

# Santa Cruz Project Economic and Fiscal Impact Casa Grande, Arizona



Prepared for:

Ivanhoe Electric, Inc.

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Prepared by:



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**This Estimated Economic and Fiscal Impact Assessment is inherently forward-looking and dependent upon numerous assumptions and forecasts, such as macroeconomic conditions, mine plans and operating strategy and other assumptions contained in the S-K 1300 Initial Assessment & Technical Report Summary dated September 6, 2023 that are subject to change.**

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## EXECUTIVE SUMMARY

Elliott D. Pollack & Company has been retained to conduct an economic and fiscal impact analysis of the Santa Cruz Project, a proposed copper mining operation located on 5,975 acres of private land with approximately 3,600 acre-feet of Type 1 water rights in Casa Grande, Arizona. The analysis for the mine project includes ongoing construction and mining operations through the 20-year life of the mine.

***The following analysis is based on data provided in the Initial Assessment (September 2023). The results of this report are anticipated to be updated with future assumptions from the Pre-Feasibility Study (PFS). Figures and assumptions regarding construction and employment are likely to change and, in some cases, the changes may be substantial.***

The Santa Cruz Project will create economic benefits from direct mining operations, supplier purchases and from salaries paid to workers who will in turn spend money in the economy. Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. Estimates are reported for direct operations as well as for the ripple effects that direct operations create, known as indirect and induced effects. Indirect impacts occur from suppliers that are essential to mine site operations such as manufacturers or specialized service contractors. Induced impacts are created by the spending of both direct and indirect employees in the economy.

The Santa Cruz Project is initially estimated to produce overwhelmingly substantial benefits to the local region, the State of Arizona, and the United States as a whole. Its impact is projected to last 25 years, beginning with 3 years of site preparation, 20 years of mining operations and 2 years of site closure. Initial capital investment for both surface and underground capital (including equipment) will total an estimated \$1.1 billion. Additional ongoing capital over the life of the mine is projected to total an additional \$1.0 billion. Jobs will be created from construction and development. In addition, the company will support an average of 450-500 in-house labor employees with average wages of \$85,000 per year.

Many mining-related assumptions are based on the price of copper. The most significant revenue sources that are affected by copper prices are State severance taxes, income taxes, and property taxes (the total value of the mine is dependent on the value of the copper in the ground). This analysis assumes the State will value the long-term price of copper at \$3.80/lb. The State of Arizona will continue to revise projections according to market demand, though the trend has been to continually increase the long-term figure over the last several years.

### **Economic Impact**

- **Total Economic Activity.** The total economic impact of the Santa Cruz Project on Pinal County is estimated to be \$9.2 billion over the life of the project or nearly \$368.4 million each year. Construction and operations will support over 752 direct, indirect and induced jobs annually.



**Fiscal Impact**

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The main revenue sources of local, county, and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions.

- **Total Fiscal Impact.** The project is estimated to generate total federal, state, county and local tax revenue of nearly \$1.3 billion. Significant sources of revenue will be generated from corporate income taxes, property taxes, and severance taxes. This analysis excludes additional taxes that would be collected by school districts.
- **Employee Generated Impacts.** Through the income that they receive from employment, employees will spend a significant amount of money in the local economy and pay taxes to various government entities. They will pay sales taxes, property taxes, individual income taxes, and other fees throughout the course of each year.

Table A -

**Economic & Fiscal Impact Summary  
Santa Cruz Project**

(2024 Dollars)

**Economic Impact  
Pinal County**

Impact Type	Employment		Wages (\$mil)		Economic Output	
	Person Years	Annual Jobs	Total	Annual Avg	Total	Annual Avg
Direct	13,875	555	\$1,131.4	\$45.3	\$8,179.9	\$327.2
Indirect	3,385	135	\$177.6	\$7.1	\$729.4	\$29.2
Induced	1,546	62	\$62.7	\$2.5	\$300.3	\$12.0
<b>Total</b>	<b>18,806</b>	<b>752</b>	<b>\$1,371.7</b>	<b>\$54.9</b>	<b>\$9,209.6</b>	<b>\$368.4</b>

**Fiscal Impact**

Impact Region	Primary (\$ mil)		Secondary (\$ mil)		Total (\$ mil)	
	Total	Annual Avg	Total	Annual Avg	Total	Annual Avg
U.S.	\$726.2	\$29.0	\$182.4	\$7.3	<b>\$908.6</b>	<b>\$36.3</b>
Arizona	\$233.2	\$9.3	\$44.5	\$1.8	<b>\$277.7</b>	<b>\$11.1</b>
County	\$74.8	\$3.0	\$16.7	\$0.7	<b>\$91.5</b>	<b>\$3.7</b>
Local	\$55.6	\$2.2	\$5.8	\$0.2	<b>\$61.4</b>	<b>\$2.5</b>
<b>Total</b>	<b>\$1,089.8</b>	<b>\$43.6</b>	<b>\$249.4</b>	<b>\$10.0</b>	<b>\$1,339.3</b>	<b>\$53.6</b>

Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Ivanhoe Electric Inc.

The above economic and fiscal impacts are based on assumptions prepared by the client. Whenever possible, a conservative approach to projecting revenues and employment impacts was utilized.



## 1.0 Introduction

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The following study estimates the economic and fiscal impacts of the Santa Cruz Project, a proposed copper mining operation located in Casa Grande, Arizona. The mine impact is estimated to extend over 25 years, with 3 years of initial construction, 20 years of mine operations and 2 years of mine closure. The capital investment requirements over this period are estimated at \$2.1 billion.

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings and job creation. Fiscal impact analysis evaluates the public revenues generated by a particular activity. In fiscal impact analysis, the main revenue sources of a city, county or state government are analyzed to determine how the activity may financially affect them.

More specifically, this report will analyze the impact of the following:

- Feasibility analysis period and preparation of the mine site.
- The copper mine with an estimated production life of 20 years.

### 1.1 Limiting Conditions

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work are intended to be included in any registration statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval and, therefore, may not be referred to or quoted in whole or in part.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack and Company based on the facts, analyses and methodologies described in the report.
- Except as specifically stated to the contrary, this study does not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.



- This study has not evaluated the feasibility or marketability of the site for planned uses.
- All estimates regarding direct employment and wages as well as on mining operations were provided by the client. This data has been reviewed and verified to determine its reasonableness and applicability to the proposed project. Data is current as of the Initial Assessment (September 2023) and likely to be updated with the release of the Pre-Feasibility Study.
- This economic and fiscal impact study evaluates the potential “gross impacts” of the construction and operations. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that would be generated by the project. The study will not consider the potential reduction of sales at other establishments in the trade area that may occur as a result of the proposed project.
- This analysis does not consider the costs to any government associated with providing services to the mine or other operations. Such analysis is beyond the scope of this study. In addition, the analysis is based on the current tax structure and rates imposed by the State, counties, and municipalities. Changes in those rates would alter the findings of this study. All dollar amounts are stated in 2024 dollars and, unless indicated, do not take into account the effects of inflation.
- Our analysis is based on currently available information and estimates and assumptions about long-term future development trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this market study are those that are believed to be significant to the projections of future results.

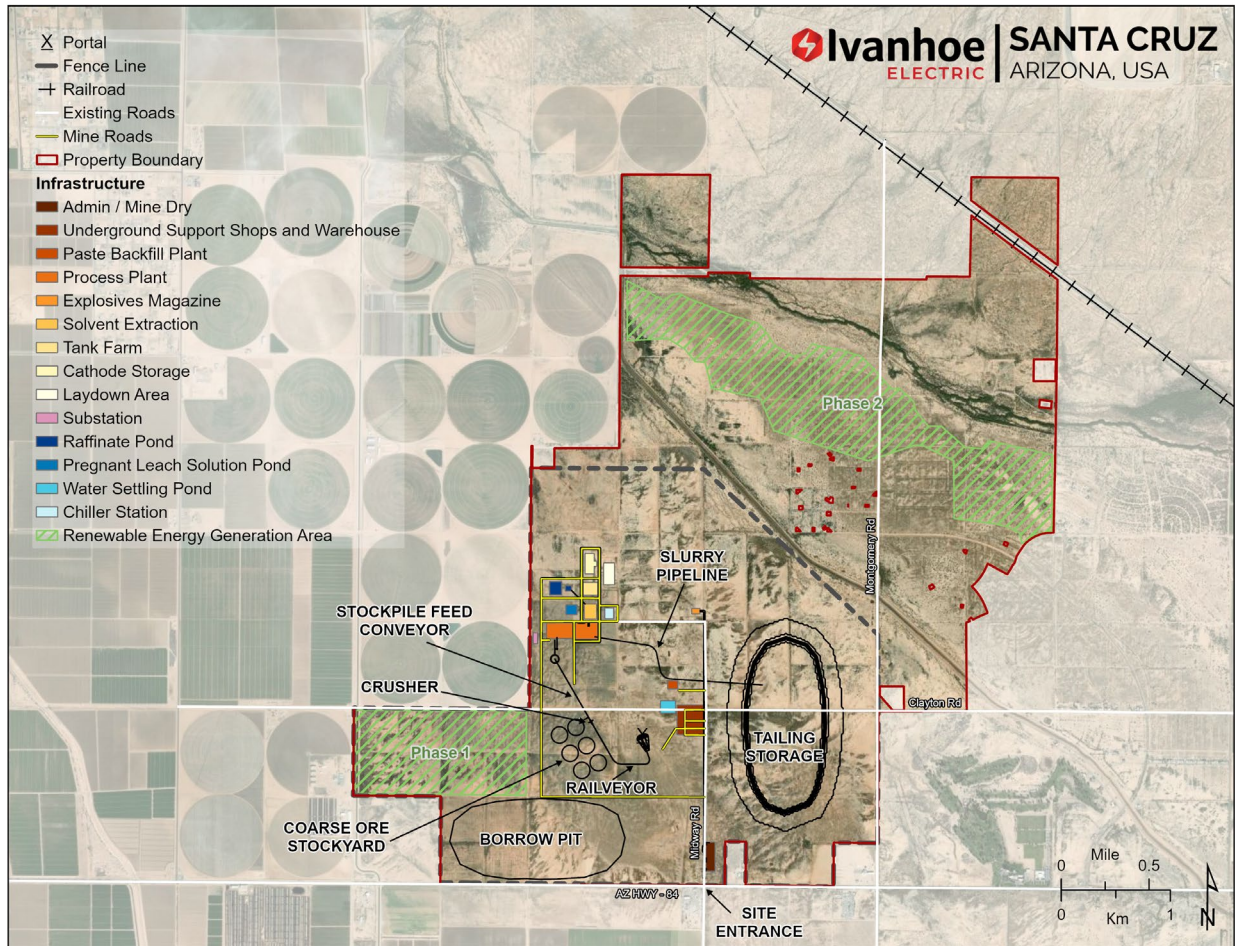


## 2.0 Methodology and Assumptions

### 2.1 Background

The Santa Cruz Project is located on 5,975 acres of private land with approximately 3,600-acre feet of Type 1 water rights in Casa Grande, Arizona. The site is conveniently located near Interstate-10 and nearby rail.

#### Site Plan



### 2.2 Assumptions

The assumptions for evaluation of the economic and fiscal impacts of the Santa Cruz Project including employment impacts for mining operations were based on information provided by Ivanhoe Electric, Inc. The analysis for the mine project includes the ongoing construction activity and mining operations through the life of the mine.

***The following analysis is based on data provided in the Initial Assessment (September 2023). The results of this report are anticipated to be updated with future assumptions from the Pre-Feasibility Study (PFS). Figures and assumptions regarding construction and employment are likely to change and, in some cases, may be substantial.***





The Santa Cruz Project is estimated to produce substantial benefits to the local region, the State of Arizona, and the United States as a whole. Its impact is projected to last 25 years, beginning with 3 years of initial site preparation, 20 years of mining operations and 2 years of closing. Initial capital investment for both surface and underground capital (including equipment) will total an estimated \$1.1 billion. Additional ongoing capital over the life of the mine is projected to total an additional \$1.0 billion. Jobs will be created from construction and development. In addition, the company will support an average of 450 to 500 in-house labor employees with average wages of \$85,000 per year.

Many of the mining-related assumptions are based on the price of copper. The largest of the revenue sources that are affected by copper prices are the severance tax and State income tax. Property taxes may also be affected because the total value of the mine is dependent on the value of the copper in the ground. This analysis assumes copper to be priced at \$3.80 per pound. It is possible that the State would continue to adjust its long-term copper price estimates upward in light of continued surges in demand and thus price.

Table 1

## Assumptions Used in Analysis Santa Cruz Project (2024 Dollars)

Total Capital Investment (\$ mil)	
Initial Surface Capital	\$611.0
Initial Underground Capital	\$507.0
Additional Sustaining Capital (over life of mine)	\$1,004.0
	<hr/>
	\$2,122.0
Equipment (including in total capital figures above) (\$ mil)	
Initial equipment	\$371.0
Sustaining equipment	\$323.0
Estimated average annual employment during operations	450-500
Average annual wages	\$85,000
Projected price of copper / lb.	\$3.80
Projected average annual ore production (tonnes)	5,500,000
Projected average annual copper production (tonnes)	82,000

Source: Elliott D. Pollack & Co.; IMPLAN; ADOR; ATRA; Ivanhoe Electric Inc.



### 2.3 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focused on two separate impacts:

- Construction at the mine
- Operations impact of the mine 20 years of mining operations

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by mining employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods). Finally, the spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the region. These secondary effects are captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The Implan Group, Inc., a nationally recognized company, developed the multipliers used in this study.

The economic impact is categorized into three types of impacts:

- (1) **Employment Impact** – the total wage and salary and self employed jobs in a region. Jobs include both part time and full time workers.
- (2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) **Economic Output** – also referred to as economic activity, relates to the gross receipts for goods or services generated by the company's operations.

Economic impacts are by their nature regional in character. Such impacts are best illustrated when not assigned to a specific locality, although clearly the primary impact of job creation would be on the city where the project is located. However, many other communities in Pinal would also benefit from the construction and operation of the project. People working at the mine would commute to work from their homes in all parts of the region. Therefore, the economic impact is expressed in this report as a statewide benefit. All dollar figures, unless otherwise stated, are expressed in 2024 dollars.



## 2.4 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The main revenue sources of local, county, and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions. This report evaluates the impact of the mine project on the State, local counties, and municipalities including the City of Casa Grande. The mine project will mainly impact Pinal County, though other counties will also benefit through State shared revenues. This report will calculate total county-level fiscal impacts. A brief analysis of federal tax collections is included as well.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the City of Casa Grande; Pinal County; the State of Arizona; the Arizona Tax Research Association; and the U.S. Consumer Expenditure Survey.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The main sources of revenue generation for governmental entities are related to construction of the project, and ongoing operations once construction is completed.

The ongoing operations of a project also create beneficial fiscal effects for a community. The primary source of revenue for the mine would be generated from severance taxes, property taxes, utility sales taxes, and income taxes. These are “primary” revenues to governmental entities that can be calculated from the assumptions of the study. In addition, the direct, indirect and induced employees supported by mining activities also generate revenues to local governments. For instance, employees would spend part of their salaries on retail goods (thereby paying sales taxes) and contribute to the other revenue sources that are shared by the State with local cities. These revenues are referred to in this report as “secondary” impacts. All of the revenues referenced will be calculated from the assumptions of the study.

Following is a description of the applicable tax revenue sources of the various jurisdictions that will be considered for this analysis.

- Severance Tax

The State collects a severance tax on metalliferous minerals. The most prevalent mineral in the State is copper, but the tax also applies to gold, silver and any other metals or ores mined within the State. The tax is levied either on the production of minerals or extraction from the earth. The current rate is 2.5%. The tax is calculated by deriving a tax base defined as 50% of the difference between the gross value of production and the production costs. Portions of this tax are redistributed through revenue sharing to counties and cities throughout Arizona based on population.

- Corporate Income Tax

The company will pay both federal and state corporate income taxes. The annual estimate was provided by the client and used in this analysis.



- Property Tax

Property taxes have been estimated by Ivanhoe Electric, Inc. for the life of the mine. Only the County, its special service district and City of Casa Grande’s portion of the Company’s total property tax liability will be displayed as a beneficial fiscal impact to local governments due to the dynamic nature of the collection of property taxes. While entities such as school districts will receive significant collections from the payment of property taxes on the mine, the presence of the mine and its significant value will not necessarily allow them to collect additional revenue. In the case of entities’ spending held relatively constant, the added value of the mine would effectively reduce the property taxes paid by residents and businesses within each entity’s jurisdiction from tax rate reductions. This certainly represents a positive impact on the local economy. However, it is difficult to express in monetary terms.

Table 2 provides the current rates that will be levied on the site. Pinal County and its special service district’s share of the total is currently 46.0% while the City collects 10.6% of the Company’s total property tax liability.

Table 2

## Property Tax Rates Santa Cruz Project (2024 Dollars)

Casa Grande	1.3840
Pinal County	3.5600
Pinal County Junior College	1.9200
Fire District Assistance Tax	0.0552
Central Arizona Water Conservation District	0.1400
Pinal County Library District	0.0965
Pinal County Flood District	0.1693
CAVIT	0.0500
Casa Grande Elementary and Union High School Districts	5.6446
<b>TOTAL</b>	<b>13.0196</b>

Source: Pinal County Assessor

- Sales Tax and Utility Tax

The State, counties, and local cities in Arizona charge sales tax on retail goods and services. The sales tax rate for the State is currently 6.6%, though it is scheduled to be reduced. Portions of this tax are redistributed through revenue sharing to counties and cities throughout Arizona based on population.



The sales tax rate for both counties is 1.0% and the sales tax rate is 2.0% for the City of Casa Grande. These tax rates are applied to taxable revenues at the retail establishments as well as to the spending of direct, indirect and induced employees. A portion of the employees supported by the project will reside within the City or, at the very least, purchase goods from retailers located within the municipality. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated.

- State Unemployment Tax

Unemployment insurance tax for employees is 2.7% on the first \$7,000 of earned income. This factor is applied to the projected wages and earnings of direct and indirect employees.

- State Shared Revenues

Each city in Arizona receives a portion of State revenues from four different sources - State sales tax (discussed above), State income tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population. Counties also share in the revenue sources of the State, with the exception of income tax.

- State Personal Income Tax

The State of Arizona collects taxes on personal income. The personal income tax rate used in the analysis averages about 1.6% for earnings. These percentages are based on the most recently available income tax data from the State and the projected wage levels of jobs created by the construction and operations impact. This tax is applied to the wages and earnings of direct and indirect employment. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

- State Corporate Income Tax

The State of Arizona collects taxes on corporate income. The State's current corporate income tax rate is 6.968% and is applied to a company's taxable income. The tax is essentially applied to corporate profits. Since profits are the revenues that remain after accounting for a wide variety of costs, they can fluctuate significantly from year to year, and would not normally be collected in the first years of an operation if a company runs losses. In addition, a number of tax credits have added further uncertainty to collections. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

- HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this



analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling 12,000 miles per year at 20 miles per gallon. Registration fees average \$64 per employee in the State of Arizona. These factors are applied to the projected direct and indirect employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

- Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$325 and portions of the total collections are distributed through the Highway User Revenue Fund. The remaining funds are shared between cities and counties in accordance with population-based formulas.

The above tax categories represent the largest sources of revenues that would be generated to city, county and state governments. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections.



### 3.0 Impact of Santa Cruz Project

#### 3.1 Economic Impact of Santa Cruz Project

Mine operations have far reaching geographic economic impacts. While direct jobs will be at the mine site, indirect and induced employment will occur throughout the State and beyond. For the purposes of this report, we have calculated the economic impacts that will occur within Pinal County.

##### 3.1.1 Average Annual Estimates

Over the 25 years of both mine construction and operations, there will be an average of 555 direct employees with relatively high annual wages of \$45.3 million. This includes a period of heightened employment levels during pre-production as well as significantly lower employment levels at the end of operations. For most of the mining operations, an average of 475 employees will be on site. There will be a combination of Ivanhoe Electric, Inc. employees and contractors providing a variety of construction and mining-related services.

Direct operations will create a ripple effect throughout Pinal County by demanding support services and suppliers (indirect effects) as well as goods and services related induced jobs stemming from employee demand. All totaled, annual mine operations will create 752 jobs which equates to \$54.9 million in annual wages and \$368.4 million in annual economic output. These opportunities will extend through the life of the project.

Table 3

### Average Annual Economic Impact Summary

#### Santa Cruz Project

#### Pinal County

(2024 Dollars)

<b>Impact Type</b>	<b>Jobs</b>	<b>Wages</b>	<b>Economic Output</b>
Direct	555	\$45,255,200	\$327,194,000
Indirect	135	\$7,104,400	\$29,175,600
Induced	62	\$2,507,600	\$12,013,200
<b>Total</b>	<b>752</b>	<b>\$54,867,200</b>	<b>\$368,382,800</b>

Sources: Elliott D. Pollack & Company; IMPLAN; Ivanhoe Electric Inc.



### 3.1.2 Cumulative Impacts

During the entire 25-year life of the mine project, mining operations will have generated an estimated 13,875 direct person-years of employment. A person-year of employment refers to one year of employment. Each year that an employment position extends beyond the year prior, a person year accumulates. Including the ripple effects of indirect and induced employment throughout the region, the mine’s operations will create an estimated 18,806 person-years of employment. This will generate \$1.4 billion in total wages and create a total of \$9.2 billion in economic output in Pinal County.

Table 4

## Economic Impact Summary

### Santa Cruz Project

#### Pinal County

(2024 Dollars)

<b>Impact Type</b>	<b>Person Years of Employment</b>	<b>Wages</b>	<b>Economic Output</b>
Direct	13,875	\$1,131,380,000	\$8,179,850,000
Indirect	3,385	\$177,610,000	\$729,390,000
Induced	1,546	\$62,690,000	\$300,330,000
<b>Total</b>	<b>18,806</b>	<b>\$1,371,680,000</b>	<b>\$9,209,570,000</b>

Sources: Elliott D. Pollack & Company; IMPLAN; Ivanhoe Electric Inc.

### 3.2 Fiscal Impact of Operations

The mine will create significant fiscal benefits for the City of Casa Grande, Pinal County and the State. While these jurisdictions are the largest revenue beneficiaries, every municipality and county in the State collects state shared revenue. A major collector of property taxes, school districts, is not included in these calculations, though the district will receive significant benefits. One prime example is that the presence of the mine would lessen the tax burden of residents by lowering the overall property tax rates due to an increase of assessed value from the mine.





### 3.2.1 Primary Impacts

The primary revenue sources in the fiscal impact analysis below are severance taxes, corporate income taxes, property taxes, and utility taxes (this includes a gasoline or electricity spending estimate for direct operations).

The property taxes levied for a mine are determined based on the present value of net operating income over the life of the mine. Ivanhoe Electric, Inc. has estimated total property tax payments each year using assumptions about the value of the ore deposit and a schedule for extracting the copper. These payments are the largest tax expenditure for the company over the life of the mine. For the purposes of this report, only property taxes that would accrue to County and entities that lessen the service burden of counties have been included in the impact analysis.

Table 5 illustrates the estimated primary fiscal impacts of operations on the U.S., Arizona, Pinal County, and Casa Grande over the entire life of the mine. The U.S. will collect an estimated \$726.2 million in corporate income taxes. Total taxes collected within the State of Arizona directly related to operations have been estimated at nearly \$363.6. This includes \$233.2 million for the State, \$74.8 million for the County and \$55.6 million for Casa Grande. These impacts represent the aggregated tax impact of operations over the estimated 25-year study period.

Table 5-

## Primary Fiscal Impact Santa Cruz Project

(2024 Dollars)  
(\$ mil)

<b>Impact Type</b>	<b>Direct Severance Tax</b>	<b>Corporate Income Tax</b>	<b>Property Tax</b>	<b>Direct Utility Tax</b>	<b>TOTAL</b>
U.S.	N/A	\$726.2	N/A	N/A	<b>\$726.2</b>
State	\$38.3	\$151.5	N/A	\$43.4	<b>\$233.2</b>
Pinal County	\$26.1	N/A	\$44.7	\$4.1	<b>\$74.8</b>
Casa Grande	\$16.1	\$26.7	\$10.3	\$2.5	<b>\$55.6</b>
<b>Total</b>	<b>\$80.4</b>	<b>\$904.4</b>	<b>\$55.0</b>	<b>\$50.0</b>	<b>\$1,089.8</b>

Source: Elliott D. Pollack & Company; IMPLAN; Pinal County Assessor; ATRA; ADOR; Ivanhoe Electric Inc.



### 3.2.2 Secondary Impacts

The secondary revenue sources generated by employees in the fiscal impact analysis below include sales taxes, personal income taxes, property taxes, vehicle license taxes, highway user fees, and unemployment taxes.

Table 6 illustrates the estimated secondary fiscal impacts of operations on Arizona, counties, and municipalities, respectively. Tax revenue has further been categorized into direct, indirect, and induced effects. Taxes collected for the State of Arizona related to employees have been estimated at \$44.5 million. Pinal County would collect an estimated \$16.7 million while Casa Grande would collect an estimated \$5.8 million.

The U.S. would also collect personal income taxes on wages earned by the direct, indirect and induced employees. While it is difficult to estimate total tax burdens for each affected household, this analysis assumes an average federal tax burden of 13.3%. In total, this would equate to \$182.4 million in U.S. personal income taxes.

This would bring the total secondary impact for the U.S., Arizona, Pinal County and Casa Grande to \$249.4 million generated by employment.

### 3.2.3 Total Impacts

Table 7 represents the combined primary and secondary impacts of the mine within the State of Arizona, estimated at nearly \$1.3 billion. This table is exclusive of fiscal impacts that will accrue to the federal government. Those impacts are addressed in the following section.



Table 6 -  
**Secondary Fiscal Impact**  
**Santa Cruz Project**

(2024 Dollars)

	<b>Employees Sales Tax</b>	<b>State Shared Sales Tax</b>	<b>Personal Income Tax</b>	<b>Resident Property Tax</b>	<b>Vehicle License Tax</b>	<b>Unemp. Tax</b>	<b>HURF Tax</b>	<b>TOTAL</b>
<b>DIRECT</b>								
State	\$10,214,100	N/A	\$20,068,100	N/A	\$2,029,200	\$2,622,300	\$1,065,800	<b>\$35,999,500</b>
County	\$1,694,300	\$78,709	N/A	\$10,583,550	\$50,688	N/A	\$18,720	<b>\$12,425,967</b>
Local	\$1,976,630	\$11,823	\$34,196	\$2,342,960	\$17,857	N/A	\$6,595	<b>\$4,390,060</b>
<b>Total</b>	<b>\$13,885,030</b>	<b>\$90,532</b>	<b>\$20,102,296</b>	<b>\$12,926,510</b>	<b>\$2,097,745</b>	<b>\$2,622,300</b>	<b>\$1,091,114</b>	<b>\$52,815,527</b>
<b>INDIRECT</b>								
State	\$1,960,800	N/A	\$2,806,400	N/A	\$495,100	\$639,800	\$260,000	<b>\$6,162,100</b>
County	\$331,390	\$15,110	N/A	\$2,582,010	\$17,438	N/A	\$4,567	<b>\$2,950,515</b>
Local	\$386,610	\$2,270	\$4,782	\$571,600	\$4,040	N/A	\$1,609	<b>\$970,910</b>
<b>Total</b>	<b>\$2,678,800</b>	<b>\$17,379</b>	<b>\$2,811,182</b>	<b>\$3,153,610</b>	<b>\$516,578</b>	<b>\$639,800</b>	<b>\$266,176</b>	<b>\$10,083,525</b>
<b>INDUCED</b>								
State	\$796,000	N/A	\$919,800	N/A	\$226,100	\$292,200	\$118,700	<b>\$2,352,800</b>
County	\$136,000	\$7,668	N/A	\$1,179,120	\$7,963	N/A	\$2,086	<b>\$1,332,837</b>
Local	\$158,660	\$921	\$1,567	\$261,030	\$1,845	N/A	\$735	<b>\$424,758</b>
<b>Total</b>	<b>\$1,090,660</b>	<b>\$8,589</b>	<b>\$921,367</b>	<b>\$1,440,150</b>	<b>\$235,908</b>	<b>\$292,200</b>	<b>\$121,520</b>	<b>\$4,110,395</b>
<b>TOTAL</b>								
State	<b>\$12,970,900</b>	<b>N/A</b>	<b>\$23,794,300</b>	<b>N/A</b>	<b>\$2,750,400</b>	<b>\$3,554,300</b>	<b>\$1,444,500</b>	<b>\$44,514,400</b>
County	<b>\$2,161,690</b>	<b>\$101,487</b>	<b>N/A</b>	<b>\$14,344,680</b>	<b>\$76,089</b>	<b>N/A</b>	<b>\$25,372</b>	<b>\$16,709,318</b>
Local	<b>\$2,521,900</b>	<b>\$15,014</b>	<b>\$40,545</b>	<b>\$3,175,590</b>	<b>\$23,741</b>	<b>N/A</b>	<b>\$8,938</b>	<b>\$5,785,729</b>
<b>Grand Total</b>	<b>\$17,654,490</b>	<b>\$116,501</b>	<b>\$23,834,845</b>	<b>\$17,520,270</b>	<b>\$2,850,231</b>	<b>\$3,554,300</b>	<b>\$1,478,811</b>	<b>\$67,009,447</b>

<sup>1/</sup>Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted by the project. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Ivanhoe Electric Inc.



Table 7 -

**Fiscal Impact Summary**  
**Santa Cruz Project**

(2024 Dollars)

Impact Region	Primary (\$ mil)				Secondary (\$ mil)						Total (\$ mil)
	Severence Tax	Corporate Income Tax	Property Tax	Utility Tax	Sales Tax	Personal Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	
U.S.	N/A	\$726.2	N/A	N/A	N/A	\$182.4	N/A	N/A	N/A	N/A	<b>\$908.6</b>
Arizona	\$38.3	\$151.5	N/A	\$43.4	\$13.0	\$23.8	N/A	\$2.8	\$3.6	\$1.4	<b>\$277.7</b>
County	\$26.1	N/A	\$44.7	\$4.1	\$2.3	N/A	\$14.3	\$0.08	N/A	\$0.03	<b>\$91.5</b>
Local	\$16.1	\$26.7	\$10.3	\$2.5	\$2.5	\$0.04	\$3.2	\$0.02	N/A	\$0.01	<b>\$61.4</b>
<b>Total</b>	<b>\$80.4</b>	<b>\$904.4</b>	<b>\$55.0</b>	<b>\$50.0</b>	<b>\$17.8</b>	<b>\$206.3</b>	<b>\$17.5</b>	<b>\$2.9</b>	<b>\$3.6</b>	<b>\$1.5</b>	<b>\$1,339.3</b>

Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Ivanhoe Electric Inc.



## APPENDIX 1: STATE OF ARIZONA ECONOMIC IMPACT

Using Statewide Arizona multipliers takes into account the suppliers to the mining operations and employee spending impacts that occur outside of Pinal County.

All totaled, annual mine operations will create 1,571 statewide jobs which equates to \$119.6 million in annual wages and \$556.8 million in annual economic output. These opportunities will extend through the life of the project.

### APPENDIX TABLE A

## Average Annual Economic Impact Summary

### Santa Cruz Project

### State of Arizona

(2024 Dollars)

<b>Impact Type</b>	<b>Jobs</b>	<b>Wages</b>	<b>Economic Output</b>
Direct	555	\$45,255,200	\$327,194,000
Indirect	505	\$42,687,200	\$127,144,800
Induced	510	\$31,612,400	\$102,484,400
<b>Total</b>	<b>1,571</b>	<b>\$119,554,800</b>	<b>\$556,823,200</b>

Sources: Elliott D. Pollack & Company; IMPLAN; Ivanhoe Electric Inc.

During the entire 25-year life of the mine project, mining operations will have generated an estimated 13,875 direct person-years of employment. A person-year of employment refers to one year of employment. Each year that an employment position extends beyond the year prior, a person year accumulates. Including the ripple effects of indirect and induced employment throughout the region, the mine's operations will create an estimated 39,267 person-years of employment. This will generate \$3.0 billion in total wages and create a total of \$13.9 billion in economic output in Pinal County.



APPENDIX TABLE B

**Economic Impact Summary**

**Santa Cruz Project**

**State of Arizona**

(2024 Dollars)

<b>Impact Type</b>	<b>Person Years of Employment</b>	<b>Wages</b>	<b>Economic Output</b>
Direct	13,875	\$1,131,380,000	\$8,179,850,000
Indirect	12,633	\$1,067,180,000	\$3,178,620,000
Induced	12,759	\$790,310,000	\$2,562,110,000
<b>Total</b>	<b>39,267</b>	<b>\$2,988,870,000</b>	<b>\$13,920,580,000</b>

Sources: Elliott D. Pollack & Company; IMPLAN; Ivanhoe Electric Inc.

