ESTIMATED YEAR REPORT AND PAYMENT

For Production January 1 through December 31, 2016 (Tax Year 2016-17) NRS 362.115(1)(a)

GENERAL INSTRUCTIONS:

The Nevada Department of Taxation (Department) prepared these instructions to assist operators in estimating and prepaying Net Proceeds of Minerals Tax for calendar year 2015 per NRS 362.115(1)(a). Refer to Chapter 362 of Nevada Revised Statutes (NRS) and Chapter 362 of Nevada Administrative Code (NAC).

Also refer to the instructions for Forms 2201 (Geothermal Operator – Statement of Gross Yield and Claimed Net Proceeds) and 2202 (Operator – Statement of Gross Yield and Claimed Net Proceeds).

Per NRS 362.115(1)(a)
"1. In addition to the statement required by subsection 1 of NRS 362.110, each person extracting any mineral in this State:

(a) Shall, on or before March 1 of each year, file with the Department a statement showing the estimated gross yield and estimated net proceeds from each such operation for the entire current calendar year and an estimate of all royalties that will be paid during the current calendar year and shall pay the tax upon the net proceeds and upon the royalties so estimated. The estimated payment may be reduced by the amount of any credit to which the taxpayer is entitled pursuant to NRS 362.130. The amount of the tax paid upon royalties must be deducted from the payment of the royalties."

Per NRS 362.130(4),
"If the amount paid pursuant to paragraph (a) of subsection 1 or NRS 362.115 in the prior calendar year is less than 90% of the amount certified pursuant to this section, the amount due must include a penalty of 10 percent of the amount by which the tax was underpaid unless:

(a) The amount paid pursuant to paragraph (a) of subsection 1 of NRS 362.115 in the prior calendar year is equal to or greater than the total liability of the operation for the preceding calendar year; or

(b) The person files quarterly reports pursuant to paragraph (b) of subsection 1 of NRS 362.115 in a timely manner for that year and the total of all payments exceeds 90 percent of the amount certified."

The above penalty per NRS 362.130(4) may be imposed in addition to penalties for failure to file (NRS 362.230), penalties for false statements (NRS 362.240), and interest and penalties on delinquent taxes (NRS 362.160).

The completed Form 2204 may be submitted electronically or it may be printed, completed and mailed or hand delivered. The Operator may submit the completed Form 2204 electronically by submitting the completed excel workbook and electronically attaching supporting documents. The Operator may submit the completed Form 2204 in paper form by printing the forms, manually completing forms, signing, and delivering Form 2204 to the Department. Electronic submission is preferred. Payment, if applicable, is due by March 1, 2016. Remit payment to:

Department of Taxation, DLGS
Centrally-Assessed Properties
1550 College Parkway, Suite 115
Carson City Nevada 89706

To submit Form 2204 electronically, email Form 2204 and any supporting documentation to the following contact. The date and time on the email will be used to determine timeliness of filing per NRS 362.115.

Jane Omdahl	775-684-2033	jomdahl@tax.state.nv.us

For paper submission, return the completed Form 2204, any supporting documentation and payment to:

Nevada Department of Taxation
Centrally-Assessed Properties Section
1550 College Parkway, Room 115
Carson City, Nevada 89706

A signed blank form is unacceptable and will be considered a failure to file. An illegible, incomplete and/or unintelligible Statement will also be considered a failure to file.

Enter all information on the Nevada Department of Taxation, Net Proceeds of Minerals Tax reporting forms. Substitute forms will not be accepted unless they have the identical format. Additional supporting information may be attached and must be clearly identified and associated with a specific entry on the form.

Form 2204 covers projected results of operations for calendar year 2015. Therefore, Form 2204 covers operations for the twelve months ending December 31, 2016. Form 2204 must be filed showing the projected gross yield and the projected claim for deductions from each geographically separate operation where a mineral is extracted.

SPECIFIC INSTRUCTIONS

FORM 2204

Enter the Operator Name, Mine Name, Property Identification Number (PIN), County, and Tax District. Contact the Department if you have questions about these fields.

Line 1: Gross Yield

Enter the dollar amount of the projected Gross Yield for calendar year 2016 for all products. Please fill in the product, the quantity and the price for each product sold. If not enough lines are on the form please attach a schedule showing the quantity and price of each product.

Line 2: Allowable Deductions

Enter the dollar amount of projected Deductions from Gross Yield for calendar year 2015 on Line 2. Refer to the instructions for Forms 2201 (Geothermal Operator – Statement of Gross Yield and Claimed Deductions) and/or Form 2202 (Operator – Statement of Gross Yield and Claimed Deductions) for information on deductions that may be claimed. Also refer to NRS 362 and NAC 362 for information.

Line 3: Net Proceeds

Subtract the Allowable Deductions on Line 2 from the Gross Yield on Line 1 in each column and enter the difference on Line 3. The amount on Line 3 represents the projected net proceeds related to the operator's activities for calendar year 2016.

Line 4: Net Proceeds

If the net proceeds calculated on Line 3 is positive, enter the amount from Line 3. If the amount on Line 3 is negative or zero, enter zero on Line 4. The amount on Line 4 represents the Estimated Net Proceeds of the Operator subject to the Net Proceeds of Minerals Tax for production year 2016.

Line 5: Tax Rate

On Line 5, enter the applicable tax rate for the Estimated Net Proceeds of the Operator subject to the Net Proceeds of Minerals Tax for production year 2016 on Line 4. Refer to the two tables included with the excel workbook for Form 2204 labeled "Tax Rate Geothermals" and "Tax Rate Non-Geothermals" to determine the input for this field.

For geothermal operators, the tax rate is always the total tax district rate. Determine the tax district rate from the table labeled "Tax Rate Geothermals" and enter the rate on Line 5.

For all non-geothermal operators, the rate depends on two factors: (1) the amount of total Net Proceeds and (2) the ratio of gross proceeds to net proceeds. Rates are determined pursuant to NRS 362.140, reproduced on the worksheet labeled "Tax Rates Non Geothermal" in the Excel workbook for Form 2204. If Net Proceeds exceed $4 million, the rate is always 5% for non-geothermal operators. 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 or a rate from the table in NRS 362.140

based on the Net Proceeds to Gross Proceeds ratio. Consult NRS 362.140 for more guidance.

Line 7: Royalties Payable

Enter the dollar amount of royalties expected to be paid for the calendar year 2016 on Line 6. Do not report royalties paid or to be paid to the federal Minerals Management Services (MMS) or other royalties not subject to the Net Proceeds of Minerals Tax. Rent or lease payments, or minimum royalties which are unrelated to production must not be reported. The amount on Line 6 represents the estimated royalties subject to the Net Proceeds of Minerals Tax for calendar year 2016 that the Operator must collect and pay on behalf of royalty recipients.

Line 8: Net Proceeds Tax on Royalties

Multiply the amount on Line 6 by 5% (0.05) and place the product on Line 7. All royalties are taxed at 5%.

The amount on Line 6 represents the tax on royalty recipients that the Operator must collect and pay on behalf of royalty recipients.

Line 9: Estimated Tax Due for 2015 (Tax Year 2015-16)

Add the amounts on Line 6 and Line 8 and enter the sum on Line 9. The amount on Line 9 represents the total tax from both the operator operations for 2016 and the tax on royalty recipients that the operator is required to collect and pay on behalf of royalty recipients.

Line 10: Prior Taxes Owned or (Credit)

On Line 10, enter the amount that may be owed from prior years or credits remaining from prior years. Usually, this amount can be determined from prior billings. However, a decision of an appeal, an adjustment from an audit, or a correction may have been made since the last billing. The amount on Line 10 may reflect changes, as needed.

Line 11: Net Tax Due or (Remaining Credit)

Add the amounts on Line 9 and Line 10 and enter the sum on Line 11.

Line 12: Payment Due with Report

If the amount on Line 11 is positive, enter the amount from Line 11.

If the amount on Line 11 is negative or zero, enter zero on Line 12.

If an amount is included on Line 12, pay the amount on Line 12 by March 1, 2016. If filing on paper, payment of the amount on Line 12 must accompany the completed Form 2204. If filing electronically, the payment must be received as a supplement to the electronic filing by March 1, 2016.