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Exploration spending up in Nevada

ELKO — Companies responding to a new Nevada Division of Minerals survey expect to spend \$295.5 million on exploration in Nevada this year, up from \$214.1 million in 2010.

The 2010 spending was up 93 percent from the \$110.9 spent in 2009 and higher than predicted in the survey covering 2009, according to the report.

“Spending was certainly up over 2009, and it looks like it will keep on going. A lot of it has to do with commodity prices, for precious metals and copper,” said Doug Driesner, deputy administrator of the Nevada Division of Minerals.

Gold prices have been on the rise the past couple of years, reaching as high \$1,895 per ounce in September, according to the London p.m. fix chart.

They were back up this week after another dip, with the London p.m. fix price Tuesday at \$1,717 per ounce, compared with \$1,714 per ounce on Monday. The spot price on the New York Mercantile Exchange was \$1,714.10 an ounce in late afternoon trading Tuesday, up \$4.20.

Silver prices rose to as high as \$48.70 in April of this year and were in the range of \$32 an ounce Tuesday, while copper for December delivery was \$3.379 per pound. That’s down from more than \$4 a pound earlier this year, however.

“A lot of people are out there drilling, and I’ve also heard the assay labs are really busy,” Driesner said.

He also said the minerals division has been busy handling the state reclamation bond pool, which junior exploration companies often use.

The annual exploration survey found that the companies believe the existence of favorable geology remained the most important factor influencing their level of exploration activities, followed by availability of public land to explore.

The attitudes of the companies responding regarding domestic exploration potential varied, however, with 35 percent optimistic, 35 percent neutral and 30 percent pessimistic.

The 17 companies answering the survey out of 85 companies sent questionnaires reported holding 57,690 claims in Nevada out of a total 78,500 claims they held in the United States in 2010. Driesner said the two largest companies with operations in Nevada, Barrick Gold Corp. and Newmont Mining Corp., were among the respondents.



The responding companies also predicted their claim holdings would be up this year to 58,423 in Nevada and 79,958 in the U.S., including those in Nevada.

All total, there were 175,000 active claims in Nevada as of Oct. 1, 2010, compared with 176,958 in 2009, the report stated, citing U.S. Bureau of Land Management figures.

The new exploration report states that the Nevada Legislature's increase in claim fees implemented in February 2010 affected claim holdings in 2010, although the law was later rescinded after a court ruling.

Worldwide, the companies reported spending \$612.3 million in 2010, up 43 percent from the \$427.7 million spent in 2009. Money spent in Nevada was 35 percent of their worldwide spending, but the companies expected that percentage to drop to 32 percent this year, according to the survey.

The number of geologists employed in Nevada also rose, with 181 working in 2010, up from 154 in 2009, and they expected to employ 191 geologists on Nevada projects this year. Worldwide, the responding companies employed 843 geologists in 2010, up from 772 in 2009.

The survey also found permitting times were down in 2010, with the notice time ranging from a month to six months, with the average at seven weeks, compared with nine weeks in 2009. For a plan, the permitting time ranged from four months to four years, with an average of 18 months, down from 25 months in 2009.

Looking at reserve replacement, the minerals division found that five of six companies with production in Nevada replaced their reserves in 2010, and on a worldwide basis, four of five replaced reserves that were mined.