

Testimony of Timothy M. Dyhr
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H.R. 4039, Yerington Land Conveyance and Sustainable Development Act
Presented to the
House Subcommittee on National Parks, Forests, and Public Lands
Chairman Rob Bishop
April 17, 2012

Mr. Chairman, Members of the Subcommittee, on behalf of Nevada Copper, I am pleased to join with the City of Yerington and Lyon County to testify in favor of H.R. 4039, the Yerington Land Conveyance and Sustainable Development Act introduced by Congressman Amodei, and supported by Congresswoman Berkley and Congressman Heck.

Mr. Chairman, I have worked in the mining industry for more than 33 years, and 30 years of those in Nevada. I have also worked on mine projects all over the world. Based on that experience I believe that the proposal in front of you today will enable the most compelling sustainable development opportunity associated with a mine project that I have encountered in my entire career.

Nevada Copper wholeheartedly supports the City's efforts to acquire this land. Once passed into law, the bill would allow the City to receive not only a share of property taxes, but also a share of Nevada net proceeds of mines taxes. There are obvious benefits to Nevada Copper. But more importantly, passage of the Bill would allow the City and Nevada Copper to expand their existing collaboration on water and sewer service and other infrastructure. And to assure those services can be located and developed to enhance opportunities for current and future sustainable development.

Today, the citizens of Yerington, Mason Valley, Lyon County, the State of Nevada and Nevada Copper appear before you united and urge you to make this job-creating opportunity, this dream, a reality.

The lands proposed for disposition in this bill are adjacent to the City of Yerington thus ideally suited for economic development. Additionally, there is extensive existing infrastructure – U.S. Highway 95A, power lines, a railroad, schools, a hospital, hotels, local commercial businesses, residences and the Fort Churchill Power Plant. All of these are currently under-utilized for lack of an economic foundation to sustain them.

These are important public services clinging to survival without a sustainable source of revenue, businesses desperately in need of customers, houses that need residents and schools that need students.

The proposed sale will create a contiguous block of land for both current and long term economic development.

Nevada Copper proposes to develop the Pumpkin Hollow Mine. This mine would be completely surrounded by the lands proposed for sale to the City of Yerington. The 10,300 acres of federal lands proposed for acquisition, combined with the 1,600 acres of private land held by Nevada Copper, would create a coherent block of land of over 11,900 acres for not only a mine development, but also lay the foundation for other general economic and recreational developments. This is a multiple use concept where the significant investment in infrastructure – Nevada Copper's \$80 million in planned infrastructure - roads, power, water, and sewer - can be the catalyst that makes all of these other activities possible. This legislation will provide a land and infrastructure platform to develop other

commercial and industrial uses concurrent along with development of the mine, but also for long term conversion of mine facilities to other economic uses after completion of mining.

As I have said, I have worked on mine projects for over 33 years. We in the industry are often criticized for the boom and bust nature of mining. In the past 20 years I have been actively involved in seeking ways to transition a mine-based economy to something else once mining is completed. Certainly we have developed techniques to effectively “close” and reclaim mines once mining is completed. However, there needs to be serious efforts to “convert” completed mines to support other post-mining, economic activities instead. To accomplish this, a company and community must envision a potential post-mining land strategy at the beginning of a mine project. That is precisely what we are, in a public-private partnership, advocating today.

To date the company and its predecessors have drilled more one million feet of exploration drilling on the property, and in our recently published, bankable feasibility study, determined that there are 4.3 billion pounds of copper reserve – that is the amount of copper we can mine economically. There are also approximately 952,000 ounces of gold and 27 million ounces of silver in those mineral reserves. We project annual production of 200-300 million pounds of copper a year. However, the property requires more exploration to determine whether an additional 2 billion pounds of inferred copper resource, plus a large iron resource, can be mined economically. We plan to continue to explore and develop these additional resources.

Development and construction of the full Pumpkin Hollow Mine Project – a combined open pit and underground mine with a single processing facility – will require more than \$1 billion in capital investment. The processing facility itself will require over 1.2 million man-hours to construct. Thousands of additional man-hours will be required to assemble over 100 pieces of heavy open pit and underground equipment - mine shovels, excavators, dozers, loaders, large haul trucks and other types of equipment.

Once initial construction is complete, subsequent construction and development of mine facilities will require an additional \$1 billion in sustaining capital. Average annual cash flow for the first five years will be \$450 million, a majority of that will be wages, salaries, equipment and supplies that will flow into the local economy. The current projected initial mine life is 18 years. As noted before, we seek to extend that mine life with additional exploration.

We expect that with available developable land, mine services and support businesses will want to look to the proposed economic development area to locate facilities near their customer, much as they have done in Elko and Winnemucca, Nevada.

For over four years now Nevada Copper has been in consultations with Lyon County, the City of Yerington and local stakeholders to develop the mine as well as water and wastewater treatment agreements and to explore economic development opportunities both during and after mining. During those consultations, it became apparent that in order for the City to be able to reap the full economic benefit of this project, especially a share of property and Nevada mineral proceeds tax revenues, the mine would need to be annexed. It also became clear in those discussions that the City could also provide water and sewer services for the mine - a benefit to the City and Nevada Copper.

After extensive consultation with the City, County and other stakeholders, we collectively determined that this acquisition and annexation would be beneficial to all parties. Lyon County still receives the same share of property taxes, only a slight reduction in Nevada mineral proceeds taxes. Nevada Copper

determined that it would pay more property taxes, but the benefits of developing infrastructure, including water and sewer service, by the City would be well worth the investment to acquire the lands.

To implement this acquisition, the City has requested that the Nevada Congressional delegation introduce legislation – the bill now before you - to convey to the City for fair market value, all right, title, and interest of the United States in and to the Federal lands, subject to valid existing rights, for fair market value. The City would then annex those lands, including the proposed Pumpkin Hollow Project, into the City. Nevada Copper has agreed to collaborate with the City to support the acquisition and to pay for those lands in consideration for being able to develop and operate Pumpkin Hollow in the newly designated City lands.

Mr. Chairman, after four years of consultation and evaluation of the proposed land acquisition, in collaboration with the City of Yerington and Lyon County, Nevada Copper is prepared to financially support the City in its effort to these lands for fair market value, at no cost to the American taxpayer or City residents. It is a public-private partnership that provides a real opportunity to turn the Lyon County economy around, to jumpstart jobs in this proud rural Nevada community. I am pleased to answer any questions you might have or provide further information.