governmental services for the privilege of operating any vehicle upon the public highways of this State, which is collected by the Department of Motor Vehicles. (NRS 371.030, 482.260) Existing law sets forth depreciation schedules for determining the valuation of a vehicle that is used to calculate the amount of governmental services taxes due each year for used vehicles. (NRS 371.060) Senate Bill No. 429 of the 2009 Legislative Session (S.B. 429) increased the amount of governmental services taxes due annually for used vehicles by reducing the amount of depreciation allowed and increasing the minimum tax. Existing law allocates the revenue from this portion of the governmental services tax, with 25 percent of the proceeds allocated to the State General Fund and 75 percent of the proceeds allocated to the State Highway Fund. (NRS 482.182) **Sections 5.5 and 6** of this bill temporarily require the Department to direct that the entire amount of these proceeds be transferred to the State General Fund. **Sections 9 and 12** of this bill limit this change to governmental services taxes collected for a registration period beginning on or after July 1, 2020, and ending on or before June 30, 2021.

**Section 10** of this bill requires the Department of Taxation to establish an amnesty program pursuant to which a person who is delinquent in the payment of a tax, fee or assessment may pay the amount due without any penalty or interest in certain circumstances.



# 31<sup>st</sup> (2020) Special Session

## SB3 Requires NPM Pre-Payment

- Mining companies are required to pay approximately half of net proceeds of minerals tax collection at the beginning of the year, to go directly to State General Fund
- Remaining half of tax will continue to be paid at the end of the year and be distributed to school districts and local governments
- Advanced payment in effect until fiscal year 2023

# 32<sup>nd</sup> (2020) Special Session

Passed by Legislature

Bill	Topic	Description
Assembly Bill 1	Technical Correction from 2019	Corrects several unintended clerical or drafting errors from bills approved in 2019 Legislature
Assembly Bill 2	LCB Changes/Remote Voting	Organizes practices and actions taken by interim legislative bodies over the past months, including allowing legislatures to participate in meeting or floor sessions using remote technology
Assembly Bill 3	Criminal Justice/Police Reform	Allows for non-obstructive recording of law enforcement activity and bars police from taking recording instruments and destroying recordings/images
Assembly Bill 4	Elections	Creates a new set of rules for elections taking place during a state of emergency or declaration of disaster

Source: *The Nevada Independent*

# 32<sup>nd</sup> (2020) Special Session

Passed by Legislature

Bill	Topic	Description
Senate Bill 1	Evictions Dispute	Sets a halt on eviction proceedings for any tenants if a court in the state establishes an "expedited program of alternative dispute resolution"
Senate Bill 2	SB242 Rework	Removes some provisions included in SB242, which added additional protection for police officers accused of misconduct
Senate Bill 3	DETR Changes	Allows people to work more hours before they are deemed to make too much to be eligible for unemployment benefits
Senate Bill 4	Business Liability/Worker Protection	Adds enhanced cleaning policies for large casinos, enhanced protection for workers at hotels and casino, and board immunity from COVID-19-related litigation for businesses, government agencies and nonprofits

Source: *The Nevada Independent*

# 32<sup>nd</sup> (2020) Special Session

Passed by Legislature

Bill	Topic	Description
Assembly Joint Resolution 1	Mining Taxes	Changes the mining tax structure to from a 5 percent maximum net proceeds of minerals tax to a tax on the gross proceeds at a 7.75 percent rate
Assembly Joint Resolution 2	Mining Taxes	Raises the upper limit of the net proceeds of minerals tax from 5 percent to 12 percent
Senate Joint Resolution 1	Mining Taxes	Changes the mining tax structure to from a 5 percent maximum net proceeds of minerals tax to a tax on the gross proceeds at a 7.75 percent rate
Senate Concurrent Resolution 1	Declaring Racism to be a Public Health Crisis	Declares that systemic racism and structures of racial discrimination constitute a public health crisis which is magnified by the disproportionately high impact of COVID-19 on communities of color and which affects the entire state

Source: *The Nevada Independent*



The

**NEVADA INDEPENDENT*****YOUR STATE. YOUR NEWS. YOUR VOICE.***

---

## **TRIO OF MINING TAX HIKE PROPOSALS PASS OUT OF SPECIAL SESSION; FIRST STEP TO AMEND CONSTITUTION**

“Nevada lawmakers have kickstarted a process that could eventually raise taxes on mining companies by passing three potential constitutional amendments during the special session.”

# 32<sup>nd</sup> (2020) Special Session

## AJR1 Changes the Voting Structure of Mining Taxes

Current Voting Structure

# 2/3 Majority

All Tax Increases

# Simple Majority

All Tax Decreases

Proposed Voting Structure

# Simple Majority

Mining Tax Increases

# 2/3 Majority

Mining Tax Decreases

Source: Nevada Electronic Legislative Information System

# 32<sup>nd</sup> (2020) Special Session

## Proposed Mining Tax Legislation

### Current Tax Structure



**5.00 Percent  
Net Proceeds**

No Additional Taxes Allowed

AJR1

**7.75 Percent Gross Proceeds**

Additional Taxes Allowed

SJR1

**7.75 Percent Gross Proceeds**

Additional Taxes Allowed

AJR2

**12.00 Percent Net Proceeds**

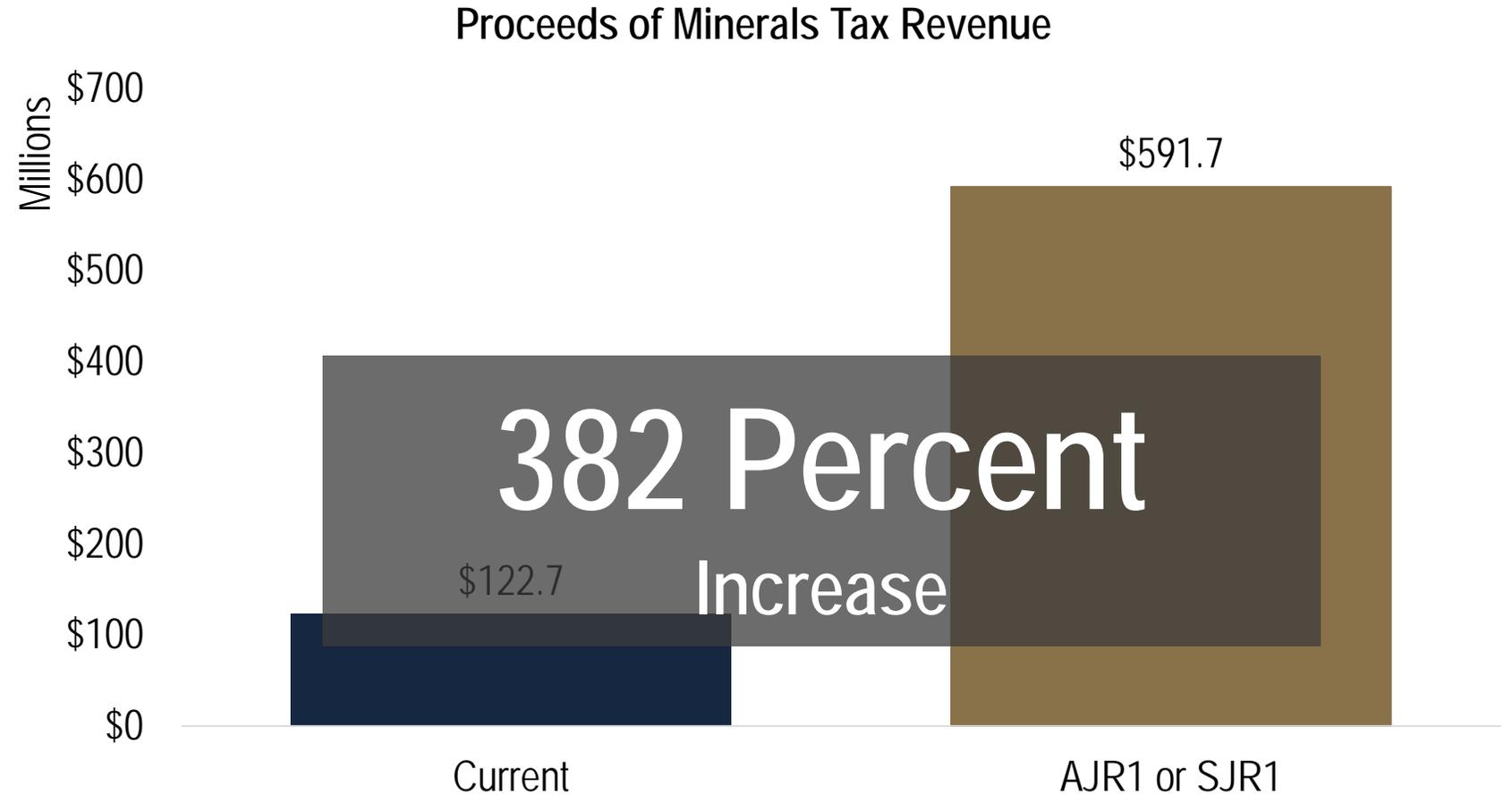
No Additional Taxes Allowed

Source: Nevada Electronic Legislative Information System

# Comparative Analysis of Potential Tax Yield

Current Structure Versus AJR1 or SJR1

Proceeds of Minerals Tax  
**\$469.0M**  
 Increase



Source: Nevada Department of Taxation; Applied Analysis

# Comparative Analysis of Potential Tax Yield

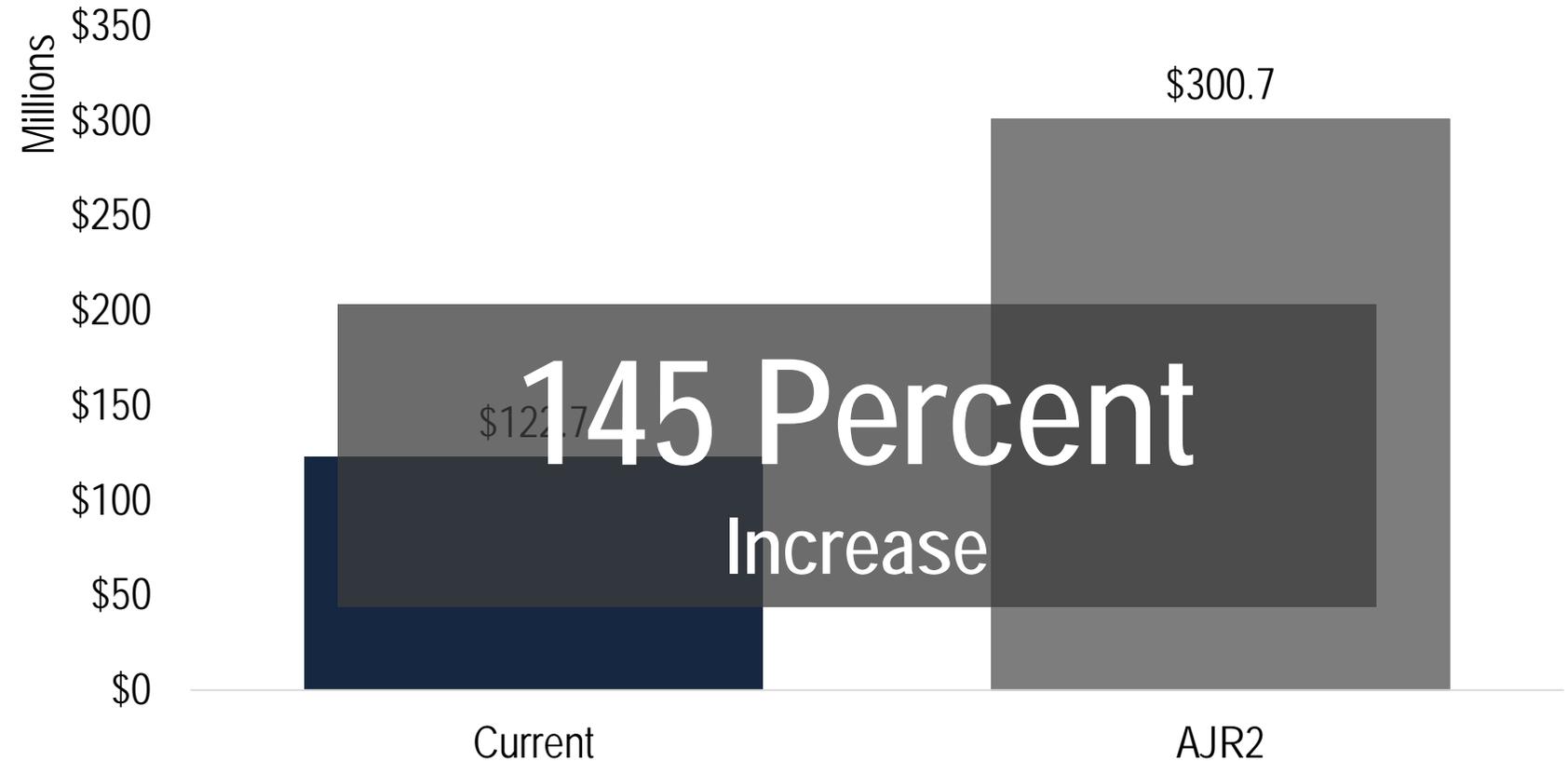
Current Structure Versus AJR2

Proceeds of Minerals Tax

**\$178.0M**

Increase

Proceeds of Minerals Tax Revenue



Source: Nevada Department of Taxation; Applied Analysis

# Comparative Analysis of Potential Tax Yield

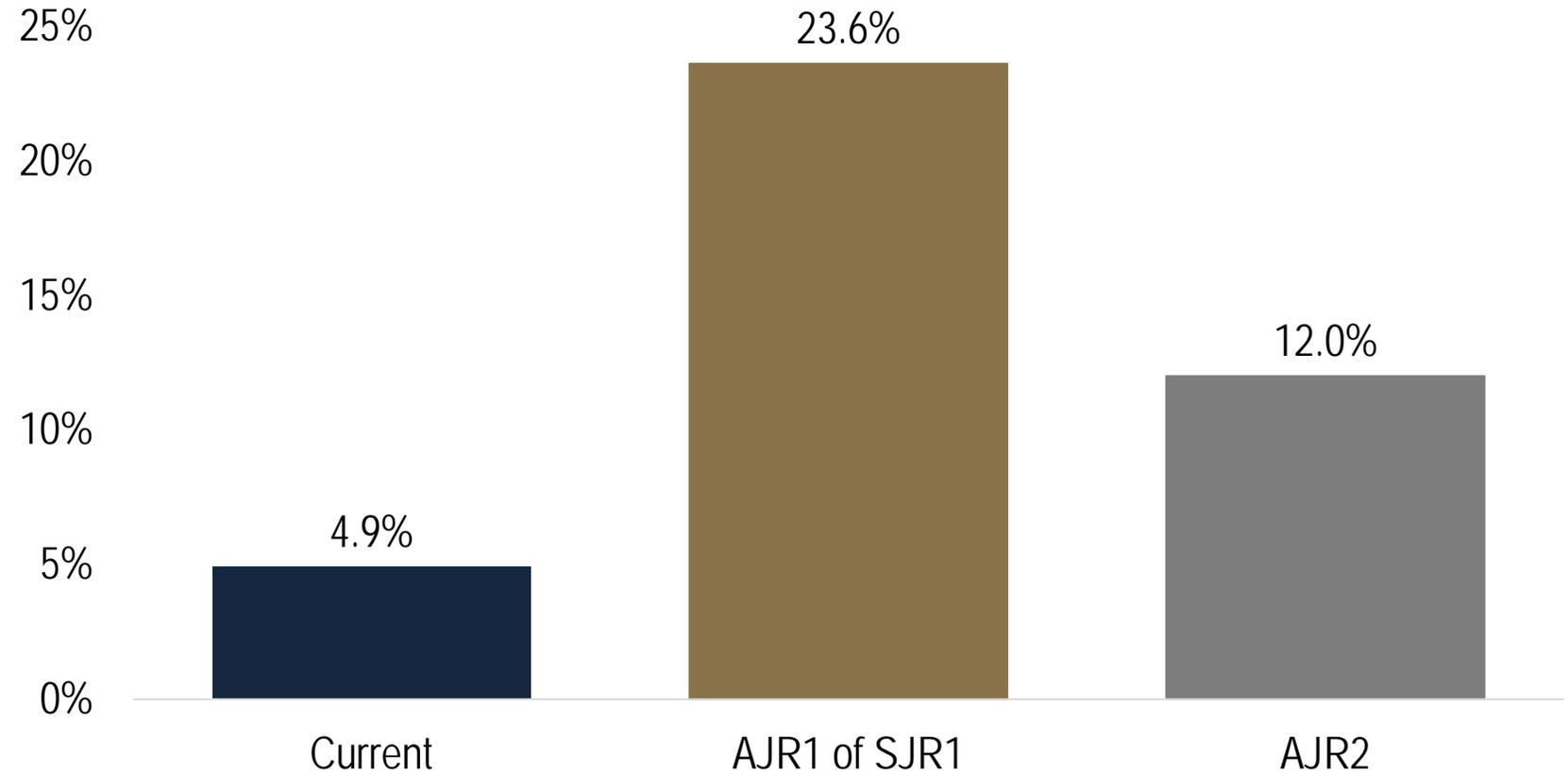
Effective Tax Rate | Net Proceeds

Effective Tax Rate

**7.1-18.7**

Point Increase

Effective Tax Rate as Share of Net Proceeds



Source: Nevada Department of Taxation; Applied Analysis

# Comparative Analysis of Potential Tax Yield

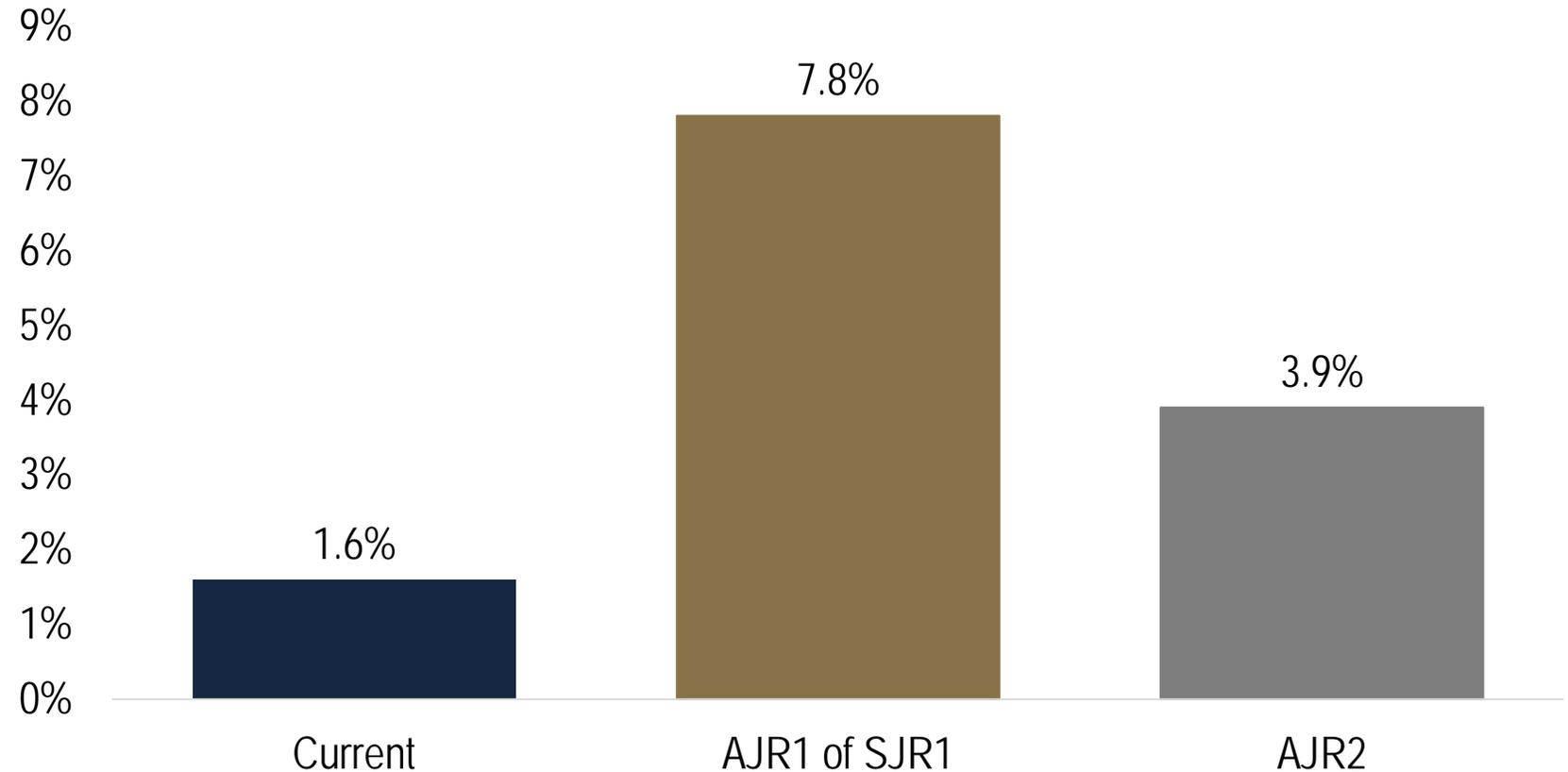
Effective Tax Rate | Gross Proceeds

Effective Tax Rate

**2.3-6.1**

Point Increase

Effective Tax Rate as Share of Gross Proceeds

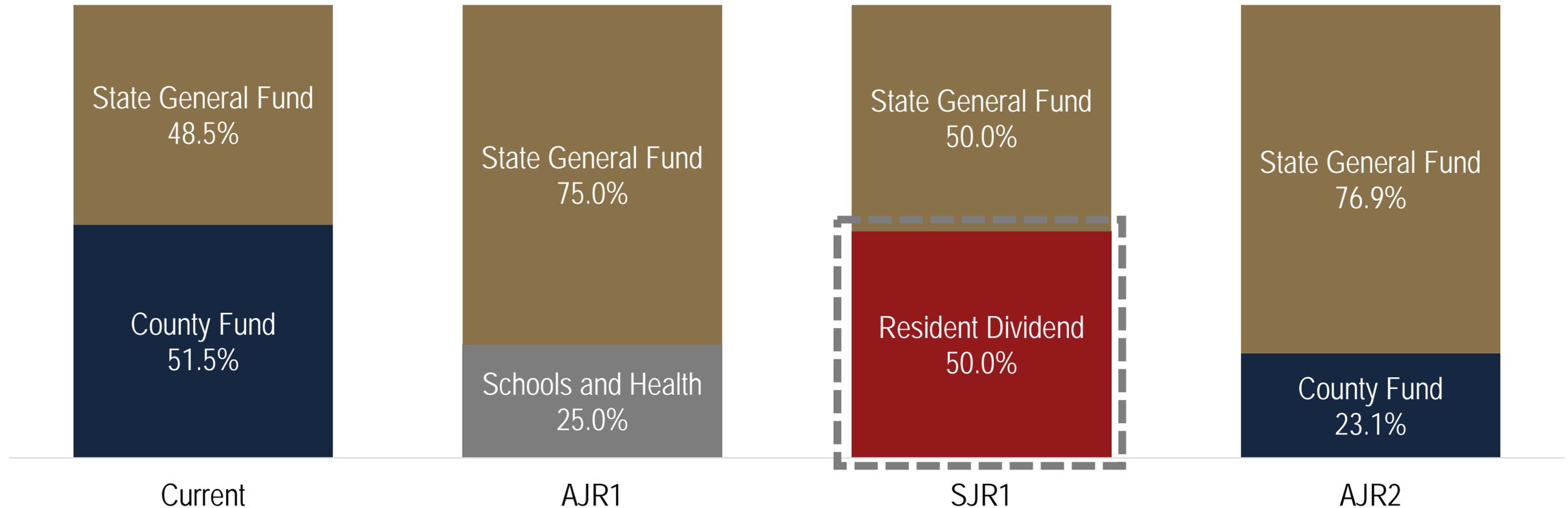


Source: Nevada Department of Taxation; Applied Analysis

# 32<sup>nd</sup> (2020) Special Session

## Proposed Mining Tax Legislation

Tax Revenue Distribution



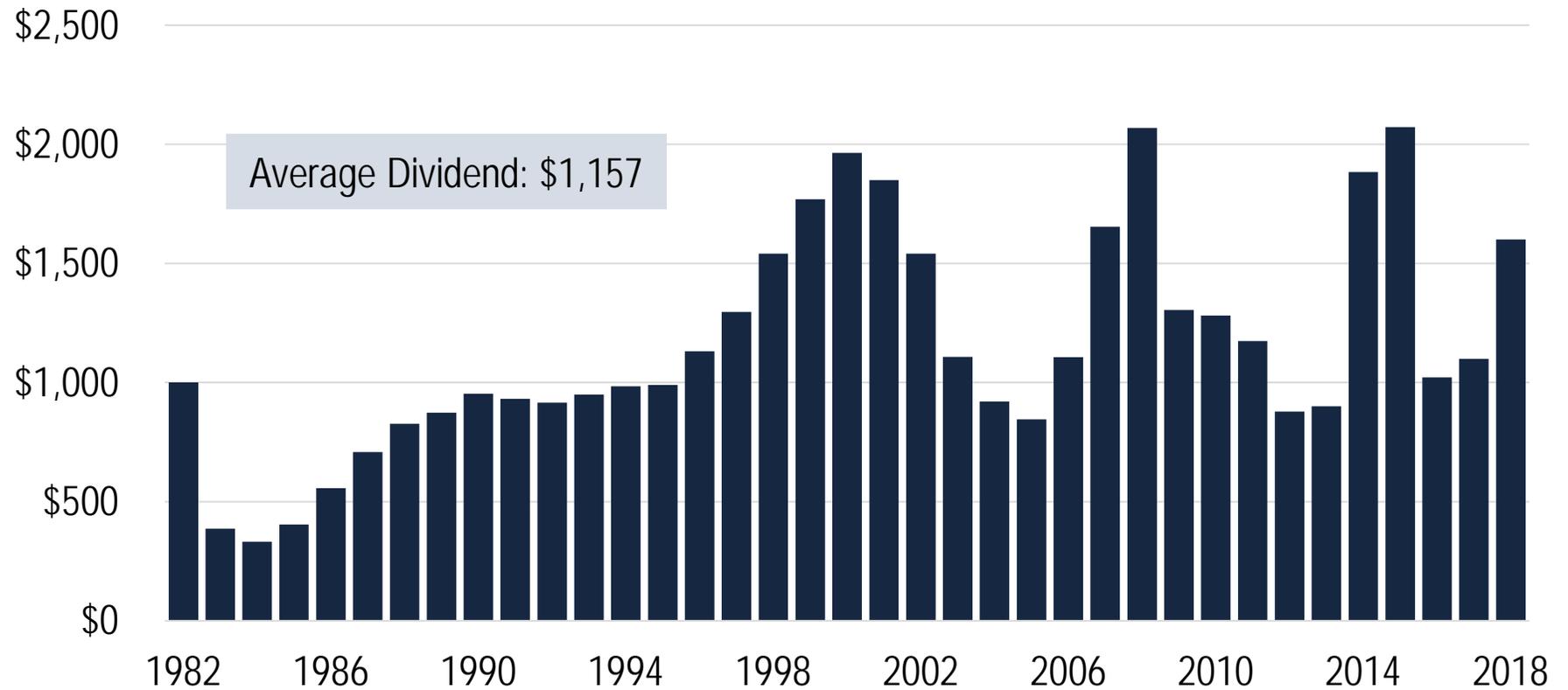
Source: Nevada Electronic Legislative Information System; Nevada Department of Taxation; Applied Analysis

# Alaska Permanent Fund



ALASKA  
PERMANENT  
FUND DIVIDEND

Dividend Per Resident



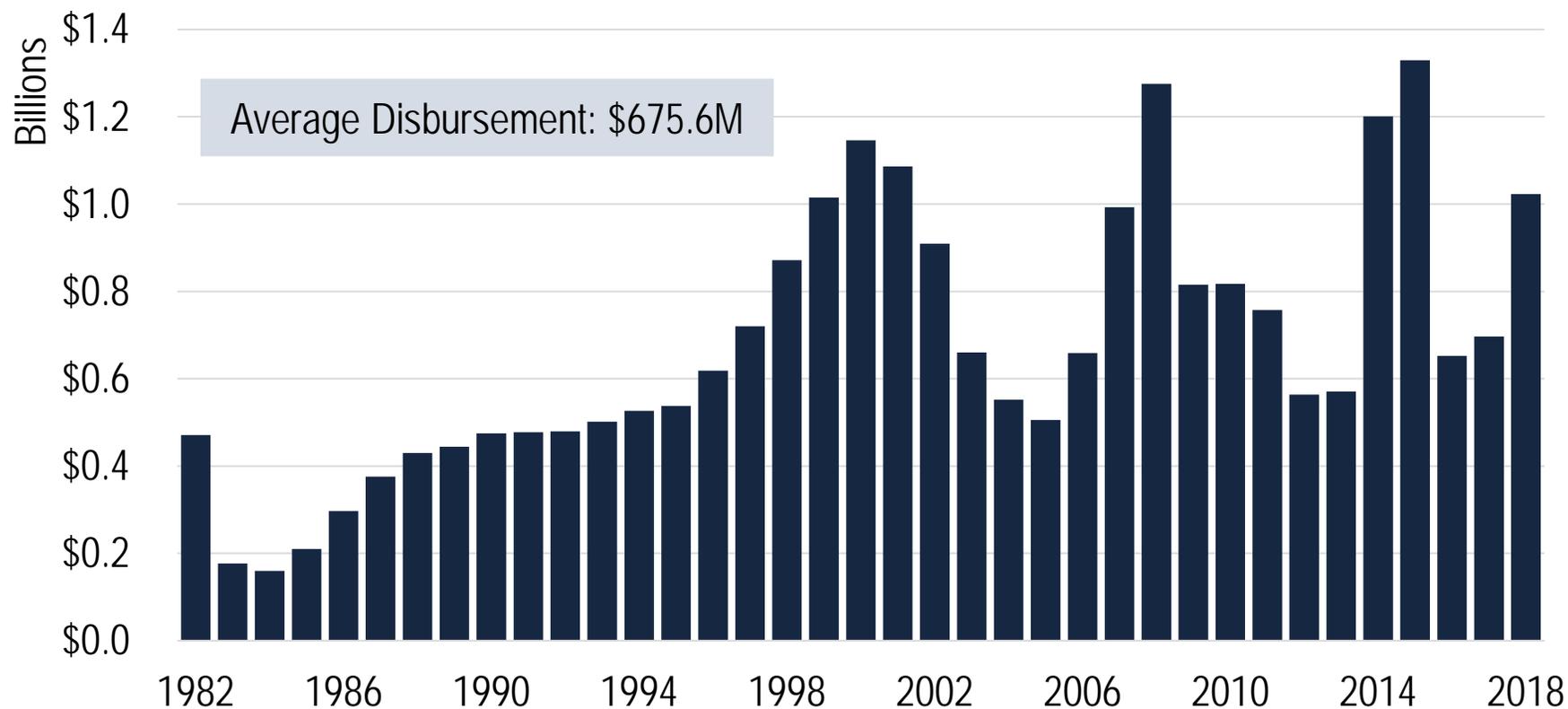
Source: Alaska Government

# Alaska Permanent Fund



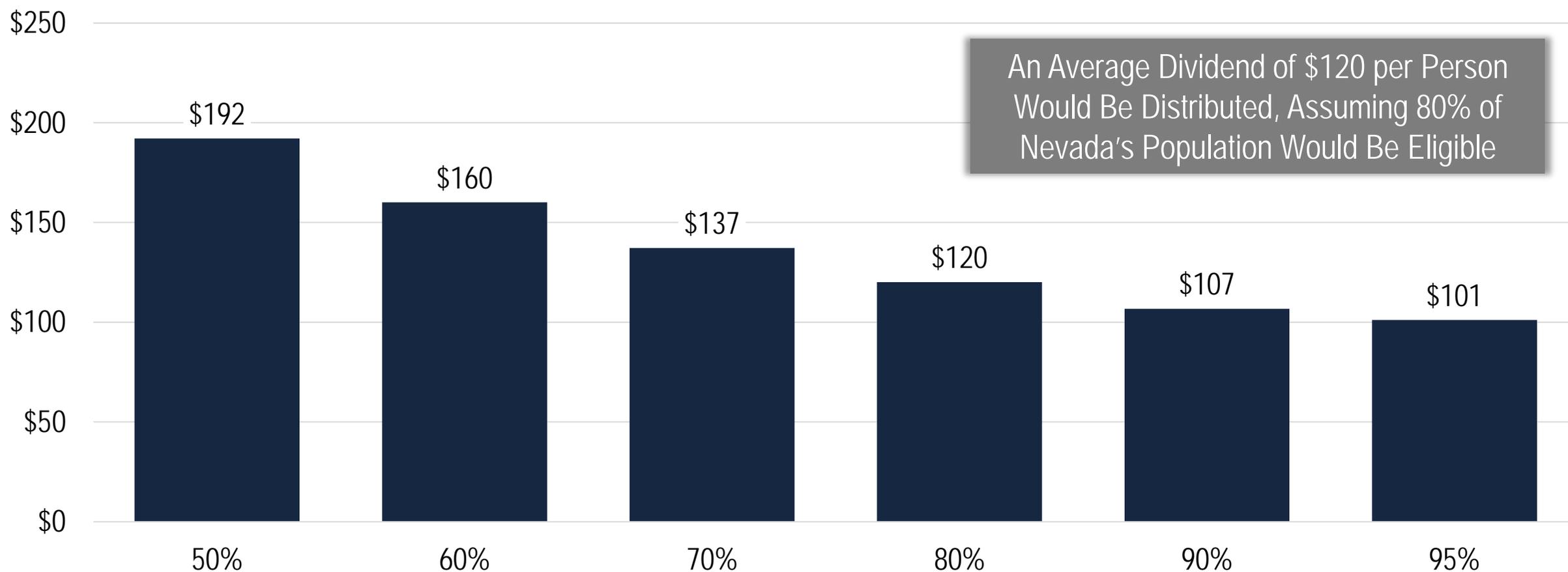
ALASKA  
PERMANENT  
FUND DIVIDEND

### Total Disbursements



Source: Alaska Government

# Potential Nevada Resident Dividend

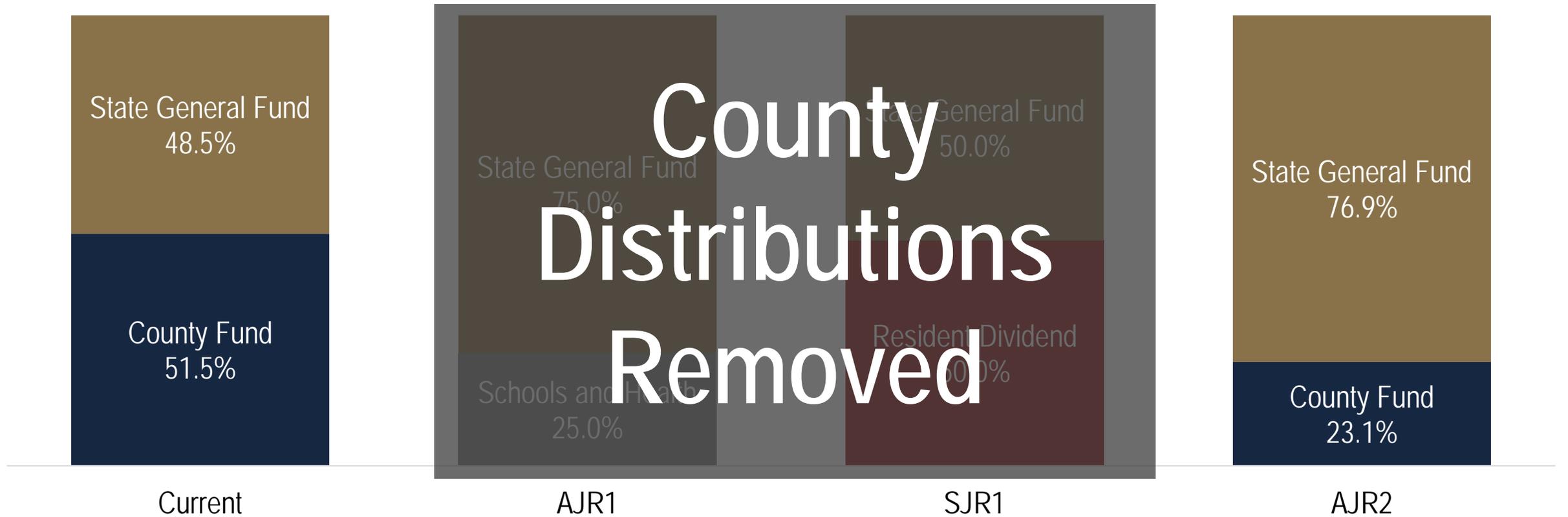


Source: Nevada Electronic Legislative Information System; Applied Analysis; U.S. Census

# 32<sup>nd</sup> (2020) Special Session

## Proposed Mining Tax Legislation

Tax Revenue Distribution

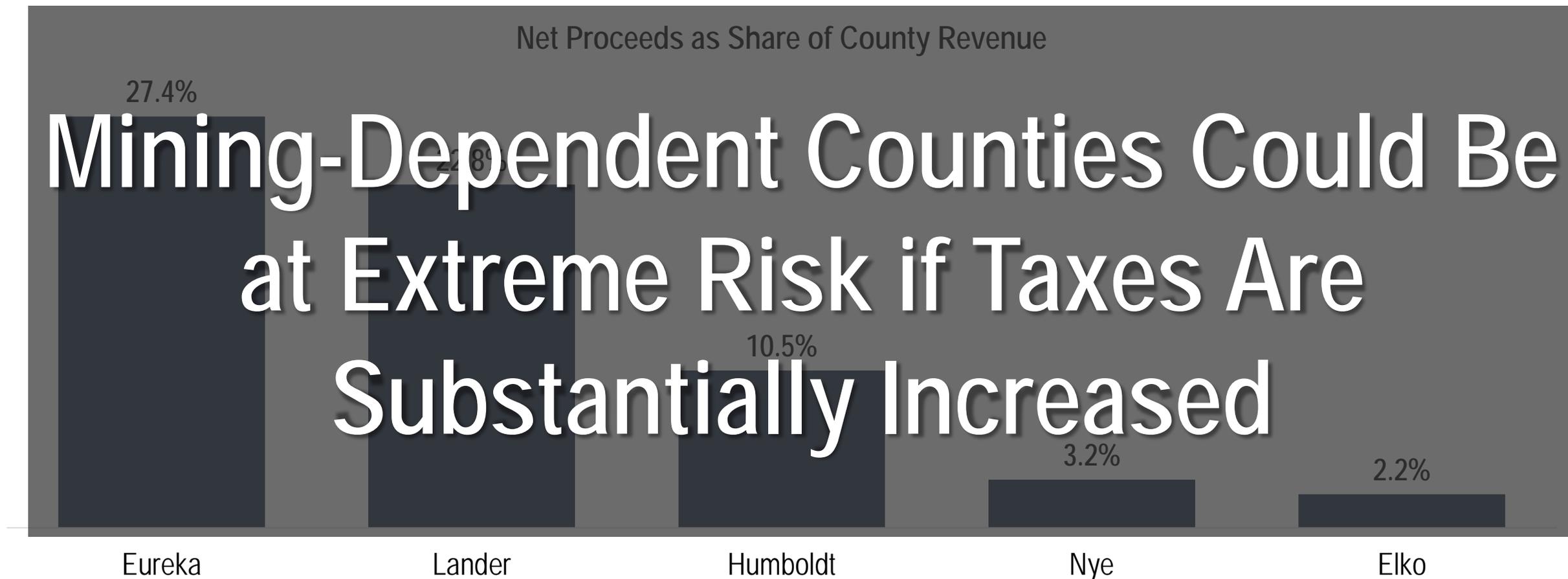


Source: Nevada Electronic Legislative Information System

# County Revenue Depends on Net Proceeds Tax

Top Counties Receiving Net Proceeds Tax Distributions

Net Proceeds as Share of County Revenue

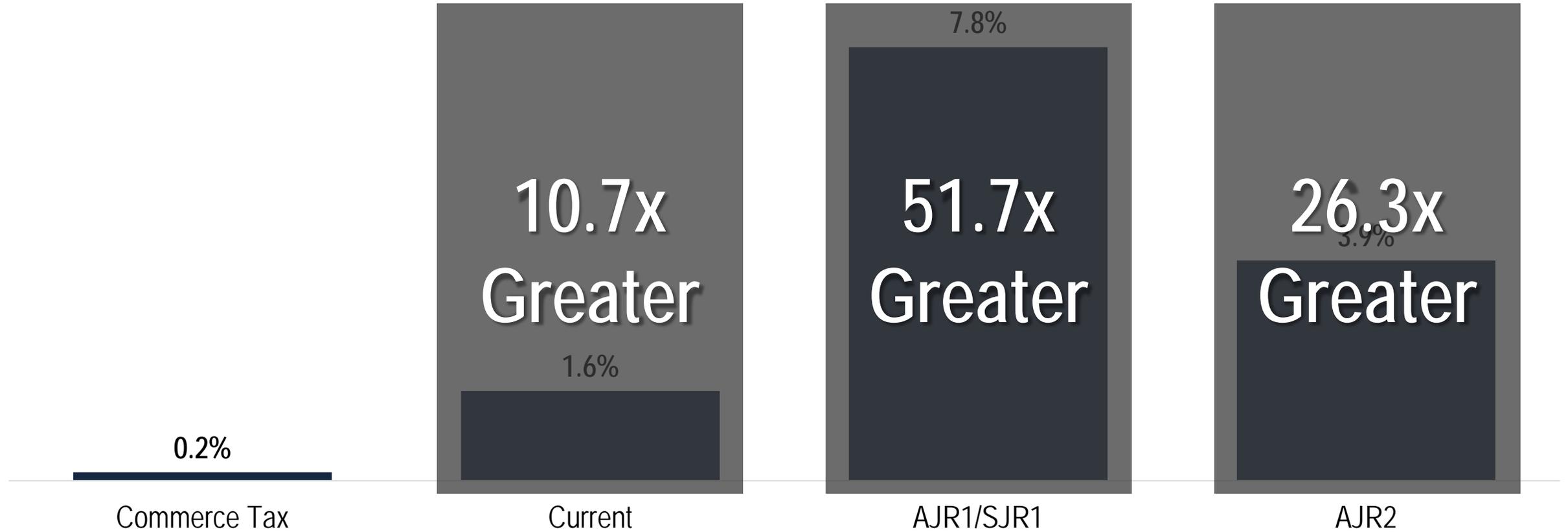


**Mining-Dependent Counties Could Be at Extreme Risk if Taxes Are Substantially Increased**

Source: Nevada Department of Taxation; Elko County; Eureka County; Humboldt County; Lander County; Nye County; Applied Analysis

# Final Thoughts | Comparison to Other Established Taxes

## Commerce Tax



Source: Nevada Legislature Economic Forum; Applied Analysis

# Final Thoughts | Comparison to Other Established Taxes

## Modified Business Tax

### Modified Business Tax



**\$677.9 M** Projected Revenue 2020  
**Paid By 1,000's of Businesses**

### Net Proceeds of Minerals Tax



**\$591.7 M** Projected Revenue 2020  
**Majority Paid By 100 Active Mines**

Source: Nevada Legislature Economic Forum; Applied Analysis

# What Happens Next?

AJR1, SJR1 and AJR2 Are Passed by Both the Senate and the Assembly

August 2, 2020

Mining Tax Legislation Must Be Approved by Voters in the 2022 General Election

November 8, 2022



July 31, 2020

February 1, 2021

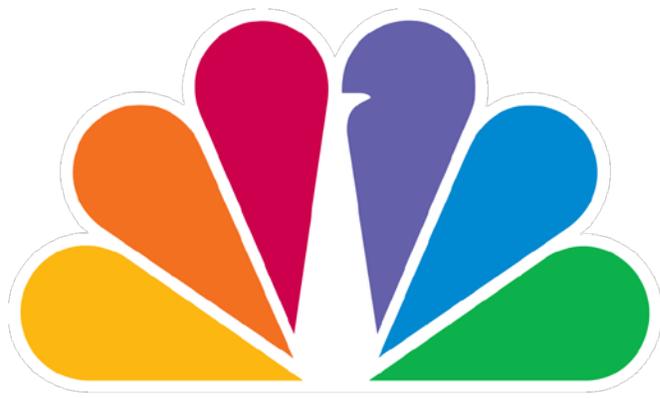
January 1, 2023

The 32<sup>nd</sup> (2020) Special Session of the Nevada Legislature Begins

Mining Tax Legislation From the 32<sup>nd</sup> Special Session Must Be Passed During Nevada's Regular Session

Mining Tax Legislation Will Be Enacted Into Law

# UNEXPECTED BENEFITS TO THE MINING INDUSTRY



# CNBC

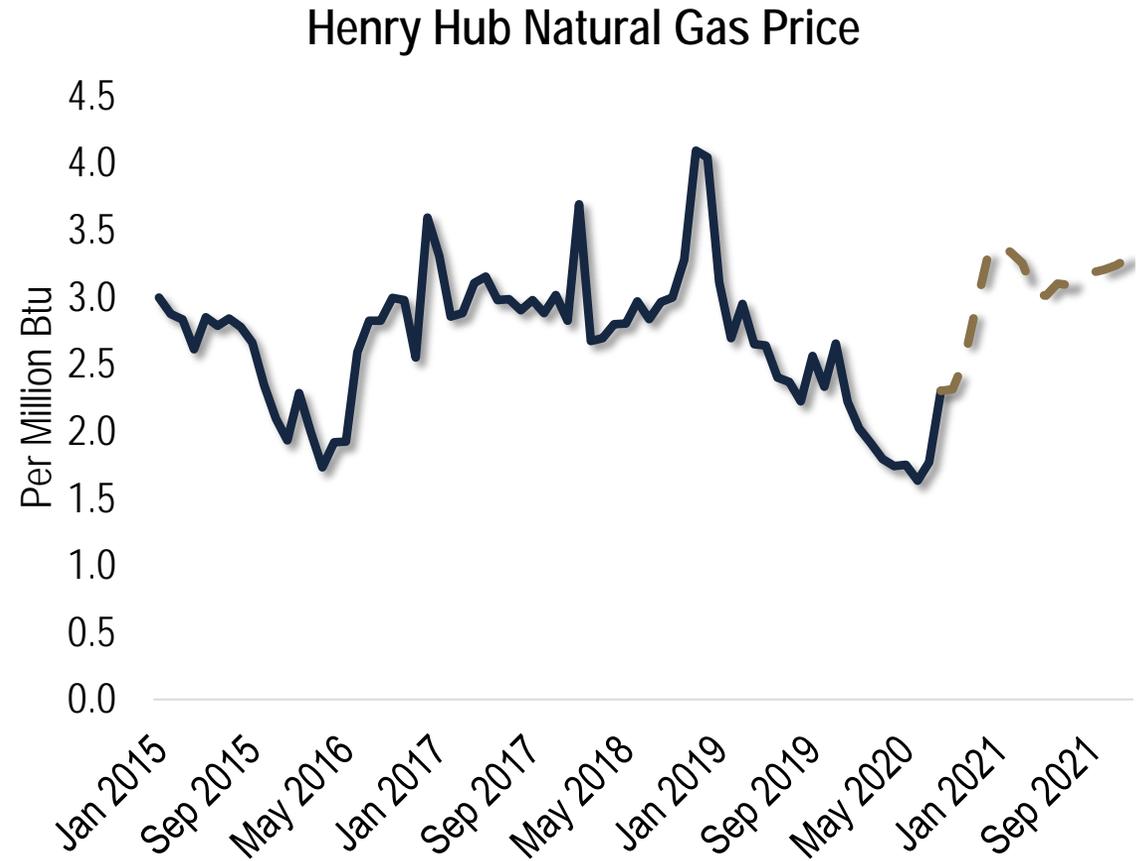
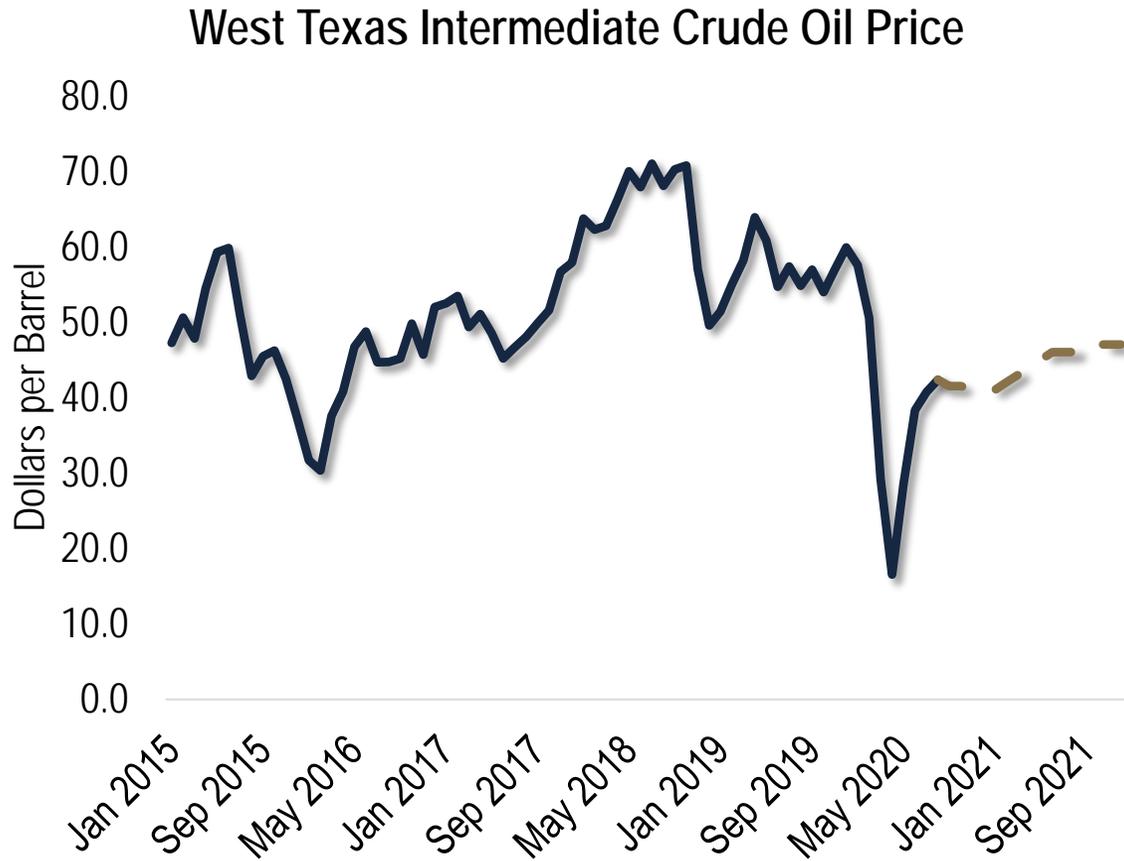
---

## **ENERGY DEMAND, HIT BY CORONAVIRUS CRISIS, IS SET TO SEE RECORD DROP THIS YEAR, IEA SAYS**

“The International Energy Agency said Thursday it expects global energy demand to plunge this year in what the Paris-based agency called the biggest drop since World War II... the demand hit from the pandemic is expected to be seven times greater than the decline in the aftermath of the financial crisis in 2008.”

# Energy Prices during COVID-19

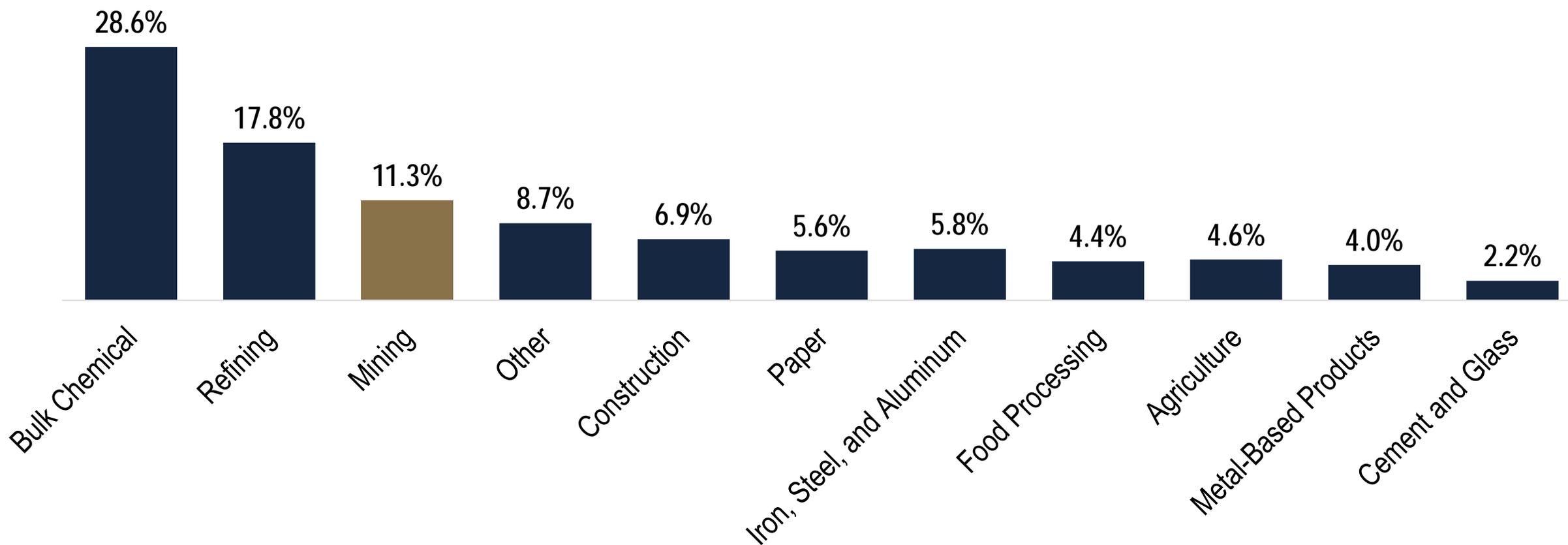
## West Texas Intermediate Crude Oil Price | Historical and Projected (Dollars Per Barrel)



Source: U.S. Energy Information Administration

# Energy in Mining

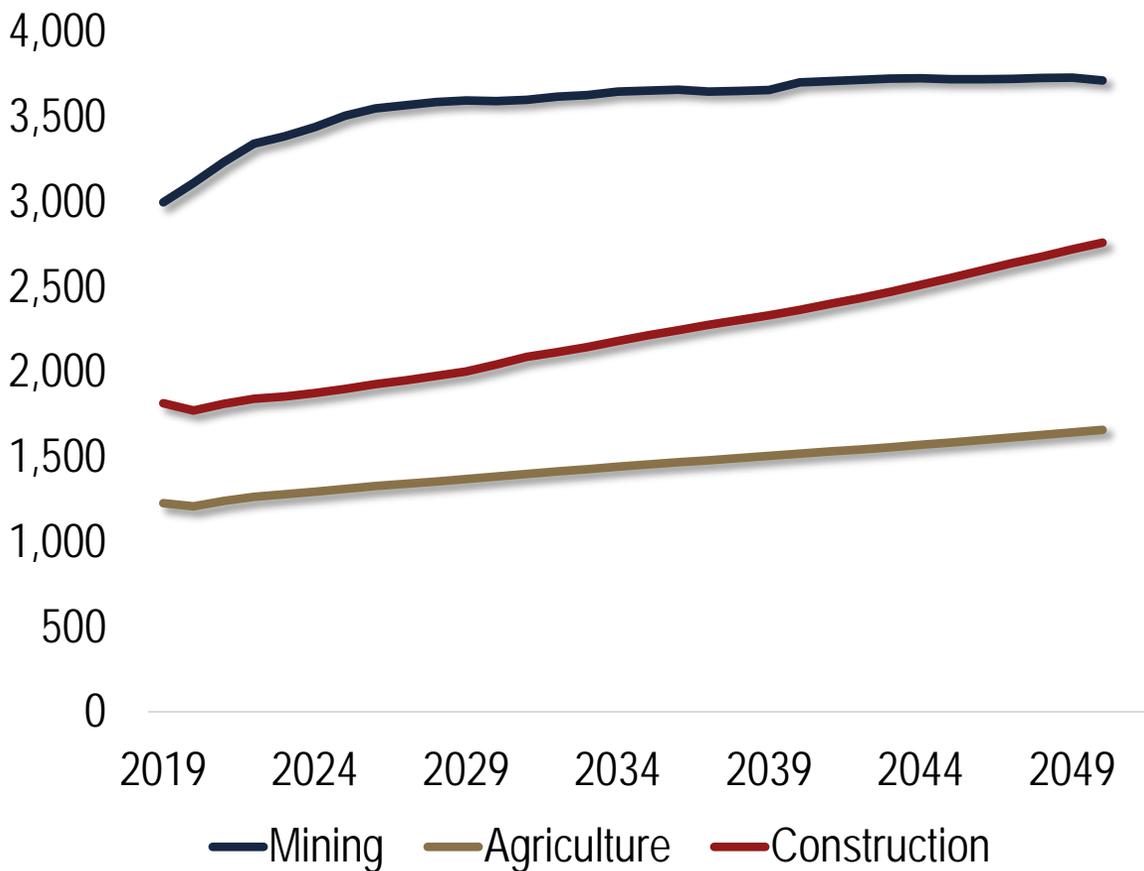
U.S. Industrial Sector Energy Consumption | By Industry 2019



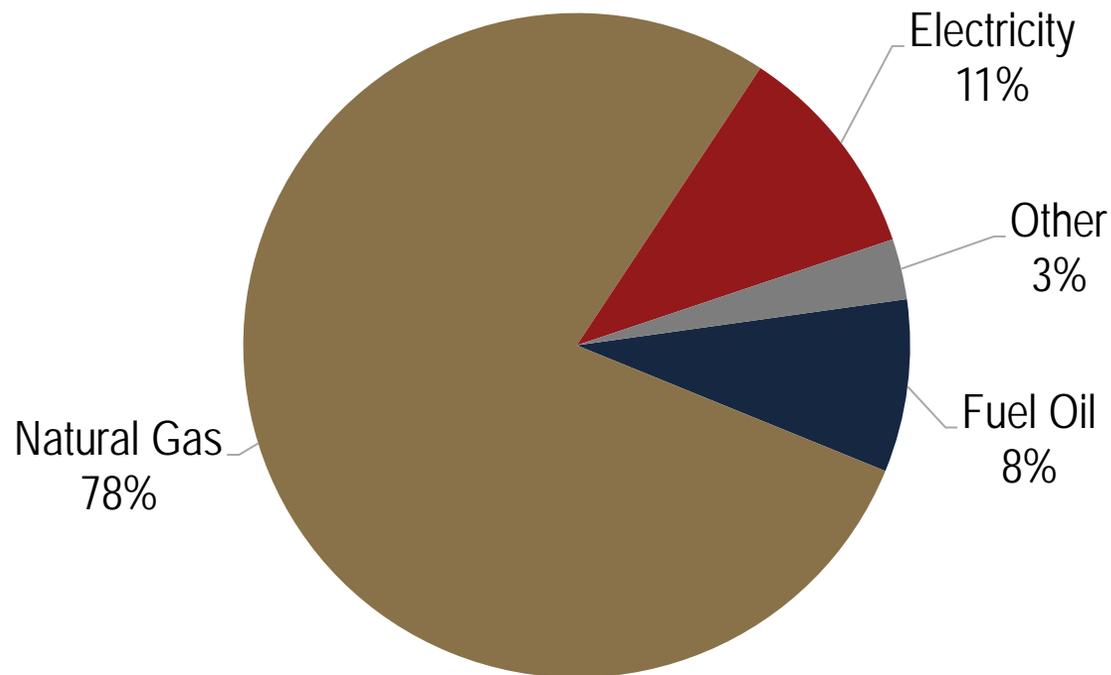
Source: U.S. Energy Information Administration

# Energy in Mining

U.S. Projected Energy Consumption | 2019 – 2050 (Trillion Btu)



Mining Energy Sources



Source: U.S. Energy Information Administration

# OUTLOOK

# LAS VEGAS REVIEW-JOURNAL

---

## **BUFFETT'S BERKSHIRE HATHAWAY INVESTS OVER \$560M IN BARRICK GOLD**

"Warren Buffett's Berkshire Hathaway shifted its investment strategy last week, selling some of its positions in banks and betting big on Barrick Gold, despite years of dismissing the precious metal."

*Date: August 19, 2020*

# Forbes

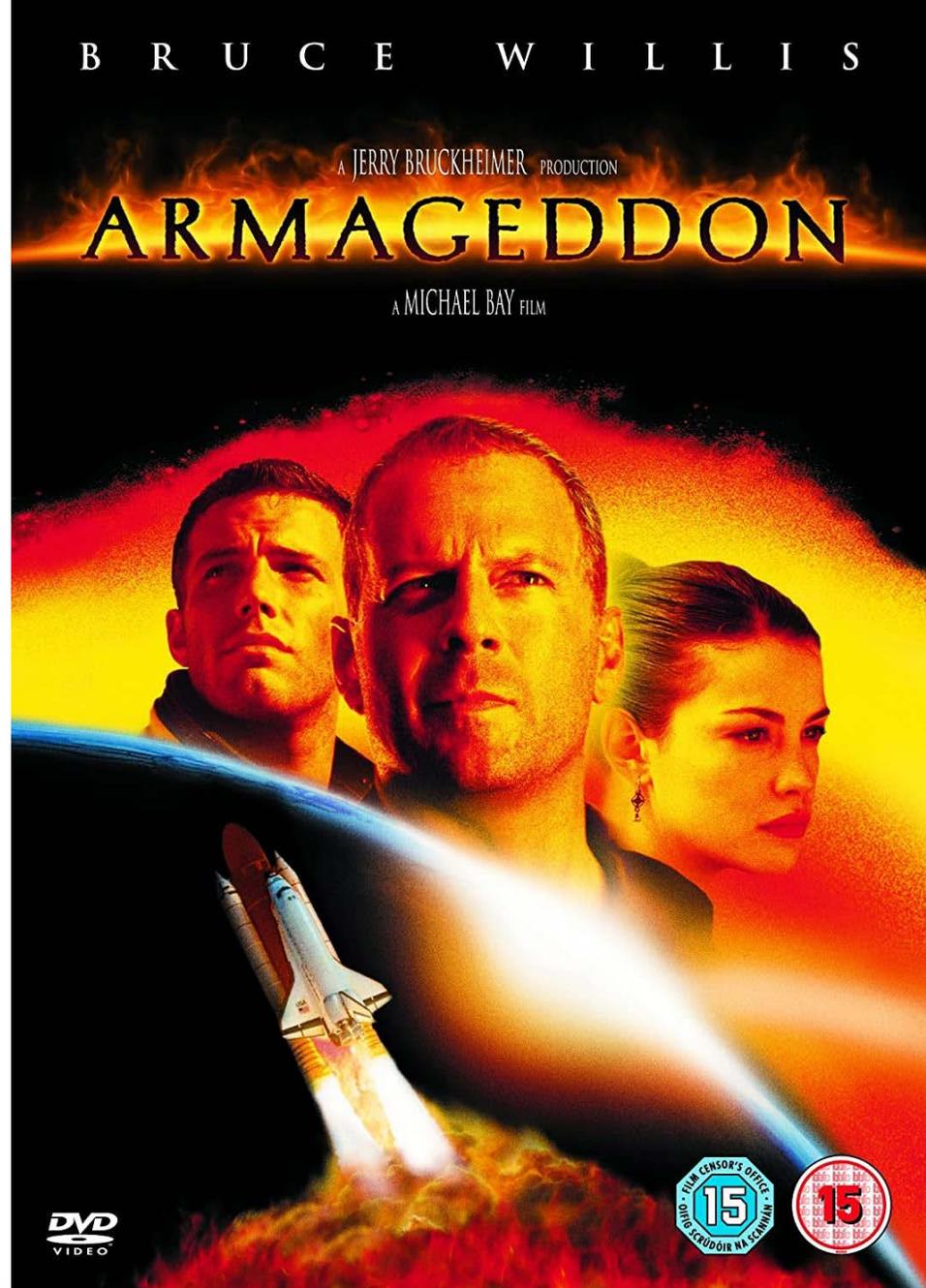
---

## **WINKLEVOSS TWINS TELL BARSTOOL'S DAVE PROTNOY TO PICK BITCOIN OVER GOLD DUE TO ELON MUSK'S 'SPACE MINING'**

"Elon Musk is going to destroy gold. [He's] going to get up there and start mining gold. That's why gold is a problem, because the supply isn't fixed like bitcoin."

*Date: August 14, 2020*

**Now I don't know what  
you people are doing  
down there, but we've got  
a hole to dig up here...  
- Harry S. Stamper**



# Future Outlook

## Considerations

- COVID-19 recovery cycle critical for global, national and Nevada economies; second half may potentially be more challenging for mining
- Heightened statewide risk; mining presents an “easy” target; potential for unintended consequences
- Short-term challenges versus long-term plans
- Education and communication will be critical



**NVMA**  
Nevada Mining Association  
EST. 1913