

NEVADA

Mining Association

April 14, 2011

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Dear Mr. Nielsen:

In preparation of the April 18th Tax Commission meeting, the Nevada Mining Association has conducted its own review of the Net Proceeds of Minerals tax. Below are the results of our review. Please understand that, to the best of their ability, association members comply with the statutes and regulations administered by the Tax Department. Our review has generated three categories for expenses worthy of reconsideration.

We categorized Net Proceeds of Minerals deductions into three distinct categories. They are:

- 1) **Deductions not mentioned in NRS 362, but allowed by the commission**
- 2) **Deductions mentioned in NRS 362, but are not straightforward to decipher**
- 3) **Deductions not specifically delineated in either NRS 362 or the regulations but allowed by the commission**

1) Deductions not mentioned in NRS 362 but allowed by the commission.

- Employee Housing
- Exploration
- Corporate/Regional Costs
- World Gold Council – Current estimates allow the deduction of 90% of these fees as Marketing, but some would question if that is accurate anymore and it is hard to fathom that was the intent when the statute was written many years ago.

2) Deductions in NRS 362 but are not straightforward to decipher.

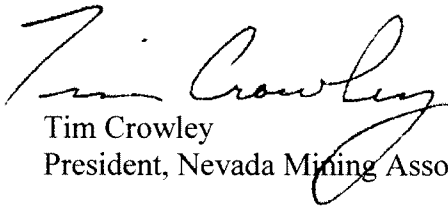
- Fire Insurance - Deduction is an estimate anymore and no one sells “fire insurance” these days.

3) Deductions not mentioned in either NRS 362 or the Regulations.

- Miscellaneous travel – This expense is a cost we incur for employees for travel to training sessions and other things like that. On occasion travel to help other sites (in or out of Nevada), look at vendors facilities, etc. are also a part of travel and may not be relevant to the value of the mineral. It would be easier just to exclude all travel as portions of it are questionable.
- Severance – The cost of severing employees is generally an optional cost and has little to do with the current minerals being extracted.

I hope this information is helpful to you as you proceed with your evaluation.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Crowley". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Tim Crowley
President, Nevada Mining Association