



EARTHWORKS

EARTHWORKS FACT SHEET

# HR 2262's MINING ROYALTY: INDUSTRY CAN AFFORD IT

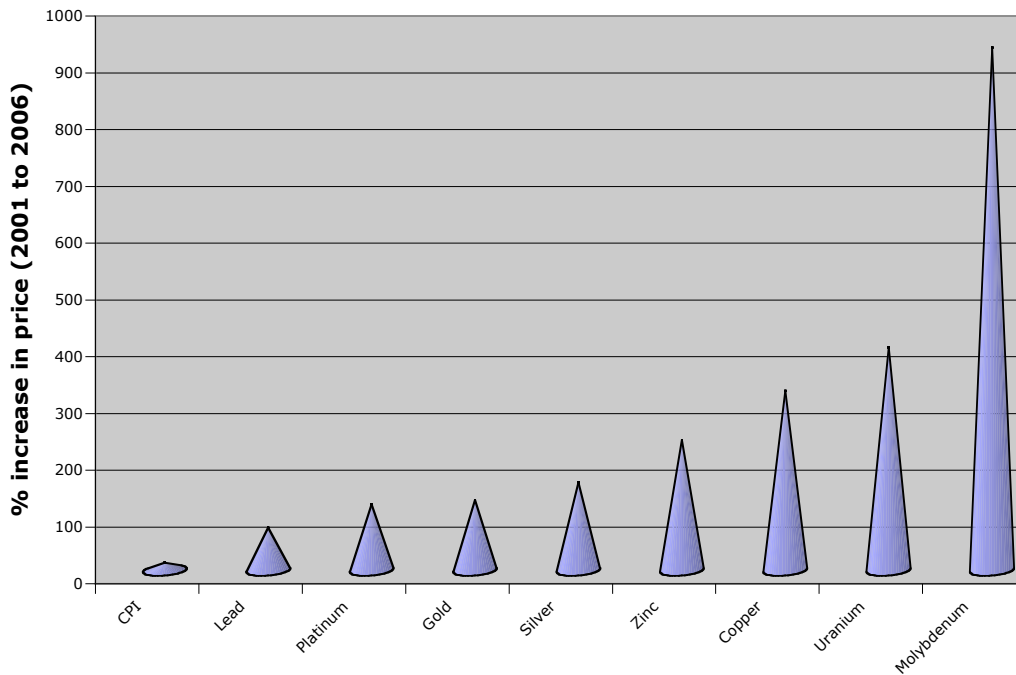
Mining industry advocates claim that companies operating in the United States cannot afford to pay the royalty that would be imposed by HR 2262, the Hardrock Mining and Reclamation Act of 2007: 4% on existing mines on public lands and 8% on future mines.

Metals prices and mining company profits tell a different story.

## METAL PRICES ARE SKYROCKETING

Gold traded near \$270 per ounce in 2001, when most existing U.S. mines were either already operating or in the planning stages. As of October 2007, gold is trading at \$760 per ounce – revenues have more than doubled on pre-existing investment. According to many analysts, gold will soon exceed \$1000 per ounce – almost four times its price five years ago.<sup>1</sup> Over the same period, U.S. consumer prices have increased 13%.<sup>2</sup> And gold's price increase is small relative to other hardrock metals, as indicated by the chart below.<sup>3</sup>

**Increase in Hardrock Metals Prices (2001 to 2006)**



**Hardrock metals produced in the U.S. (2006 production > \$100 million)**

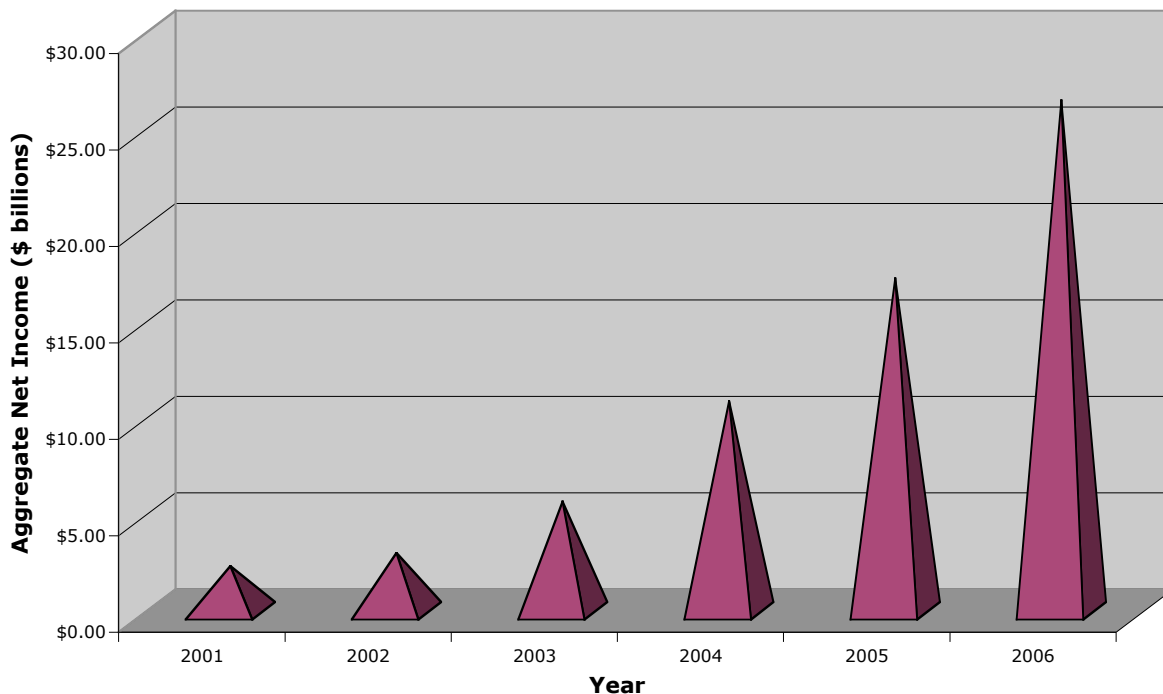
## MINING COMPANY PROFITS ARE SKYROCKETING

The USGS identifies companies that produce 95% of U.S. hardrock minerals. The aggregate profit<sup>4</sup> of those companies exceeded \$26 billion in 2006.<sup>5</sup>

The CBO estimates that HR 2262 would raise \$160 million over the first four full years it was in effect – an average of \$40 million per year.<sup>6</sup>

*\$40 million is less than two-tenths of one percent of \$26 billion.*

**Profits of Hardrock Mining Companies Operating in the United States (2001 - 2006)**



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<sup>1</sup> *\$1000 Gold Ahead Say Experts: Three dozen economists finally agree on something* by David Bradshaw, 8/9/2007 <http://www.stockhouse.ca/blogs.asp?page=viewpost&blogID=169&postID=25298>.

<sup>2</sup> Consumer Price Index: Bureau of Labor Statistics, <ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.txt>

<sup>3</sup> USGS Mineral Commodity Summaries 2001 – 2007, <http://minerals.usgs.gov/minerals.index.html>

<sup>4</sup> These figures do not include oil companies that also engage in hardrock mining. The profits of one major oil company that mines molybdenum (Chevron) would be the equivalent of more than half the aggregate profits of companies that are primarily hardrock miners.

<sup>5</sup> Companies producing 95% of U.S. hardrock minerals: USGS Mineral Yearbook 2005. Profits of those companies: [finance.google.com](http://finance.google.com)

<sup>6</sup> Congressional Budget Office Cost Estimate: HR 2262, the Hardrock Mining and Reclamation Act of 2007. October 29, 2007.