



EARTHWORKS

ATTRACTIVENESS OF THE UNITED STATES FOR MINERAL INVESTMENT

The hardrock mining lobby often argues that U.S. production of minerals – particularly critical and strategic minerals – suffers relative to other countries due to “burdensome” federal rules and regulations.

The actual market picture provided by mining companies themselves reveals that this is not true. Furthermore, it appears that federal oversight serves as a competitive advantage, not disadvantage.

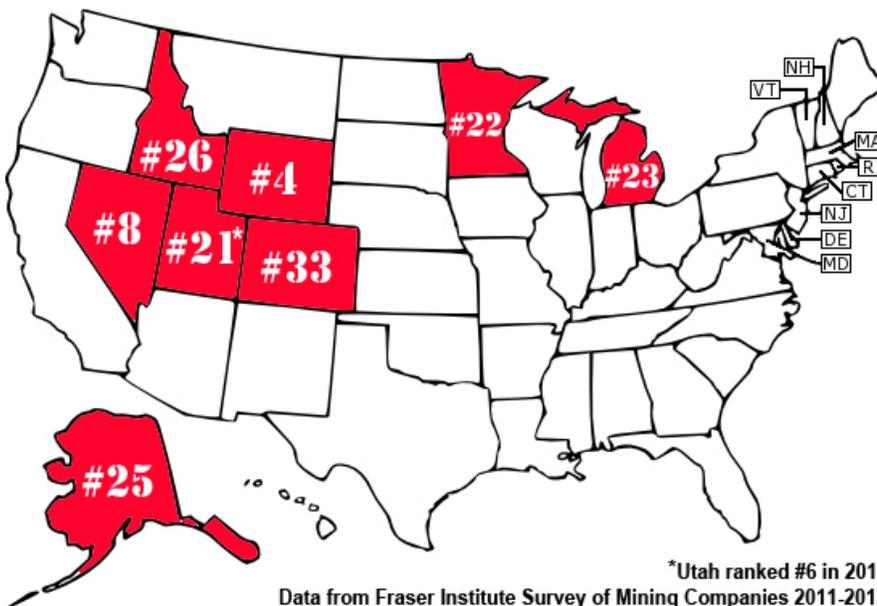
The Fraser Institute Study

The Fraser Institute- a center-right Canadian think tank – conducts an [Annual Survey of Mining Companies](#)¹. The Fraser Survey is one of the most prominent and comprehensive analyses of the impacts of mining regulation on willingness to invest in mineral exploration. It surveys mining exploration decision-makers from 93 jurisdictions around the world (802 companies in the 2011-2012 edition).

The Fraser Study ranks mining investment destinations based on:

- A comprehensive look at all socio-economic factors/government policies affecting investment decisions called the Policy Potential Index (PPI)
- A ranking considering just mineral wealth and environmental regulation
- A ranking considering just mineral wealth and assuming NO regulation

Policy Potential Index (PPI) Rankings



Jurisdictions within the United States rank very well in large measure because we have stable and transparent democratic institutions, courts that enforce contracts and resolve disputes, and generous mining policies (like the 1872 Mining Law²).

States within the United States that tend to fall toward the middle of the PPI rankings do so in part because they have local policies that impose their own processes.

Nevada ranks 8th. Wyoming is 4th. Utah fell out of the top ten this year, but last year ranked 6th. A handful of other states fall in the low 20s (Michigan, Minnesota, Alaska, and Idaho). Colorado is 33rd.



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Top Mining Investment Destinations in terms of Mineral Potential and Environmental/Land Use Regulations

In addition to the PPI, Fraser ranked regions for mining investment taking in to account just mineral potential and current environmental regulations/land use restrictions. That is, not considering current infrastructure, political stability, or the labor or other socioeconomic issues that weigh heavily on investment decisions.



Top Mining Investment Destinations Assuming Mineral Potential and No Regulation

Finally, Fraser surveyed mining companies on investment attractiveness for various jurisdictions assuming “current mineral potential with no regulations in place and assuming [only] industry best practices”.

If it were true that fewer regulations increase a region’s investment attractiveness, then state rankings would rise relative to their aforementioned rankings that include regulations. And because Nevada is the mining state with the most federal land (more than 80%), we would expect it’s ranking to rise most. Instead, the opposite is true: most states lose investment appeal when no regulatory oversight is assumed.



Taken as a whole, the Fraser Survey indicates that policies governing mining – including federal policies like NEPA – are a relative competitive ADVANTAGE, not disadvantage

¹ <http://www.fraserinstitute.org/research-news/display.aspx?id=18045>

² http://www.earthworksaction.org/issues/detail/general_mining_law_of_1872