

Mining Industry's Future in Northeastern Nevada

The Mining Industry Impact: Mining is the largest industry in northeastern Nevada. The northeastern Nevada region produces the most gold in North America and is fourth in the world! In addition to gold - local mines produce millions of ounces of minerals and precious metals - silver, copper, molybdenum and barite just to name a few.

Regional mines hire around 10,000 employees and mining support companies add thousand more jobs to the mining industry cluster.

The average wage of today's mining employee is \$68,000 a year. Bonuses and overtime are common and can bring that average even higher.



Mining Influence and Life Expectancy in the Northeastern Nevada Region: The Carlin Trend is a vast (5 miles wide/ 50 miles long) vein of gold that is located near the micropolitan city of Elko and is just outside the town of Carlin. Life expectancy of the Carlin Trend deposit is up to 30 additional years in some locations. Two large mining corporations, Barrick North America and Newmont Mining Corporation, are the first and third largest gold producing companies in the world and the majority of their mining activity is located here in northeastern Nevada. Queenstake Mine is located north of Elko and is also a major mine.

Just 22 miles northwest of Eureka is one of the world's largest molybdenum deposits that boasts a 44 year life expectancy. Once permitted, the Mount Hope project will commence construction. Another large molybdenum mine, Liberty, will be reopening south of Eureka near the town of Tonopah.

Smaller rural towns are seeing new mining activity as well. Spirit Minerals Barite Mine recently started production near the city of Wells. A small gold mine operation is scheduled to open between the cities of Wells and West Wendover in the coming year.

The cities of Winnemucca and Battle Mountain have new gold mines opening nearby. Existing larger mines are still operating near the two cities as well.

Further south, an Ely mine reopened its copper and gold mine and Round Mountain Gold in Round Mountain is still mining a substantial vein. Gold and silver have been mined near Round Mountain for more than 75 years.

In addition to active mining in northeastern Nevada - exploration is at an all time high in the region.

With its skilled workforce and growing mining support industries, the Elko area is fast becoming the *Hard Rock Mining Hub of the West*. Northeastern Nevada has more mines than anywhere else in the United States. It is safe to say that mining and/or the processing of ore will be a part of northeastern Nevada's economic mix for a very long time.

The mining industry, like any other industry, is subject to highs and lows. The benefit to having mining as a part of our region's economic mix is that the nation's economy and its challenges do not always have the same impacts on our local economy. Northeastern Nevada can be economically strong while the rest of the nation is doing poorly. There is however a breakeven point for mining minerals and precious metals. To use gold as an example: the current breakeven point is somewhere between \$350-\$450 an ounce. The price of gold today is consistently above \$900 an ounce...it is an opportune time for gold companies. Should the price drop today...mining will remain profitable as long as the price stays within the breakeven point. The breakeven point also depends on a mine's unique operational guidelines. Each gold mine operates at an individual breakeven point. When mines meet their breakeven point they will downsize their workforce and operate differently. If there are gold reserves left at a mine site the mining company will very rarely closedown that mine.



The mining industry operates differently than it did in the old days. Mines are not subject to the same boom and bust cycles. A mining company will rarely closedown when a mineral or metal price drops. The reason for this is that a mine could take up to 10 years to permit and two additional years just to make it operational again. Many large mining companies are publicly traded and their stockholders have growth expectations. Most publicly traded mining companies maintain in their reserves as much or more than they have extracted. For example: If a mine has a 10 year life expectancy new deposits will be sought

to replace the mining company's available ore (inventory). Northeastern Nevada is rich in minerals and metals and new deposits are being discovered all of the time.

Several new junior exploration/mining companies have initialized throughout the previous five years. If successful... these start-ups could be purchased by larger mining companies.

Diversification of the Economy: Ups and downs are common for any industry. When gold prices or other mineral prices drop northeastern Nevada understandably experiences a more available workforce and housing becomes much more available, but when gold prices are up new employees are known to have to live in hotels and the number of available skilled workers becomes very tight. The cyclical nature of mining still exists - it is just not nearly as volatile as it was in the past.

The City of Elko and the smaller communities in Elko County are all attempting to diversify their economies. Elko County Economic Diversification Authority (ECEDA) is a public/private organization that is committed to helping our existing industries to grow and to attract new non-mining industry. We are also involved in the development of a new multimodal facility and several new industrial parks.

ECEDA's new industry targets are small manufacturing, food processing, and transportation and distribution companies. The futures of Elko County and the northeastern Nevada region are not as dependent on mining as it was in the past. We are a progressive area in Nevada that is committed to growth and diversification.



www.eceda.com