

# QUARTERLY EXPLORER

*The Voice of Nevada Exploration*

NEWSLETTER OF THE NEVADA MINERAL EXPLORATION COALITION July 2020 Vol. 1 Issue 3



## PRESIDENT'S MESSAGE

DAVE SHADDRICK

The pandemic continues but exploration appears to be moving forward on many fronts. The indications are that money is beginning to flow and deals are being done, but word from the field is mixed. Some folks are busy but others are still having a hard time, and it's still impossible for our Canadian friends to visit our projects.

Your Nevada Mineral Exploration Coalition remains actively working on issues important to you including an effort to defer BLM claim maintenance fees, continued participation in meetings and hearings on the various county lands bills, the military expansions, the sage grouse habitat mitigation rules and many other threats to your ability to do business. Also, as evidenced by this newsletter, we are working to keep you informed about the activities and issues of the Nevada exploration community.

Planning is in progress for our Annual Mineral Exploration Summit scheduled for this coming October and, with luck, we will actually be able to do an in-person conference but we are keeping our options open. We've sent out an informal survey seeking input on the subject and I hope you have responded or will do so.

All of our projects and programs rely on volunteers and I encourage you to join the small group of "doers" and help out in any way you'd like: no pressure, no obligation. Just give me a call or an email.

## EDITOR'S NOTES

With all world's problems, one of the bright spots is the price of gold, which continues an upward

momentum. We can only hope this trend is fundamental and not a reaction to current events. Money is moving in amounts that should contribute to increased exploration activities, beyond just "keeping the lights on." Having said that, exploration activities are off to a slow start as a precaution to the virus spread.

## GOVERNMENTAL ACTIVITIES

### IN CASE YOU MISSED IT

The Confederation Tribes of the Goshute Reservation continues the fight to stop the Long Canyon expansion, this time joined by the Center for Biological Diversity, Sierra Club Toiyabe Chapter, Wild Horse Education, and Progressive Leadership Alliance of Nevada. At issue is Nevada Gold Mines' 31 water right applications that have been filed with the Nevada Division of Water Resources. Nevada Gold Mines needs the permits to dewater the mine area for a planned expansion. Of course, according to the environmental groups, if the permits are granted all the water will be drained from Goshute valley and everything will perish.

After 30 years of planning and an expenditure of about \$330 million, the Southern Nevada Water Authority decided to "shelve" the proposal to pump water from eastern Nevada and pipe it to the Las Vegas area. This after losing an appeal in Federal Court to move the project forward. The plan was contested by a collaboration of conservation groups, locals, tribes, and the LDS church. The Water Authority decided they can obtain the additional water with a third "straw" into Lake Mead, and conservation efforts. The key

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word may be the Authority has “shelved” the project.

Rep. Mark Amodei introduced a northern Nevada lands bill in Congress that outlines about 1 million acres that would receive environmental protection. It also proposes to expand the Fallon Naval Air Station to about 700,000 acres, which is less than the Navy is requesting. There is still strong opposition from conservation and Native groups that consider this still too much land for the Navy. Meanwhile, as this soap opera continues, the U.S. Senate Armed Services Committee has taken a position that seems to be against the proposed expansion of both the Fallon and Nellis bases. While this is not the final word on the subject, the Committee may be sending a message to the Navy and Air Force that they need to strongly consider the various interested parties’ objections. More is surely coming on the subject.

A subject that seems to have flown under the radar is Nevada’s Sagebrush Ecosystem Program. In a nutshell it is a program of credits and debits to offset destruction of Sage Grouse habitat. Where it affects the junior exploration community is that we potentially destroy habitat through road and drill pad construction, which is a debit. Since our exploration activities are shorter term, and our reclamation adds little rehabilitation of sage grouse habitat we do not qualify for credits. Such longer-term activities such as ranching can improve grouse habitat, they are generating credits which they can sell. Following all this so far? Therefore, the explorer (and miners in many cases) needs to buy credits to offset their debits. The current market for credits is in the \$1,500 to \$4,000 range, per credit. There is also a distance factor, if a group is buying credits outside of the management area they are in, a premium is added. Details can be found on the website [sagebrusheco.nv.gov/NH/](http://sagebrusheco.nv.gov/NH/). Or you can wait until the Parker Brothers board game come out to play the game. The bottom line is the cost of exploration just went up.

Our president, no not that guy, but Dave, sent a letter to our U.S. Congressional delegation offering justification for relief from having to pay this year’s claim maintenance fees, given the pandemic’s impact on our industry. While the letter seemed to receive favorable treatment, given all that is currently going on in the country the likely action will be no action taken. [The letter is available on the NMEC website.](#) We would like to encourage you to reach out to your delegation as well, *especially* if you live in a state other than Nevada.

## NEVADA LEGISLATURE UPDATE

### SPECIAL SESSION #1

In a special legislative session called by Governor Steve Sisolak, the legislature was tasked with either gutting state agency budgets and axing social aid programs, or finding creative ways to fund state operations and public education while keeping programs intact. In the end, they did a bit of both.

State employees had been told to expect to take a dozen unpaid furlough days per year and forego merit increases. They ended up with six unpaid furlough days with the standing 3-percent merit increase passed in 2019 remaining intact and unchanged.

Medicaid programs on the chopping block included dental, vision, prosthetic devices and more, and fortunately, these programs were able to stay somewhat intact, with a number of programmatic reductions, but no elimination. Providers (physicians, social workers, dentists, etc) serving Medicaid patients were handed a 6-percent reduction in Medicaid pay rates. While the Medicaid cuts don’t seem like a lot, Nevada’s reimbursement rates are already very low and reducing the state funding causes a massive loss of federal funding. Nevada receives about \$9 in federal dollars for every \$1 in state spending on

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Medicaid programs. In other words, they stepped over a dollar to pick up a dime. Interestingly, Nevada state employees make up the fifth largest employee group receiving Medicaid benefits. Clark County School District employees come in at second largest employee group receiving Medicaid, with Walmart employees topping the list.

Senate Bill 3 (SB3) was introduced to change the collection and distribution of net proceeds of minerals and also provided amnesty tax provisions and rerouted governmental services proceeds from the highway fund to the general fund for the period of one year. The amnesty program allows a delinquent taxpayer to have his interest and late fees waived if they get current on initial taxes owed.

SB3 amends the timing by which the net proceeds of minerals tax is remitted to the Department of Taxation. The net proceeds of minerals tax is currently paid in the current fiscal year based on actual mining activity the previous calendar year. SB3 requires an estimated payment in the current fiscal year on mining activity in the current year for calendar years 2021, 2022, and 2023 with a true up provision.

There is precedence for this prepayment as the mining community offered it as a compromise during a special session in 2009 as Nevada was trying to dig out of the Great Recession. The proceeds collected under SB3 will be split 50-50 between the Highway Fund and the General Fund as opposed to the usual split of 25-percent to the General Fund and 75-percent to the Highway Fund. The bill was amended at the request of Nevada Association of Counties (NACO) to exclude prepayment of taxes to local governmental entities.

The greatest concern our members faced was the potential reduction in business expense deductions enjoyed by mining companies. There were a

number of heated floor statements from legislators intent on changing the statutorily protected deductions. Our concern, of course, is the very real potential that mining companies would be forced to cut back in other areas such as mineral exploration investment.

**SB3 passed both houses with Constitutional majority (19-2 in the Senate and 32-10 in the Assembly).**

The Assembly introduced AB4 to reduce the deductions. The Nevada Constitution requires a two-thirds' majority vote on any bill that either raises revenue (taxes) or establishes a new tax. With the 29 Assembly Democrats enjoying a supermajority over the 13 Assembly Republicans, the bill passed easily, if not without abundant debate.

AB4 hit a hitch, however, on the Senate side where the Senate Democrats are one seat short of a supermajority. With 13 Democrats and eight Republicans, the partisan bill failed to reach two-thirds support. Senator Keith Pickard, R-Henderson, stated publicly that he would have voted for the bill except that there was no language in the bill directing the funds to education funding. The bill was amended to specifically direct the funds to education and Pickard, who had earlier met with the majority leadership and committed to support the measure, backed out of his commitment so the bill died.

I will be very surprised if a bill draft request to reduce the allowable deductions has not already been submitted to the legislative counsel bureau for a bill to be considered during the 2021 regular session. I will also be very surprised if Senator Pickard is able to get any bills passed out of the democrat-controlled Senate in 2021.

If you hear or read of any group or individual legislator working to adjust the allowable

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deductions, please either let me know, or reach out directly to Tyre Gray, president of Nevada Mining Association. We want to be certain to coordinate efforts through NvMA to ensure consistent messaging.

## SPECIAL SESSION #2

The Governor is required to list the topics to be taken up in any special session and as of this writing, he has not yet formally called the session nor identified topics. However, based upon conversations with legislators and others, we believe these items are likely to make it into the announcement:

**Elections** – Legislation to provide mail-in ballots for the 2020 General Election.

**Net Proceeds on Minerals** – Resolution to alter or eliminate the 5-percent Constitutional cap on net proceeds.

**DETR Supplemental Funding** – Supplemental assistance to Department of Employment, Training and Rehabilitation to assist and enhance unemployment claims processing.

**Worker Protections/Liability Policy** – Legislation to address protections for workers as well as a measure to address liability for businesses and organizations as a result of the COVID-19 pandemic.

**Policing/Criminal Justice Reform** – Statutory and policy provisions to address policing as well as criminal justice reform in the way of early release, easing of certain crimes, etc.

**Eviction Mediation** – requested by the Access to Justice Commission, the measure will provide enabling language so that courts may utilize a mediation program for landlords and tenants to help avoid a backlog of eviction cases.

We anticipate a Thursday, July 30 start date for the next special session.

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## NEW EXPLORATION AND MINING DEVELOPMENTS

Barrick Gold, as the operator for the Nevada Gold Mines joint venture, plans to focus its 2020 exploration activities along the Carlin Trend, specifically near-mine potential at the Rita K and Greater Leeville deposits, and around the Goldstrike operations. In the same announcement Barrick noted that the Fourmile discovery, while not currently part of the Nevada Gold Mines joint venture, will likely “be brought into the fold.” Barrick also reported that Fourmile has an inferred resource of 1.89 million ounces of gold, and the potential for “a multi-million-ounce high-grade gold project.”

In a completely unscientific survey of some drillers and mud suppliers, and just plain rumors from the bush, it seems that the most significant of exploration activities, drilling, seems to be a case of the glass half full, or half empty. Most drill companies claim to be busy, yet at a recent site visit for a large drilling bidding request about a dozen companies attended and many claimed to be available almost immediately. Drive around northern Nevada and drills are visible in company yards. Maybe the virus has slowed program, and since the permitting agencies are working mostly from home, that side of the program is also moving slower, if that is possible.

## PLAN OF OPERATIONS FOR PUBLIC COMMENT

SR Minerals Inc. and its subsidiary Sunrise Resources Inc. is completing a Plan of Operations/EA to develop the CS perlite mine north of Tonopah.

Several companies are working exploration Plans of Operations through the Nevada BLM, several of which are in the Beatty

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area. CR Reward LLC has applied to modify the mining permit for its Reward project and Sterling Inc. put out a draft EA for public comment. Public comment periods for both ended July 16. AngloGold Ashanti just ended the comment period for the Silicon project. In eastern Nevada, Robinson Copper Mine has submitted a draft EIS to expand the mine near Ely. The comment period ended June 29. If approved the expansion would extend the life of mine until 2028. Details on all the above can be found in the news section of the of the Nevada BLM home page <https://www.blm.gov/nevada>

### UPCOMING EVENTS

President Dave said, "In the spirit of boundless optimism" the Nevada Mineral Exploration Coalition is still planning to hold the 8th Annual Great Basin Rendezvous at the Peacock Opal Mine on September 11-13. Of course, this is subject to change as developments with the virus evolve.

For obvious reasons, The Mining History Association's June 2020 Elko, Nevada meeting was rescheduled for June 2021. The meeting will likely feature many Nevada and western United States mining history events and presentations. If you are not familiar with the organization more information is available at [www.mininghistoryassociation.org](http://www.mininghistoryassociation.org)

### FINAL WORDS

With all the exploration that has occurred recently, where is the next new large discovery? Barrick is obviously having success along the Goldrush trend, but what the industry, and Nevada, needs is a new large discovery, and in a place outside of the major trends. That would really add spark to our industry.

**Editor: Roger C. Steininger**

## Contact Us

To join as a member, to renew your membership, or for more information about the NMEC, please visit us on the web at:

[www.nvmec.org](http://www.nvmec.org)

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## About the NMEC

The Nevada Mineral Exploration Coalition (NMEC) is a not-for-profit, nonpartisan coalition of small businesses and individuals engaged in, or in support of, mineral exploration and development activities in the State. Our Mission Statement: To Preserve and Promote the Exploration Industry of Nevada.

## Our Mission

To Preserve and Promote the Exploration Industry of Nevada