

Nevada Department of Taxation
Net Proceeds of Minerals Tax
Quarterly Revised Projection Report Forms

Carefully read and follow the instructions provided.
Failure to do so may result in fines, penalties or both.

1. These four reports may optionally be filed by the taxpayer, per NRS 362.115 as amended by SB-2 (2008). While there may be other reasons for filing these reports, it is expected that the taxpayer will choose to file these reports if the taxpayer is not very confident that the initial required projection and payment of March 1, 2012 (see again NRS 362.115 as amended by SB-2) will constitute at least 90% of the final tax bill. Sending in the quarterly revised projection reports, and subsequently the incremental payments if indicated by the reports, is a means by which the taxpayer may eventually meet the 90% threshold and avert a 10% penalty on the taxes not projected. The due dates for the first, second, third and fourth quarterly revised annual projection reports are, respectively, April 30, 2012, July 31, 2012, October 31, 2012 and January 31, 2013. If the due date falls on a Saturday, Sunday or holiday, the postmark must be no later than the next immediate business day to be accepted as a timely filing. Return the completed forms to:

Department of Taxation – DOAS
Centrally-Assessed Properties Section
1550 College Parkway, Suite 115
Carson City, NV 89706

2. The reports cover operations for each three month period ending March 31, June 30, September 30 and December 31, 2012. The reports must be filled out completely for each geographically separate operation where a mineral is extracted per NRS 362.115.
3. **Enter all information on the Nevada Department of Taxation Projected Net Proceeds of Minerals Tax Quarterly Revised Projection report forms. Substitute forms will not be accepted unless they have the identical format. Additional detail information supporting entries on the form may be attached.**
4. You may request the report on a disc supplied by the taxpayer or via e-mail, and the completed form may be submitted electronically, if the certification portion of the report is completed.
5. **Filing a report per NRS 362.115 must contain the information requested. A signed blank form is unacceptable and will be considered to be a failure to file. Failure to file a report, or failure to file in a timely manner, may subject the taxpayer to a penalty of 10% of the difference between the Projection Report and the Actual Annual Net Proceeds of Minerals Report if the difference is**

greater than 10%, pursuant to NRS 362.130(4). In addition, other penalties and interest may be applied for failure to timely pay the taxes due.

6. Keep a copy of projected reports sent to the Department. As is seen below, information from the immediately prior projection is needed to derive an adjustment.
7. **Line 1: Gross Proceeds.** Enter the dollar amount of Gross Proceeds for each quarter of the calendar year for all products in columns A through D. “Gross proceeds” is the same as gross yield, and is the volume in units times the price per unit. For past quarters, enter actual amounts. For future quarters and quarters not ended yet, enter the value based on projected amounts and prices. Consult NAC 362.010, as amended, for additional guidance. Add together the values in columns A through D on line 1 and put the sum in line 1, column E.
8. **Line 2: Allowable Deductions.** Enter the dollar amount of Allowable Deductions for each quarter of the calendar year in columns A through D. For past quarters, enter actual amounts. For future quarters and quarters not ended yet, enter the projected value. Add together the values in columns A through D on line 2 and put the sum in line 2, column E. This includes Extraction, Transportation, Reduction, Refining and Sale, Delivery, Other Allowable Costs, Production Royalties, and Allowable Depreciation. **SB 493 changed some allowable deductions - Consult NRS and NAC 362 for additional guidance and LCB File No. R058-11 effective 12/30/11:**
 - a. **Only direct costs of extraction for activities performed in Nevada**
 - b. **Only costs of delivery of the mineral (no marketing or costs of conversion into money)**
 - c. **No fire insurance costs**
 - d. **No medical or medical insurance costs for a 2-year period**
 - e. **Only costs of travel occurring within Nevada**
 - f. **Only costs of Nevada-based corporate services**
 - g. **Only developmental costs necessary to the mine or group of mines**
 - h. **Costs of reclamation allowed in the year the work actually occurred**
9. **Line 3: Net Proceeds.** Enter the dollar amount after subtracting Allowable Deductions (Line 2) from Gross Proceeds (Line 1) for columns A through E.
10. **Line 4: Royalties Payable.** Enter the amount of royalties to be paid for each quarter of the calendar year in columns A through D. Do not include royalties to be paid to Minerals Management Services (MMS), as this entity is exempt from the tax on royalties. For past quarters, enter actual amounts. For future quarters and quarters not ended yet, enter the projected value. Add together the values in columns A through D on line 4 and put the sum in line 4, column E.
11. **Line 5: Net Proceeds.** In line 5 column F, enter the annual net proceeds as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 3 of the initial projection report in line 5 column F. If the last projection report was a quarterly revised projection report, enter the value from line 5 column G of the last report into line 5 column F of the current report. In line 5 column G, enter the value

from line 3 column E. In line 5 column H, enter the difference of line 5 column G less line 5 column F.

12. Line 6: Net Proceeds Tax Rate. In line 6 column F, enter the annual net proceeds tax rate as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the rate from line 4 of the initial projection report in line 6 column F. If the last projection report was a quarterly revised projection report, enter the rate from line 6 column G of the last report into line 6 column F of the current report. In line 6 column G, enter the rate of taxes on Net Proceeds. For geothermal operators, this is always the total tax district rate. For all non-geothermal mine operators, if Net Proceeds exceed \$4 million, the rate is always 5%. For all non-geothermal mine operators, if Net Proceeds do not exceed \$4 million, then the rate is the higher of the following; the total tax district rate, and a rate from a table based on the Net Proceeds to Gross Proceeds ratio. Two schedules are included with this projection report, one for the total tax district rates (to be revised in June for current year rates) and one for the rates associated with net to gross ratios. Consult NRS 362.140 for additional guidance.

13. Line 7: Net Proceeds Tax. In line 7 column F, enter the annual net proceeds tax as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 5 of the initial projection report in line 7 column F. If the last projection report was a quarterly revised projection report, enter the value from line 7 column G of the last report into line 7 column F of the current report. In line 7 column G, enter the annual amount of tax owed by multiplying the Net proceeds (line 5) by the appropriate tax rate (line 6). In line 7 column H, enter the difference of line 7 column G less line 7 column F.

14. Line 8: Royalties Payable. In line 8 column F, enter the annual royalties payable as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 6 of the initial projection report in line 8 column F. If the last projection report was a quarterly revised projection report, enter the value from line 8 column G of the last report into line 8 column F of the current report. In line 8 column G, enter the amount from Line 4 column E. In line 8 column H, enter the difference of line 8 column G less line 8 column F.

15. Line 9: Tax on Royalties. In line 9 column F, enter the annual tax on royalties as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 7 of the initial projection report in line 9 column F. If the last projection report was a quarterly revised projection report, enter the value from line 9 column G of the last report into line 9 column F of the current report. In line 9 column G, enter the product of Line 8 column G and 5%. In line 9 column H, enter the difference of line 9 column G less line 9 column F.

16. Line 10: Total Tax. In line 10 column F, enter the annual total tax as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 8 of the initial projection

report in line 10 column F. If the last projection report was a quarterly revised projection report, enter the value from line 10 column G of the last report into line 10 column F of the current report. In line 10 column G, Enter the sum of Net Proceeds Tax (Line 7 column G) and Tax on Royalties (Line 9 column G). In line 10 column H, enter the difference of line 10 column G less line 10 column F.

17. Line 11: Prior Tax Owed/ (Credit). In line 11 column F, enter the prior tax owed/(credit) as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 9 of the initial projection report in line 11 column F. If the last projection report was a quarterly revised projection report, enter the value from line 11 column G of the last report into line 11 column F of the current report. In line 11 column G, enter the amount of tax that may be owed from prior years or show the amount of credit remaining from the prior year. Generally this will be the same as line 11 column F; if however there was a decision on an appeal, or correction of an error in the prior year, a revision to the beginning annual balance may be in order.

18. Line 12: Net Tax Due/ (Remaining Credit). In line 12 column F, enter the annual tax due/(remaining credit) or net tax due/(remaining credit) as calculated in the last projection report submitted for the current year. If the last projection report was the initial projection report, enter the value from line 10 of the initial projection report in line 12 column F. If the last projection report was a quarterly revised projection report, enter the value from line 12 column G of the last report into line 12 column F of the current report. In line 12 column G, enter the amount shown on line 10 column G plus the amount shown on line 11 column G. In line 12 column H, enter the difference of line 12 column G less line 12 column F.

19. Line 13: Payment Amount. In line 13 column F, enter the amount paid so far for the current year. Except for unusual circumstances, it should equal the net tax due from line 12 column F. If true, in line 13 column H, enter the amount from line 12 column H, if that number is positive. If the number in line 12 column H is negative or zero, enter zero in line 13 column H. This is the incremental tax due and payable, assuming prior payments covered the prior forecast.

20. Line 14: Revised Tax Owed/(Credit). In line 14 column F, enter the difference of line 12 column F minus line 13 column F. If the previous payments were insufficient to cover the projected tax due from the prior forecast, this will be a positive number. In this case, you should have received a notice of penalty for non-payment from the Department with instructions for satisfying your obligation. Please follow those instructions.

21. Please note that payment of the Revised Projected Net Proceeds and projected Royalties to be claimed for the calendar year must be made within 30 days after filing a quarterly report that indicates an additional estimated tax liability.