NEWMONT MINING CORP /DE/
Form 10-K
February 26, 2007
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2006

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From to

Commission File Number 001-31240

Newmont Mining Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**84-1611629** **(I.R.S. Employer Identification No.)**
1700 Lincoln Street	
Denver, Colorado **(Address of Principal Executive Offices)**	**80203** **(Zip Code)**

Registrant s telephone number, including area code (303) 863-7414

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**

Common Stock, $1.60 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

(Check one): Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 30, 2006, the aggregate market value of the registrant s voting and non-voting common equity held by non-affiliates of the registrant was $23,418,945,245 based on the closing sale price as reported on the New York Stock Exchange. There were 423,519,644 shares of common stock outstanding (and 27,157,953 exchangeable shares exchangeable into Newmont Mining Corporation common stock on a one-for-one basis) on February 12, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant s definitive Proxy Statement submitted to the Registrant s stockholders in connection with our 2007 Annual Stockholders Meeting to be held on April 24, 2007, are incorporated by reference into Part III of this report.

Table of Contents

TABLE OF CONTENTS

		Page
	PART I	
ITEM 1.	BUSINESS	1
	Introduction	1
	Segment Information, Export Sales, etc.	1
	Products	1
	Hedging Activities	3
	Merchant Banking	3
	Exploration	4
	Licenses and Concessions	6
	Condition of Physical Assets and Insurance	6
	Environmental Matters	6
	Employees	7
	Forward-Looking Statements	7
	Available Information	8
ITEM 1A.	RISK FACTORS	8
	Risks Related to the Mining Industry Generally	8
	Risks Related to Newmont	10
ITEM 2.	PROPERTIES	18
	Gold and Copper Processing Methods	18
	Production Properties	19
	Operating Statistics	25
	Proven and Probable Equity Reserves	27
ITEM 3.	LEGAL PROCEEDINGS	32
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	32
ITEM 4A.	EXECUTIVE OFFICERS OF THE REGISTRANT	32
	PART II	
ITEM 5.	MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES	34
ITEM 6.	SELECTED FINANCIAL DATA	35
ITEM 7.	MANAGEMENT S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS	36
	Overview	36
	Accounting Developments	39
	Critical Accounting Policies	40
	Consolidated Financial Results	49
	Results of Consolidated Operations	59
	Recent Accounting Pronouncements	69
	Liquidity and Capital Resources	69
	Environmental	77
	Forward-Looking Statements	77
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	77
	Metal Price	77
	Foreign Currency	78
	Hedging	78
	Fixed and Variable Rate Debt	80
	Pension and Other Benefit Plans	81

Table of Contents

ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	83
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	159
ITEM 9A.	CONTROLS AND PROCEDURES	159
ITEM 9B.	OTHER INFORMATION	159
	PART III	
ITEM 10.	DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	160
ITEM 11.	EXECUTIVE COMPENSATION	160
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	160
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	161
ITEM 14.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	161
	PART IV	
ITEM 15.	EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	162
SIGNATURES		S-1
EXHIBIT INDEX		E-1

Table of Contents

This document (including information incorporated herein by reference) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve a degree of risk and uncertainty due to various factors affecting Newmont Mining Corporation and our affiliates and subsidiaries. For a discussion of some of these factors, see the discussion in Item 1A, Risk Factors, of this report.

PART I

ITEM 1. BUSINESS (dollars in millions except per share, per ounce and per pound amounts)

Introduction

Newmont Mining Corporation is primarily a gold producer with significant assets or operations in the United States, Australia, Peru, Indonesia, Ghana, Canada, Bolivia, New Zealand and Mexico. As of December 31, 2006, Newmont had proven and probable gold reserves of 93.9 million equity ounces and an aggregate land position of approximately 44,470 square miles (115,200 square kilometers). Newmont is also engaged in the production of copper, principally through its Batu Hijau operation in Indonesia. Newmont Mining Corporation s original predecessor corporation was incorporated in 1921 under the laws of Delaware.

Newmont s revenues and long-lived assets are geographically distributed as follows:

	Revenues			Long-Lived Assets		
	2006	2005	2004	2006	2005	2004
United States	29%	24%	24%	54%	53%	52%
Peru	31%	34%	29%	10%	11%	11%
Australia/New Zealand	16%	16%	18%	8%	7%	10%
Indonesia	19%	23%	25%	15%	17%	19%
Ghana	2%			6%	5%	3%
Other[1]	3%	3%	4%	7%	7%	5%

(1) Other includes Canada, Mexico, Bolivia and Turkey.

Newmont s corporate headquarters are in Denver, Colorado, USA. In this report, Newmont, the Company, our and we refer to Newmont Mining Corporation and/or our affiliates and subsidiaries. All dollars are in millions, except per share, per ounce, and per pound amounts.

For additional information, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations.

Segment Information, Export Sales, etc.

Newmont has operating segments of Nevada, Yanacocha in Peru, Australia/New Zealand, Batu Hijau in Indonesia, Africa and Other Operations comprising of smaller operations in Bolivia, Mexico and Canada. We also have a Merchant Banking Segment and an Exploration Segment. See Note 27 to the Consolidated Financial Statements for information relating to our business segments, our domestic and export sales, and our customers.

Products

Gold

General. Newmont had consolidated sales of 7.4 million ounces of gold (5.9 million equity ounces) in 2006, 8.4 million ounces (6.5 million equity ounces) in 2005 and 8.6 million ounces (6.9 million equity ounces) in 2004. For 2006, 2005 and 2004, 87%, 85% and 82%, respectively, of our net revenues were attributable to

Table of Contents

gold sales. Of our 2006 gold sales, approximately 36% came from Yanacocha, 33% from Nevada, 19% from Australia/New Zealand and 6% from Indonesia. References in this report to equity ounces or equity pounds mean that portion of gold or copper produced, sold or included in proven and probable reserves that is attributable to our ownership or economic interest.

Most of our revenue comes from the sale of refined gold in the international market. The end product at our gold operations, however, is generally doré bars. Doré is an alloy consisting mostly of gold but also containing silver, copper and other metals. Doré is sent to refiners to produce bullion that meets the required market standard of 99.95% pure gold. Under the terms of refining agreements, the doré bars are refined for a fee, and our share of the refined gold and the separately-recovered silver are credited to our account or delivered to buyers. Gold sold from Batu Hijau, and a portion of the gold from Phoenix in Nevada, is contained in a concentrate.

Gold Uses. Gold has two main categories of use: fabrication and investment. Fabricated gold has a variety of end uses, including jewelry, electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold investors buy gold bullion, official coins and jewelry.

Gold Supply. The supply of gold consists of a combination of production from mining and the draw-down of existing stocks of gold held by governments, financial institutions, industrial organizations and private individuals. In recent years, mine production has accounted for 60% to 70% of the annual supply of gold.

Gold Price. The following table presents the annual high, low and average afternoon fixing prices for gold over the past ten years, expressed in U.S. dollars per ounce, on the London Bullion Market.

Year	High	Low	Average
1997	$ 362	$ 283	$ 331
1998	$ 313	$ 273	$ 294
1999	$ 326	$ 253	$ 279
2000	$ 313	$ 264	$ 279
2001	$ 293	$ 256	$ 271
2002	$ 349	$ 278	$ 310
2003	$ 416	$ 320	$ 363
2004	$ 454	$ 375	$ 410
2005	$ 536	$ 411	$ 444
2006	$ 725	$ 525	$ 604
2007 (through February 12, 2007)	$ 665	$ 608	$ 638

Source: Kitco and Reuters

On February 12, 2007, the afternoon fixing price for gold on the London Bullion Market was $665 per ounce and the spot market price of gold on the New York Commodity Exchange was $661 per ounce.

We generally sell our gold at the prevailing market price during the month in which the gold is delivered to the customer. Our ability to sell gold at market prices is limited in some cases by hedging activities, more particularly described in Note 7A, Quantitative and Qualitative Disclosures about Market Risk, and Note 13 to the Consolidated Financial Statements. We recognize revenue from a sale when the price is determinable, the gold has been delivered, the title has been transferred to the customer and collection of the sales price is reasonably assured.

Copper

General. Newmont had consolidated sales of 434.7 million pounds of copper (229.9 million equity pounds) in 2006, 572.7 million pounds (302.8 million equity pounds) in 2005 and 683.3 million pounds (384.3 million equity pounds) in 2004. For 2006, 2005 and 2004, 13%, 15% and 18%, respectively, of our net revenues were attributable to copper sales. As of December 31, 2006, Newmont had a 52.875% economic interest (a 45% ownership interest) in the Batu Hijau operation in Indonesia, which began production in 1999. Production at Batu Hijau is in the form of a copper/gold concentrate that is sold to smelters for further treatment and refining.

Copper Uses. Refined copper is incorporated into wire and cable products for use in the construction, electric utility, communications and transportation industries. Copper is also used in industrial equipment and machinery, consumer products and a variety of other electrical and electronic applications, and is also used to make brass. Copper substitutes include aluminum, plastics, stainless steel and fiber optics. Refined, or cathode, copper is also an internationally traded commodity.

Copper Supply. The supply of copper consists of a combination of production from mining and recycled scrap material. Copper supply has not kept pace with increasing demand in recent years, resulting in price increases reflected in the chart below.

Copper Price. The price of copper is quoted on the London Metal Exchange in terms of dollars per metric ton of high grade copper. The following table presents the dollar per pound equivalent of the high, low and average prices of high grade copper on the London Metal Exchange over the past ten years.

Year	High	Low	Average
1997	$ 1.23	$ 0.77	$ 1.03
1998	$ 0.85	$ 0.65	$ 0.75
1999	$ 0.84	$ 0.61	$ 0.71
2000	$ 0.91	$ 0.73	$ 0.82
2001	$ 0.83	$ 0.60	$ 0.72
2002	$ 0.77	$ 0.64	$ 0.71
2003	$ 1.05	$ 0.70	$ 0.81
2004	$ 1.49	$ 1.06	$ 1.30
2005	$ 2.11	$ 1.39	$ 1.67
2006	$ 3.99	$ 2.06	$ 3.05
2007 (through February 12, 2007)	$ 2.76	$ 2.40	$ 2.55

Source: London Metal Exchange

On February 12, 2007, the closing price of high grade copper was $2.46 per pound on the London Metal Exchange. Our ability to sell copper at market prices is limited in some cases by hedging activities, more particularly described in Note 7A, Quantitative and Qualitative Disclosures about Market Risk, and Note 13 to the Consolidated Financial Statements.

Hedging Activities

Newmont generally avoids gold hedging. Our philosophy is to provide shareholders with leverage to changes in the gold price by selling our gold production at market prices. We have, however, entered into derivative contracts to protect the selling price for certain anticipated gold and copper production and to manage risks associated with commodities, interest rates and foreign currencies.

For additional information, see Hedging in Item 7A, Quantitative and Qualitative Disclosures about Market Risk, and Note 13 to the Consolidated Financial Statements.

Merchant Banking

Merchant Banking, also referred to as Newmont Capital, manages a royalty portfolio, an equity portfolio, a downstream gold refining business, and engages in portfolio management activities (managing interests in oil and gas, iron ore and coal properties as well as providing in-house investment banking and advisory services).

Table of Contents

Newmont s royalty portfolio generally offers a natural hedge against lower gold prices by providing free cash flow from assets with limited operating, capital or environmental risk, while retaining upside exposure to further exploration discoveries and reserve expansions. Merchant Banking seeks to grow the royalty portfolio in a number of ways, and looks for opportunities to acquire existing royalties from third parties or to create them in connection with transactions. Merchant Banking also identifies current properties or exploration targets for sale if they are non-core in nature. In the case of a sale, Merchant Banking often seeks to retain royalty or other future participation rights in addition to cash or other consideration received.

In 2006, our royalty and equity portfolios generated $120 in *Royalty and dividend income, net*. We have royalty interests in Barrick Gold Corporation s (Barrick) Goldstrike, Eskay Creek, Henty and Bald Mountain mines and Stillwater Mining s Stillwater and East Boulder palladium-platinum mines, among others. We also have a significant oil and gas royalty portfolio in western Canada.

As of December 31, 2006, Merchant Banking s equity portfolio had a market value of approximately $1,354. The equity portfolio is primarily composed of our investments in Canadian Oil Sands Trust, Shore Gold, Inc., Miramar Mining Corporation and Gabriel Resources, Ltd.

Merchant Banking also manages our interests in downstream gold refining and distribution businesses (40% interest in AGR Matthey Joint Venture (AGR) and 50% interest in European Gold Refineries (EGR)). Merchant Banking earned $4 in *Equity income of affiliates* through its investments in AGR and EGR in 2006.

Merchant Banking s portfolio management activities include managing our interests in coal, iron ore, oil and natural gas.

Merchant Banking provides advisory services to assist in managing the portfolio of operating and property interests. The Merchant Banking group helps maximize net asset value per share and increase cash flow, earnings and reserves by working with the exploration, operations and finance teams to prioritize near-term goals within longer-term strategies. Merchant Banking is engaged in developing value optimization strategies for operating and non-operating assets, business development activities, potential merger and acquisition analysis and negotiations, monetizing inactive exploration properties, capitalizing on proprietary technology and know-how and acting as an internal resource for other corporate groups to improve and maximize business outcomes. In 2006, Merchant Banking sold the Company s Alberta Oil Sands and Martabe and Holloway gold projects, and purchased additional interests in the Boddington and Akyem projects, as well as a new interest in Shore Gold Inc. s Fort a la Corne Joint Venture, a diamond project in Saskatchewan, Canada.

Merchant Banking continues to evaluate district optimization opportunities in Nevada, Australia, Peru, Indonesia, Africa and Canada, covering a broad range of alternatives, including asset exchanges, unitization, joint ventures, partnerships, sales, spinouts and buyouts.

Exploration

Newmont s exploration group is responsible for all activities, regardless of location, associated with the Company s efforts to discover new mineralized material and, if successful, advance such mineralized material into proven and probable reserves. Exploration is conducted in areas surrounding our existing mines for the purpose of locating additional deposits and determining mine geology, and in other prospective gold regions globally. Near-mine exploration can result in the discovery of new gold mineralization, which will receive the economic benefit of existing operating, processing, and administrative infrastructures. Greenfields exploration is where a discovery of new gold mineralization would likely require the investment of new capital to build a separate, stand-alone operation away from any of the Company s existing infrastructure. Our exploration teams employ state-of-the-art technology, including airborne geophysical data acquisition systems, satellite location devices and field-portable imaging systems, as well as geochemical and geological prospecting methods, to identify prospective targets. We spent $170 in 2006, $147 in 2005 and $107 in 2004 on *Exploration*.

Table of Contents

As of December 31, 2006, we had proven and probable gold reserves of 93.9 million equity ounces. We added 5.9 million equity ounces to proven and probable reserves, with 8.9 million equity ounces of depletion and divestitures and 3.7 million equity ounces of acquisitions during 2006. A reconciliation of the changes in proven and probable reserves during the past three years is as follows:

(millions of equity ounces)	2006	2005	2004
Opening balance	93.2	92.4	91.3
Greenfield additions	1.7	5.5	11.0
Near-mine additions	4.2	3.9	1.4
Total additions[1][2]	5.9	9.4	12.4
Acquisitions	3.7		
Depletion	(7.4)	(8.3)	(8.3)
Reclassifications[3]			(2.0)
Other divestments[4]	(1.5)	(0.3)	(1.0)
Closing balance	93.9	93.2	92.4

(1) Additions attributable to the Exploration Segment

Total additions	5.9	9.4	12.4
Previously valued in purchase accounting	(0.9)	(1.2)	(1.9)
Reclassifications[3]			(2.0)
	5.0	8.2	8.5

(2) The impact of the change in gold price assumption on reserve additions was 3.1, 2.6 and 3.8 million equity ounces in 2006, 2005 and 2004, respectively.

(3) In 2004, Yanacocha reassessed the challenges involved in obtaining required permits for Cerro Quilish, primarily related to increased community concerns. Based upon this reassessment, Yanacocha reclassified 3.9 million ounces (2.0 million equity ounces) from proven and probable reserves to mineralized material not in reserve as of December 31, 2004.

(4) In August 2006, the government of Uzbekistan appropriated the Company s 50% interest in the Zarafshan-Newmont Joint Venture.

In Nevada, exploration efforts during 2006 added 2.8 million equity ounces to proven and probable reserves, offset by depletion of 3.0 million equity ounces, resulting in total proven and probable reserves of 33.1 million equity ounces as of December 31, 2006.

In Peru, equity gold reserves decreased to 15.1 million ounces, after depletion of 1.9 million ounces.

In Australia/New Zealand, the Company increased reserves to 18.5 million equity ounces after depletion of 1.5 million equity ounces during 2006. Reserves increased by 2.6 million equity ounces from the acquisition of an additional 22.22% interest in the Boddington project and 2.5 million equity ounces of additions from various sites.

At Batu Hijau, the Company depleted 0.2 billion equity pounds of copper and 0.3 million equity ounces of gold during 2006. Batu Hijau had proven and probable reserves of 4.7 billion equity pounds of copper and 5.0 million equity ounces of gold as of December 31, 2006, after revisions downward of 1.1 billion equity pounds of copper and 1.3 million equity ounces of gold due to a new mine plan incorporating higher costs, lower throughput and new geotechnical assumptions.

At Ahafo in Ghana, proven and probable reserves increased by 0.7 million equity ounces from additions and at Akyem in Ghana, reserves increased 1.1 million equity ounces from the acquisition of the remaining 15% interest. As of December 31, 2006, the Company reported reserves of 12.6 million ounces at Ahafo and 7.7 million equity ounces at Akyem.

For additional information, see Item 2, Properties, Proven and Probable Reserves.

Table of Contents

Licenses and Concessions

Other than operating licenses for our mining and processing facilities, there are no third party patents, licenses or franchises material to our business. In many countries, however, we conduct our mining and exploration activities pursuant to concessions granted by, or under contract with, the host government. These countries include, among others, Australia, Bolivia, Canada, Ghana, Indonesia, Peru, New Zealand and Mexico. The concessions and contracts are subject to the political risks associated with foreign operations. See Item 1A, Risk Factors, Risks Related to Newmont Operations, below. For a more detailed description of our Indonesian Contract of Work, see Item 2, Properties, below.

Condition of Physical Assets and Insurance

Our business is capital intensive, requiring ongoing capital investment for the replacement, modernization or expansion of equipment and facilities. For more information, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, Liquidity and Capital Resources, below.

We maintain insurance policies against property loss and business interruption and insure against risks that are typical in the operation of our business, in amounts that we believe to be reasonable. Such insurance, however, contains exclusions and limitations on coverage, particularly with respect to environmental liability and political risk. There can be no assurance that claims would be paid under such insurance policies in connection with a particular event. See Item 1A, Risk Factors, Risks Related to Newmont Operations, below.

Environmental Matters

Newmont s United States mining and exploration activities are subject to various federal and state laws and regulations governing the protection of the environment, including the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Endangered Species Act; the Federal Land Policy and Management Act; the National Environmental Policy Act; the Resource Conservation and Recovery Act; and related state laws. These laws and regulations are continually changing and are generally becoming more restrictive. Our activities outside the United States are also subject to governmental regulations for the protection of the environment.

We conduct our operations so as to protect public health and the environment and believe our operations are in compliance with applicable laws and regulations in all material respects. Each operating mine has a reclamation plan in place that meets all applicable legal and regulatory requirements. We have made, and expect to make in the future, expenditures to comply with such laws and regulations. We have made estimates of the amount of such expenditures, but cannot precisely predict the amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. As of December 31, 2006, $520 was accrued for reclamation costs relating to currently developed and producing properties.

We are also involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites. We believe that the related environmental obligations associated with these sites are similar in nature with respect to the development of remediation plans, their risk profile and the activities required to meet general environmental standards. Based upon our best estimate of our liability for these matters, $85 was accrued as of December 31, 2006 for such obligations associated with properties previously owned or operated by us or our subsidiaries. These amounts are included in *Other current liabilities* and *Reclamation and remediation liabilities.* Depending upon the ultimate resolution of these matters, we believe that it is reasonably possible that the liability for these matters could be as much as 89% greater or 27% lower than the amount accrued as of December 31, 2006. The amounts accrued for these matters are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are charged to costs and expenses in the period when estimates are revised.

Table of Contents

For a discussion of the most significant reclamation and remediation activities, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, and Notes 23 and 29 to the Consolidated Financial Statements, below.

Employees

There were approximately 15,000 people employed by Newmont as of December 31, 2006.

Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided for under these sections. Our forward-looking statements include, without limitation:

- Statements regarding future earnings;
- Estimates of future mineral production and sales, for specific operations and on a consolidated or equity basis;
- Estimates of future costs applicable to sales, other expenses and taxes for specific operations and on a consolidated basis;
- Estimates of future cash flows;
- Estimates of future capital expenditures and other cash needs, for specific operations and on a consolidated basis, and expectations as to the funding thereof;
- Estimates regarding timing of future capital expenditures, construction, production or closure activities;
- Statements as to the projected development of certain ore deposits, including estimates of development and other capital costs and financing plans for these deposits;
- Estimates of reserves and statements regarding future exploration results and reserve replacement and the sensitivity of reserves to metal price changes;
- Statements regarding the availability and costs related to future borrowing, debt repayment and financing;
- Statements regarding modifications to hedge and derivative positions;
- Statements regarding future transactions relating to portfolio management or rationalization efforts;
- Statements regarding the cost impacts of future changes in the legal and regulatory environment in which we operate; and

Estimates of future costs and other liabilities for certain environmental matters.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Such risks include, but are not limited to: the price of gold, copper and other commodities; currency fluctuations; geological and metallurgical assumptions; operating performance of equipment, processes and facilities; labor relations; timing of receipt of necessary governmental permits or approvals; domestic and foreign laws or regulations, particularly relating to the environment and mining; domestic and international economic and political conditions; the ability of Newmont to obtain or maintain necessary financing; and other risks and hazards associated with mining operations. More detailed information regarding these factors is included in Item 1, Business, Item 1A, Risk Factors, and elsewhere throughout this report. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

Table of Contents

All subsequent written and oral forward-looking statements attributable to Newmont or to persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Newmont disclaims any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Available Information

Newmont maintains an internet web site at *www.newmont.com.* Newmont makes available, free of charge, through the Investor Information section of the web site, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Section 16 filings and all amendments to those reports, as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. Newmont s Corporate Governance Guidelines, the charters of key committees of its Board of Directors and its Code of Business Ethics and Conduct are also available on the web site. Any of the foregoing information is available in print to any stockholder who requests it by contacting Newmont s Investor Relations Department.

The Company filed with the New York Stock Exchange (NYSE) on May 5, 2006, the annual certification by its Chief Executive Officer, certifying that, as of the date of the certification, he was not aware of any violation by the Company of the NYSE s corporate governance listing standards, as required by Section 303A.12(a) of the NYSE Listed Company Manual. The Company has filed the required certifications under Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of its public disclosures as Exhibits 31.1 and 31.2 to this report.

ITEM 1A. RISK FACTORS (dollars in millions except per share, per ounce and per pound amounts)

Every investor or potential investor in Newmont should carefully consider the following risks, which have been separated into two groups:

- Risks related to the mining industry generally; and
- Risks related to Newmont.

Risks Related to the Mining Industry Generally

A Substantial or Extended Decline in Gold or Copper Prices Would Have a Material Adverse Effect on Newmont

Newmont s business is dependent on the realized price of gold and copper, which are affected by numerous factors beyond our control. Factors tending to put downward pressure on prices include:

- Sales or leasing of gold by governments and central banks;
- U.S. dollar strength;
- Recession or reduced economic activity;
- Speculative selling;
- Decreased industrial, jewelry or investment demand;

Increased supply from production, disinvestment and scrap;

Sales by producers in forward and other hedging transactions; and

Devaluing local currencies (relative to gold and copper priced in U.S. dollars) leading to lower production costs and higher production in certain regions.

Table of Contents

Any drop in the realized price of gold or copper adversely impacts our revenues, net income and cash flows, particularly in light of our philosophy of generally avoiding gold hedging. We have recorded asset write-downs during periods of low gold prices in the past and may experience additional impairments as a result of low gold or copper prices in the future.

In addition, sustained low gold or copper prices can:

- Reduce revenues further through production declines due to cessation of the mining of deposits, or portions of deposits, that have become uneconomic at the then-prevailing gold or copper price;
- Reduce or eliminate the profit that we currently expect from long-term ore stockpiles;
- Halt or delay the development of new projects;
- Reduce funds available for exploration, with the result that depleted reserves may not be replaced; and
- Reduce existing reserves by removing ores from reserves that can no longer be economically processed at prevailing prices.

Also see the discussion in Item 1, Business, Gold or Copper Price.

Gold and Copper Producers Must Continually Replace Reserves Depleted By Production

Gold and copper producers must continually replace reserves depleted by production. Depleted reserves must be replaced by expanding known ore bodies or by locating new deposits in order for producers to maintain production levels over the long term. Exploration is highly speculative in nature, involves many risks and frequently is unproductive. No assurances can be given that any of our new or ongoing exploration programs will result in new mineral producing operations. Once mineralization is discovered, it will likely take many years from the initial phases of exploration until production is possible, during which time the economic feasibility of production may change.

Estimates of Proven and Probable Reserves Are Uncertain

Estimates of proven and probable reserves are subject to considerable uncertainty. Such estimates are, to a large extent, based on interpretations of geologic data obtained from drill holes and other exploration techniques. Producers use feasibility studies to derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore body, expected recovery rates of metals from the ore, the costs of comparable facilities, the costs of operating and processing equipment and other factors. Actual operating costs and economic returns on projects may differ significantly from original estimates. Further, it may take many years from the initial phase of exploration before production is possible and, during that time, the economic feasibility of exploiting a discovery may change.

Increased Costs Could Affect Profitability

Costs at any particular mining location frequently are subject to variation due to a number of factors, such as changing ore grade, changing metallurgy and revisions to mine plans in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities, such as fuel, electricity and labor. Commodity costs are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. Reported costs may also be affected by changes in accounting standards. A material increase in costs at any significant location could have a significant effect on Newmont s profitability and cash flow.

The Company anticipates significant capital expenditures over the next several years in connection with the development of new projects and sustaining existing operations. Costs associated with capital expenditures have escalated on an industry-wide basis over the last several years, as a result of major factors beyond the control of

9

Table of Contents

the Company, including the prices of oil, steel and other commodities. Increased costs for capital expenditures have an adverse effect on the profitability of existing mining operations and returns anticipated from new mining projects.

Shortages of Critical Parts, Equipment and Skilled Labor May Adversely Affect Our Operations and Development Projects.

The industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labor. These shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

Mining Accidents or Other Adverse Events or Conditions at a Mining Location Could Reduce Our Production Levels

At any of Newmont s operations, production may fall below historic or estimated levels as a result of mining accidents such as a pit wall failure in an open pit mine, or cave-ins or flooding at underground mines. In addition, production may be unexpectedly reduced at a location if, during the course of mining, unfavorable ground conditions or seismic activity are encountered; ore grades are lower than expected; the physical or metallurgical characteristics of the ore are less amenable to mining or treatment than expected; or our equipment, processes or facilities fail to operate properly or as expected.

Mining Companies Are Subject to Extensive Environmental Laws and Regulations

Newmont s exploration, mining and processing operations are regulated in all countries in which we operate under various federal, state, provincial and local laws relating to the protection of the environment, which generally include air and water quality, hazardous waste management and reclamation. Delays in obtaining, or failure to obtain, government permits and approvals may adversely impact our operations. The regulatory environment in which Newmont operates could change in ways that would substantially increase costs to achieve compliance, or otherwise could have a material adverse effect on Newmont s operations or financial position. For a more detailed discussion of potential environmental liabilities, see the discussion in Environmental Matters, Note 29 to the Consolidated Financial Statements.

Risks Related to Newmont

Our Operations Outside North America and Australia/New Zealand Are Subject to Risks of Doing Business Abroad

Exploration, development and production activities outside of North America and Australia/New Zealand are potentially subject to political and economic risks, including:

- Cancellation or renegotiation of contracts;
- Disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act;
- Changes in foreign laws or regulations;
- Royalty and tax increases or claims by governmental entities, including retroactive claims;
- Expropriation or nationalization of property;
- Currency fluctuations (particularly in countries with high inflation);

Foreign exchange controls;

Restrictions on the ability of local operating companies to sell gold offshore for U.S. dollars, or on the ability of such companies to hold U.S. dollars or other foreign currencies in offshore bank accounts;

Table of Contents

- Import and export regulations, including restrictions on the export of gold;
- Restrictions on the ability to pay dividends offshore;
- Risk of loss due to civil strife, acts of war, guerrilla activities, insurrection and terrorism;
- Risk of loss due to disease and other potential endemic health issues; and
- Other risks arising out of foreign sovereignty over the areas in which our operations are conducted, including risks inherent in contracts with government owned entities.

Consequently, Newmont s exploration, development and production activities outside of North America and Australia/New Zealand may be substantially affected by factors beyond Newmont s control, any of which could materially adversely affect Newmont s financial position or results of operations. Furthermore, if a dispute arises from such activities, Newmont may be subject to the exclusive jurisdiction of courts outside North America or Australia, which could adversely affect the outcome of a dispute.

Newmont has substantial investments in Indonesia, a nation that since 1997 has undergone financial crises and devaluation of its currency, outbreaks of political and religious violence, changes in national leadership, and the secession of East Timor, one of its former provinces. These factors heighten the risk of abrupt changes in the national policy toward foreign investors, which in turn could result in unilateral modification of concessions or contracts, increased taxation, denial of permits or permit renewals or expropriation of assets. During 2006, the government purported to designate the land surrounding Batu Hijau as a protected forest, which could make operating permits more difficult to obtain. Newmont s financial condition and results of operations could be materially adversely affected if any of these actions occur.

In July 2004, a criminal complaint was filed against PT Newmont Minahasa Raya (PTNMR), the Newmont subsidiary that operated the Minahasa mine in Indonesia, alleging environmental pollution relating to submarine tailings placement into nearby Buyat Bay. The Indonesian police detained five PTNMR employees during September and October of 2004. The police investigation and the detention of PTNMR s employees was declared illegal by the South Jakarta District Court in December 2004, but in March 2005, the Indonesian Supreme Court upheld the legality of the police investigation, and the police turned their evidence over to the local prosecutor. In July 2005, the prosecutor filed an indictment against PTNMR and its President Director, alleging environmental pollution at Buyat Bay. After the court rejected motions to dismiss the proceeding, the trial proceeded and all evidence, including that of the defense, was presented in court as of September 2006. In November 2006 the prosecution filed its charge, seeking a three-year jail sentence for PTNMR s President Director plus a nominal fine. In addition, the prosecution has recommended a nominal fine against PTNMR. The defense filed responses in January 2007 and after final briefing a verdict is expected in the second quarter of 2007.

Independent sampling and testing of Buyat Bay water and fish, as well as area residents, conducted by the World Health Organization and the Australian Commonwealth Scientific and Industrial Research Organization, confirm that PTNMR has not polluted the Buyat Bay environment, and, therefore, has not adversely affected the fish in Buyat Bay or the health of nearby residents. PTNMR remains steadfast that it has not caused pollution or health problems and will continue to vigorously defend itself against these allegations. However, Newmont cannot predict the outcome of the criminal proceeding or whether additional legal actions may occur. This matter could adversely affect our ability to operate in Indonesia.

On March 9, 2005, the Indonesian Ministry of the Environment filed a civil lawsuit against PTNMR and its President Director in relation to these allegations, seeking in excess of $100 in monetary damages. In October 2005, PTNMR filed an objection to the court s jurisdiction, contending that the Government previously agreed to resolve any disputes through out-of-court conciliation or arbitration. The Court upheld PTNMR s objection and dismissed the case in November 2005. The Government filed a notice of appeal of this ruling. On February 16, 2006, PTNMR and the Government of the Republic of Indonesia signed an agreement settling the civil lawsuit. Under the terms of the agreement, the Government and PTNMR will nominate members to an independent scientific panel that will develop and implement a ten-year environmental monitoring and assessment program to make a definitive, scientific conclusion regarding the condition of Buyat Bay. PTNMR is required to fund specific remedial measures if, as a result of its mining operations, pollution has occurred. The agreement also provides for enhanced community development programs in North Sulawesi. PTNMR will provide initial funding of $12 to cover the cost of the monitoring and community development programs. Over a ten year period, PTNMR will contribute an additional $18. The funds will be managed by an organization governed by interested stakeholders. Accountability for the funds will be ensured through yearly reports that will be made available to the public. The transparency of the scientific panel s activities will also be assured through annual reports to the public. Pursuant to the agreement, the civil lawsuit against PTNMR was been terminated. The scientific panel held its first meeting in February 2007.

During the last several years, Yanacocha, in which Newmont owns a 51.35% interest, has been the target of numerous local political protests, including ones that blocked the road between the Yanacocha mine complex and the City of Cajamarca in Peru. In 2004, local opposition to the Cerro Quilish project became so pronounced that Yanacocha decided to relinquish its drilling permit for Cerro Quilish and the deposit was reclassified from proven and probable reserves to non-reserve mineralization. In 2005, no material roadblocks or protests occurred involving Yanacocha. However, in 2006 a road blockade was carried out by members of the Combayo community. This blockade resulted in a brief cessation of mining activities. We cannot predict whether similar or more significant incidents will occur in the future, and the recurrence of significant community opposition or protests could adversely affect Yanacocha s assets and operations.

Presidential, congressional and regional elections took place in Peru in 2006, with the new national government taking office in July 2006. In December 2006, Yanacocha, along with other mining companies in Peru, entered into an agreement with the central government to contribute 3.75% of net profits to fund social development projects. Although the current government has generally taken positions promoting private investment, we cannot predict future government positions on foreign investment, mining concessions, land tenure, environmental regulation or taxation. A change in government positions on these issues could adversely affect Yanacocha s assets and operations.

During 2005, relations between the Republic of Uzbekistan and the U.S. deteriorated significantly, and in July 2005 the government of Uzbekistan evicted the U.S. military from its base at Karshi-Khanabad, south of Tashkent.

In June 2006, an economic court in Uzbekistan ruled in favor of tax authorities and against the Zarafshan-Newmont Joint Venture (ZNJV), which is 50% owned by the Company, on two claims to collect approximately $48 in taxes other than income taxes. The tax authorities argued that Decree 151, which protected ZNJV from changes in tax laws and provided other financial and operational benefits, became ineffective and that the taxes and penalties claimed were owed for the period 2002-2005. Decree 151 had been granted by the Republic of Uzbekistan in 1992 as an incentive for the Company s investment in ZNJV. The benefits it provided, including the stability of the tax and legal regime in effect at that time, were guaranteed to remain in effect for so long as ZNJV had ongoing operations.

On July 26, 2006, the Republic of Uzbekistan caused the seizure of gold, silver and unfinished product belonging to ZNJV. On August 14, 2006, the Company received notice that the economic court had accepted the petition of an agency of the Republic of Uzbekistan to institute bankruptcy proceedings against ZNJV. Neither ZNJV nor the Company received advance notice that the petition was filed or that a hearing would be held. The court ordered supervisory measures restricting normal operations, including the export of gold or repayment of loans, without the approval of a court-appointed temporary administrator, who has been overseeing all operations of ZNJV.

At a September 19, 2006 meeting of the ZNJV creditor s committee, which was principally composed of government representatives, the committee voted to liquidate ZNJV. On September 29, 2006, the economic court concluded that ZNJV was insolvent and ordered ZNJV to be liquidated by December 29, 2006. At this hearing, representatives of ZNJV and the Company were denied an opportunity to present the case against liquidation. The remaining assets of ZNJV are anticipated to be liquidated to pay the tax liabilities that have been imposed on ZNJV by the Republic of Uzbekistan, resulting in the effective transfer to the Republic of Uzbekistan of the Company s interest in ZNJV. The liquidation sale has been postponed two times, and is now scheduled for early March 2007. Despite the Company s demands for compensation for the losses it has suffered, the Republic of Uzbekistan has refused to provide such compensation. On October 31, 2006, the Company filed demands for arbitration against the Republic of Uzbekistan in two separate international venues on the basis that the Republic of Uzbekistan repudiated its obligations to the Company under Decree 151, Uzbek and international law, and various agreements. The Company and the defendants are in the process of appointing arbitrators. As of September 30, 2006, the Company had written off the book value of its ownership interest in ZNJV, resulting in a pre-tax loss of $101. The ultimate outcome of this matter cannot be determined at this time.

Recent violence committed by radical elements in Indonesia and other countries, and the presence of U.S. forces in Iraq and Afghanistan, may increase the risk that operations owned by U.S. companies will be the target of violence. If any of Newmont s operations were so targeted it could have an adverse effect on our business.

Our Success May Depend on Our Social and Environmental Performance

Newmont s ability to operate successfully in communities around the world will likely depend on our ability to develop, operate and close mines in a manner that is consistent with the health and safety of our employees, the protection of the environment, and the creation of long-term economic and social opportunities in the communities in which we operate. Newmont has implemented a management system designed to promote continuous improvement in health and safety, environmental performance and community relations. However, our ability to operate could be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health and safety of our employees, the environment or the communities in which we operate.

Remediation Costs for Environmental Liabilities May Exceed the Provisions We Have Made

Newmont has conducted extensive remediation work at two inactive sites in the United States. At one of these sites, remediation requirements have not been finally determined, and, therefore, the final cost cannot be determined. At a third site in the United States, an inactive uranium mine and mill formerly operated by a subsidiary of Newmont, remediation work at the mill is ongoing, but remediation at the mine is subject to dispute and has not yet commenced. The environmental standards that may ultimately be imposed at this site remain uncertain and there is a risk that the costs of remediation may exceed the provision that has been made for such remediation by a material amount. For a more detailed discussion of potential environmental liabilities, see the discussion in Environmental Matters, Note 29 to the Consolidated Financial Statements.

Whenever a previously unrecognized remediation liability becomes known, or a previously estimated reclamation cost is increased, the amount of that liability and additional cost will be recorded at that time and could materially reduce net income in that period.

The Use of Hedging Instruments May Prevent Gains Being Realized from Subsequent Price Increases

Newmont does not intend to enter into material new gold hedging positions and intends to continue to decrease gold hedge positions over time by opportunistically delivering gold into our outstanding hedge contracts, or by seeking to eliminate our hedge position when economically attractive. Nonetheless, Newmont currently has gold hedging positions and may, from time-to-time, enter into hedge contracts for copper, other metals or commodities, interest rates or foreign currencies. If the gold or copper price rises above the price at which future production has been committed under these hedge instruments, Newmont will have an opportunity loss. However, if the gold or copper price falls below that committed price, Newmont s revenues will be protected to the extent of such committed production. In addition, we may experience losses if a hedge counterparty defaults under a contract when the contract price exceeds the gold or copper price.

Table of Contents

For a more detailed description of the Newmont hedge positions, see the discussion in Hedging in Item 7A, Quantitative and Qualitative Disclosures About Market Risk, and Note 13 to the Consolidated Financial Statements.

Currency Fluctuations May Affect Costs

Currency fluctuations may affect the costs that we incur at our operations. Gold is sold throughout the world based principally on the U.S. dollar price, but a portion of Newmont s operating expenses are incurred in local currencies. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the costs of gold production in U.S. dollar terms at mines located outside the United States, making such mines less profitable. The foreign currencies that primarily impact Newmont s Results of Operation are the Australian and Canadian dollars.

During 2006, the Australian dollar weakened by an average of 1% and the Canadian dollar strengthened by an average of 7% against the U.S. dollar. This decreased the U.S. dollar *Costs applicable to sales* in Australia by approximately $7 and in Canada by $nil from 2005 to 2006. For additional information, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, Results of Consolidated Operations, Foreign Currency Exchange Rates, below. For a more detailed description of how currency exchange rates may affect costs, see discussion in Foreign Currency in Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

Future Funding Requirements May Affect Our Business

The construction of the Boddington project in Australia, the 200 megawatt coal-fired power plant in Nevada, and the gold mill at Yanacocha in Peru, as well as potential future investments in the Akyem project in Ghana and the Conga project in Peru, will require significant funds for capital expenditures. At current gold and copper prices, new sources of capital will be needed to meet the funding requirements of these investments, fund our ongoing business activities and pay dividends. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, future gold and copper prices and our operational performance, among other factors. In the event of lower gold and copper prices, unanticipated operating or financial challenges, or new funding limitations, our ability to pursue new business opportunities, invest in existing and new projects, fund our ongoing business activities and pay dividends could be significantly constrained.

Our Interest in the Batu Hijau Operation in Indonesia May Be Reduced Under the Contract of Work

Under the Contract of Work with the Indonesian government, beginning in 2005 and continuing through 2010, a portion of each foreign shareholder s equity interest in the Batu Hijau operation must be offered for sale to the Indonesian government or to Indonesian nationals. The government of Indonesia must approve any sale. The price at which such interest must be offered for sale is the highest of the then-current replacement cost, the price at which shares would be accepted for listing on the Jakarta Stock Exchange, or the fair market value of such interest as a going concern. Pursuant to this provision of the Contract of Work, it is possible that the ownership interest of the Newmont/Sumitomo partnership in Batu Hijau could be reduced to 49% by the end of 2010. A company owned by an Indonesian national currently owns a 20% interest in Batu Hijau, and the Newmont/Sumitomo partnership was required to offer a 3% interest for sale in 2006. An offer to sell a 3% interest was made to the government of Indonesia. While the central government declined to participate, local governments in the area in which the mine is located have expressed interest in acquiring shares, as have various Indonesian nationals. The Newmont/Sumitomo partnership continues discussions to meet its divestiture obligations. Under the terms of the Contract of Work, an additional 7% interest in Batu Hijau must be offered for sale in 2007.

Costs Estimates and Timing of New Projects Are Uncertain

The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. There are a number of factors that can affect costs and construction schedules, including, among others:

- Availability of labor, power, transportation, commodities and infrastructure;
- Increases in input commodity prices and labor costs;
- Fluctuations in exchange rates;
- Availability of financing;
- Difficulty of estimating construction costs over a period of years; and
- Delays in obtaining environmental or other government permits.

Our Operations May Be Adversely Affected By Power Shortages.

We have experienced power shortages in Ghana resulting from a nationwide drought and lack of hydroelectric generating capacity. Power shortages have caused curtailment of production at our Ahafo operations. Alternative sources of power will result in higher than anticipated costs, which will affect operating costs. Continued power shortages and increased costs may adversely affect our results of operations and financial condition.

Occurrence of Events for Which We Are Not Insured May Affect Our Cash Flow and Overall Profitability

We maintain insurance policies that mitigate against certain risks related to our operations. This insurance is maintained in amounts that we believe are reasonable depending upon the circumstances surrounding each identified risk. However, Newmont may elect not to have insurance for certain risks because of the high premiums associated with insuring those risks or for various other reasons; in other cases, insurance may not be available for certain risks. Some concern always exists with respect to investments in parts of the world where civil unrest, war, nationalist movements, political violence or economic crisis are possible. These countries may also pose heightened risks of expropriation of assets, business interruption, increased taxation and a unilateral modification of concessions and contracts. Newmont does not maintain insurance policies against political risk. Occurrence of events for which Newmont is not insured may affect our cash flow and overall profitability.

Our Business Depends on Good Relations with Our Employees

Newmont could experience labor disputes, work stoppages or other disruptions in production that could adversely affect us. As of December 31, 2006, unions represented approximately 38% of our worldwide work force. On that date, Newmont had 3,040 employees in Indonesia at its Batu Hijau operation, 1,364 employees at its Carlin, Nevada operations, 601 employees in Peru at its Yanacocha operation, 412 employees in Bolivia at its Kori Kollo operation, 150 employees at its Australia operations and 27 employees in New Zealand at its Martha operations working under collective bargaining agreements or similar labor agreements. Currently, there are labor agreements in effect for all of these workers. The labor agreement for Peru expires February 28, 2007, and is currently being re-negotiated. There can be no assurance that future disputes will be resolved without disruptions to operations.

Title to Some of Our Properties May Be Defective or Challenged

Although we have conducted title reviews of our properties, title review does not necessarily preclude third parties from challenging our title. While we believe that we have satisfactory title to our properties, some risk exists that some titles may be defective or subject to challenge. In addition, certain of our Australian properties could be subject to native title or traditional landowner claims, but such claims would not deprive us of the properties. For information regarding native title or traditional landowner claims, see the discussion under the Australia/New Zealand section of Item 2, Properties, below.

We Compete With Other Mining Companies

We compete with other mining companies to attract and retain key executives, skilled labor and other employees with technical skills and experience in the mining industry. We also compete with other mining companies for rights to mine properties containing gold and other minerals. There can be no assurance that Newmont will continue to attract and retain skilled and experienced employees, or to acquire additional rights to mine properties.

Certain Factors Outside of Our Control May Affect Our Ability to Support the Carrying Value of Goodwill

As of December 31, 2006, the carrying value of goodwill was approximately $3,004 or 19% of our total assets. Goodwill has been assigned to our Merchant Banking ($1,661) and Exploration ($1,129) Segments, and to various mine site reporting units in the Australia/New Zealand Segment ($214). This goodwill primarily arose in connection with our February 2002 acquisitions of Normandy and Franco-Nevada, and it represents the excess of the aggregate purchase price over the fair value of the identifiable net assets of Normandy and Franco-Nevada. We evaluate, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. This evaluation involves a comparison of the estimated fair value of our reporting units to their carrying values.

Based on valuations of the Merchant Banking and Exploration Segments, the Company concluded that the estimated fair values significantly exceeded the respective carrying values as of December 31, 2006. The fair values of the Merchant Banking and Exploration Segments are based, in part, on certain factors that may be partially or completely outside of our control, such as the investing environment, the legal and regulatory and political environments in countries where we operate and explore, the successful discovery, development and production of proven and probable reserves, commodity and labor prices, and other factors. In addition, certain of the assumptions underlying the December 31, 2006 Merchant Banking and Exploration Segments valuations may not be easily achieved by the Company.

The Exploration Segment s valuation model attributes all cash flows expected to be derived from future exploration discoveries, whether near-mine or greenfield, to the Exploration Segment. Therefore, the valuation model includes all expected value from future discoveries, including existing and future mine site reporting units. Existing proven and probable reserves and value beyond proven and probable reserves, including mineralization other than proven and probable reserves and other material that is not part of the measured, indicated or inferred resource base, are included when determining the fair value of mine site reporting units at acquisition and, subsequently, in determining whether the assets are impaired. The value beyond proven and probable reserves (which uses the same valuation concepts as required by EITF 04-03, *Mining Assets: Impairment and Business Combinations*) relating to mine site reporting units is excluded when determining the fair value of the Exploration Segment, if any, at acquisition and, subsequently, in determining whether the assets are impaired. The valuation model includes management s best estimates of future reserve additions from exploration activities and all revenues and costs associated with their discovery, development and production. Historical proven and probable reserve additions, excluding acquisitions, are used as an indicator of the Exploration Segment s ability to discover additional reserves in the future. Actual reserve additions may vary significantly from year to year due to the time required to advance a deposit from initial discovery to proven and probable reserves and based on the timing of when proven and probable reserves can be reported under the Securities and Exchange Commission Industry Guide 7. The valuation model assumes that the Company will be able to perpetually develop and produce the assumed additions to proven and probable reserves from future discoveries at existing or new mine site reporting units. These estimates assume that the Company will continue to find reserves of sufficient size and

Table of Contents

quality to meet the Company s operational and return thresholds in increasing quantities in perpetuity. Future discoveries could become increasingly difficult to locate, and even if the Company finds reserves in a sufficient quality and size, they may consist of a larger number of smaller deposits that could be more costly to develop and/or operate than historically experienced. The development and production of reserves will eventually lead to the depletion of existing mine site reporting units and require the perpetual development of new mines in increasing quantities through successful greenfield exploration. A reduction in reserves or a lower than expected increase in reserve additions, or a greater than expected increase in operating or capital costs, may negatively impact the value of the Exploration Segment and may result in the impairment of the Exploration Segment s goodwill. Based on the period required to advance projects from initial discovery to production, the valuation model has negative net cash flows for approximately the first 10 years and more than 100% of the fair value of the Exploration Segment is attributable to its terminal value.

Subsequent to the business combinations for which value beyond proven and probable reserves were recorded, EITF 04-03, *Mining Assets: Impairment and Business Combinations,* was issued and requires that value beyond proven and probable reserves be allocated to mining assets. The Company defined value beyond proven and probable reserves as the value of known mineralization other than proven and probable reserves and other material that is not part of the measured, indicated or inferred resource base that is measured based on extrapolation of known exploration information, to the extent that it believes a market participant would include such value in determining the fair value of the assets. The Company s interpretation of value beyond proven and probable reserves may differ from that of other mining industry companies and may result in a different allocation of values at the time of acquisition and subsequent impairment analysis. If value beyond proven and probable reserves was interpreted to include value in excess of the Company s determination, such values would be considered tangible mineral interests and therefore reduce the implied fair value of goodwill. Under such an interpretation, if the carrying value of the Exploration Segment exceeds its estimated fair value (Step 1), the Company would compare the implied fair value of goodwill to its carrying amount and write-off any excess carrying amount over the implied fair value (Step 2) resulting in an impairment loss in the financial statements. The Company has not been required to perform Step 2 of the goodwill impairment test for the Exploration Segment. Please see the Company s Summary of Significant Accounting Policies for additional details.

The Company s approach to managing the exploration aspect of its business separate from the day to day operations of its mine site reporting units may differ from the approach taken by other companies in the mining industry. Other mining companies may integrate the exploration function with their mine site reporting units, allocating residual goodwill to these units. Absent our Exploration Segment s success and reporting structure, we may have reached a similar conclusion regarding the goodwill allocation. As a result of these potential differences, the Company s financial position and results of operations may not be comparable to those of other entities in the mining industry.

Based on valuations of various mine site reporting units in the Australia/New Zealand Segment, the Company concluded that the estimated fair values exceeded the respective carrying values as of December 31, 2006. The Company concluded that the estimated fair value of the Nevada Segment did not support the carrying value as of December 31, 2005 and recorded a $41 goodwill impairment charge. The impairment resulted from a reevaluation of life of mine plans that indicated higher future operating and capital costs. In 2004, the Company recorded goodwill and long-lived assets impairment charges of $52 and $6, respectively, relating to the Pajingo reporting unit in the Australia/New Zealand Segment. The Company s fair value estimates are based on numerous assumptions and it is possible that actual fair value could be significantly different than these estimates, as future quantities of recoverable minerals, gold and other commodity prices, production levels, operating costs and capital costs are each subject to significant risks and uncertainties.

In the absence of any mitigating valuation factors, the Company s failure to achieve one or more of the December 31, 2006 valuation assumptions may over time result in an impairment charge. Accordingly, no assurance can be given that significant non-cash impairment charges will not be recorded in the future due to possible declines in the fair values of our reporting units. For a more detailed description of the estimates and

Table of Contents

assumptions involved in assessing the recoverability of the carrying value of goodwill, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, Critical Accounting Policies, below.

Our Ability to Recognize the Benefits of Deferred Tax Assets is Dependent on Future Cash Flows and Taxable Income

The Company recognizes the expected future tax benefit from deferred tax assets when the tax benefit is considered to be more likely than not of being realized. Otherwise, a valuation allowance is applied against deferred tax assets. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets could be impacted. Additionally, future changes in tax laws could limit the Company s ability to obtain the future tax benefits represented by its deferred tax assets. As of December 31, 2006, the Company s current and long-term deferred tax assets were $156 and $799, respectively.

Returns for Investments in Pension Plans Are Uncertain

We maintain pension plans for employees, which provide for specified payments after retirement for certain employees. The ability of the pension plans to provide the specified benefits depends on our funding of the plans and returns on investments made by the plans. Returns, if any, on investments are subject to fluctuations based on investment choices and market conditions. A sustained period of low returns or losses on investments could require us to fund the pension plans to a greater extent than anticipated.

ITEM 2. PROPERTIES (dollars in millions except per share, per ounce and per pound amounts)

Gold and Copper Processing Methods

Gold is extracted from naturally-oxidized ores by either heap leaching or milling, depending on the amount of gold contained in the ore, the amenability of the ore to treatment and related capital and operating costs. Higher grade oxide ores are generally processed through mills, where the ore is ground into a fine powder and mixed with water in slurry, which then passes through a carbon-in-leach circuit. Lower grade oxide ores are generally processed using heap leaching. Heap leaching consists of stacking crushed or run-of-mine ore on impermeable pads, where a weak cyanide solution is applied to the surface of the heap to dissolve the gold. In both cases, the gold-bearing solution is then collected and pumped to process facilities to remove the gold by collection on carbon or by zinc precipitation.

Gold contained in ores that are not naturally oxidized can be directly milled if the gold is amenable to cyanidization, generally known as free milling sulfide ores. Ores that are not amenable to cyanidization, known as refractory ores, require more costly and complex processing techniques than oxide or free milling ore. Higher-grade refractory ores are processed through either roasters or autoclaves. Roasters heat finely ground ore to a high temperature, burn off the carbon and oxidize the sulfide minerals that prevent efficient leaching. Autoclaves use heat, oxygen and pressure to oxidize sulfide ores.

Some sulfide ores may be processed through a flotation plant or by bio-milling. In flotation, ore is finely ground, turned into slurry, then placed in a tank known as a flotation cell. Chemicals are added to the slurry causing the gold-containing sulfides to float attached to air bubbles to the top of the tank. The sulfides are removed from the cell and converted into a concentrate that can then be processed in an autoclave or roaster to recover the gold. Bio-milling incorporates patented technology that involves inoculation of suitable crushed ore on a leach pad with naturally occurring bacteria strains, which oxidize the sulfides over a period of time. The ore is then processed through an oxide mill.

Table of Contents

At Batu Hijau, ore containing copper and gold is crushed to a coarse size at the mine and then transported from the mine via conveyor to a concentrator, where it is finely ground and then treated by successive stages of flotation, resulting in a concentrate containing approximately 30% copper. The concentrate is dewatered and stored for loading onto ships for transport to smelters.

Production Properties

Set forth below is a description of Newmont s significant production properties. *Costs applicable to sales* for each operation are presented in a table in the next section of Item 2.

Nevada

Newmont has been mining gold in Nevada since 1965. Nevada operations include Carlin, located west of the city of Elko on the geologic feature known as the Carlin Trend, the Twin Creeks mine, located approximately 15 miles north of Golconda, the Lone Tree Complex near the town of Valmy, and the Midas mine near the town of the same name. Newmont also participates in the Turquoise Ridge joint venture with Barrick, which utilizes mill capacity at Twin Creeks. The Phoenix gold/copper project, located 10 miles south of Battle Mountain, commenced commercial production in the fourth quarter of 2006. The Leeville underground mine, located on the Carlin Trend northwest of the Carlin East underground mine, also commenced commercial production in the fourth quarter of 2006.

Gold sales from Nevada totaled approximately 2.5 million ounces (2.4 million equity ounces) for 2006 with ore mined from nine open pit and five underground mines. At year-end 2006, Newmont reported 33.1 million equity ounces of gold reserves in Nevada, with 85% in open pit mines and 15% in underground mines. Refractory ores require more complex, higher cost processing methods. Refractory ore treatment facilities generated 72% of Nevada s gold production in 2006, compared with 69% in 2005, and 68% in 2004. With respect to remaining reserves, we estimate that 77% are refractory ores and 23% are oxide ores.

The Nevada operations produce gold from a variety of ore types requiring different processing techniques depending on economic and metallurgical characteristics. To ensure the best use of processing capacity, the Company uses a linear programming model to guide the flow of both mining sequence selection and routing of ore streams to various plants. Higher-grade oxide ores are processed by conventional milling and cyanide leaching at Carlin (Mill 5), Twin Creeks (Juniper) and Lone Tree. Lower-grade material with suitable cyanide solubility is treated on heap leach pads at Carlin, Twin Creeks and Lone Tree. Higher-grade refractory ores are processed through either a roaster at Carlin (Mill 6) or autoclaves at Twin Creeks (Sage) and Lone Tree. Lower-grade refractory ores are processed by a flotation plant at Lone Tree or either bio-oxidation/flotation or direct flotation at Mill 5. Ore from the Midas mine is processed by conventional milling and Merrill-Crowe zinc precipitation. Activated carbon from the various leaching circuits is treated to produce gold ore at Carlin and Twin Creeks. Zinc precipitate at Midas is refined on-site. Mining and the final placement of ore on the leach pads at Lone Tree was completed in the fourth quarter of 2006. Residual leaching will continue thereafter. Milling of stockpiled ore at Lone Tree is expected to be completed in the first quarter of 2007.

Newmont owns, or controls through long-term mining leases and unpatented mining claims, all of the minerals and surface area within the boundaries of the present Nevada mining operations (except for the Turquoise Ridge joint venture described below). The long-term leases extend for at least the anticipated mine life of those deposits. With respect to a significant portion of the Gold Quarry mine at Carlin, Newmont owns a 10% undivided interest in the mineral rights and leases the remaining 90%, on which Newmont pays a royalty equivalent to 18% of the mineral production. The remainder of the Gold Quarry mineral rights are wholly-owned or controlled by Newmont, in some cases subject to additional royalties. With respect to certain smaller deposits in Western Nevada, Newmont is obligated to pay royalties on production to third parties that vary from 2% to 5% of production.

Newmont has a 25% interest in a joint venture with a subsidiary of Barrick to operate the Turquoise Ridge and Getchell mines. Newmont has an agreement to provide up to 2,000 tons per day of milling capacity at Twin Creeks to the joint venture. Barrick is the operator of the joint venture for mining and ore delivery to process. Gold sales of 58,300 ounces were attributed to Newmont in 2006, based on its 25% ownership interest.

Newmont has ore sale agreements with Barrick and Queenstake Resources, Ltd. to process some of the Company s ore. Newmont recognized attributable gold sales, net of treatment charges, of 99,500 ounces in 2006 and 104,600 ounces in 2005 pursuant to these agreements.

Newmont has sales and refining agreements with Gerald Metals, Peñoles, Queenstake, Johnson Matthey and Just Refiners to process intermediate gold bearing product.

Yanacocha, Peru

The properties of Minera Yanacocha S.R.L. (Yanacocha) are located approximately 375 miles (604 kilometers) north of Lima and 30 miles (48 kilometers) north of the city of Cajamarca, in Peru. Yanacocha began production in 1993. Newmont holds a 51.35% interest in Yanacocha with the remaining interests held by Compañia de Minas Buenaventura, S.A.A. (43.65%) and the International Finance Corporation (5%).

Yanacocha has mining rights with respect to a large land position. Yanacocha s mining rights consist of concessions granted by the Peruvian government to Yanacocha and a related entity. These mining concessions provide for both the right to explore and exploit. However, Yanacocha must first obtain the respective exploration and exploitation permits, which are generally granted in due course. Yanacocha may retain mining concessions indefinitely by paying annual fees and, during exploitation, complying with production obligations or paying assessed fines. Mining concessions are freely assignable or transferable.

Yanacocha currently has two active open pit mines, Cerro Yanacocha and La Quinua. In addition, reclamation and/or backfilling activities at Carachugo, San José and Maqui Maqui are currently underway. In addition, Yanacocha has four leach pads and three processing facilities. Yanacocha s gold sales for 2006 totaled 2.6 million ounces (1.3 million equity ounces).

The Yanacocha operations contain the Conga deposit, for which a feasibility study was completed in 2004. The Company continues to evaluate the optimum development plan for Conga, and currently anticipates that production would not commence until after 2010.

Yanacocha, along with other mining companies in Peru, has agreed with the central government to contribute 3.75% of its net profits to fund social development projects.

Australia/New Zealand

In Australia, mineral exploration and mining titles are granted by the individual states or territories. Mineral titles may also be subject to native title legislation or, in the Northern Territory, to Aboriginal freehold title legislation that entitles indigenous persons to compensation calculated by reference to the gross value of production. In 1992, the High Court of Australia held that Aboriginal people who have maintained a continuing connection with their land according to their traditions and customs may hold certain rights in respect of the land, such rights commonly referred to as native title. Since the High Court s decision, Australia has passed legislation providing for the protection of native title and established procedures for Aboriginal people to claim these rights. The fact that native title is claimed with respect to an area, however, does not necessarily mean that native title exists, and disputes may be resolved by the courts.

Generally, under native title legislation, all mining titles granted before January 1, 1994 are valid. Titles granted between January 1, 1994 and December 23, 1996, however, may be subject to invalidation if they were not obtained in compliance with applicable legislative procedures, though subsequent legislation has validated some of these titles. After December 23, 1996, mining titles over areas where native title is claimed to exist became subject to legislative processes that generally give native title claimants the right to negotiate with the title applicant for compensation and other conditions. Native title holders do not have a veto over the granting of mining titles, but if agreement cannot be reached, the matter can be referred to the National Native Title Tribunal for decision.

Newmont does not expect that native title claims will have a material adverse effect on any of its operations in Australia. The High Court of Australia determined in an August 2002 decision, which refined and narrowed the scope of native title, that native title does not subsist in minerals in Western Australia and that the rights granted under a mining title would, to the extent inconsistent with asserted native title rights, operate to extinguish those native title rights. Generally, native title is only an issue for Newmont with respect to obtaining new mineral titles or moving from one form of title to another, for example, from an exploration title to a mining title. In these cases, the requirements for negotiation and the possibility of paying compensation may result in delay and increased costs for mining in the affected areas. Similarly, the process of conducting Aboriginal heritage surveys to identify and locate areas or sites of Aboriginal cultural significance can result in additional costs and delay in gaining access to land for exploration and mining-related activities.

In Australia, various ad valorem royalties are paid to state and territorial governments, typically based on a percentage of gross revenues.

Pajingo. Pajingo (100% owned) is an underground mine located approximately 93 miles (150 kilometers) southwest of Townsville, Queensland and 45 miles (72 kilometers) south of the local township of Charters Towers. In 2006, Pajingo sold 174,600 ounces of gold.

Jundee. The Jundee operation (100% owned) is situated approximately 435 miles (700 kilometers) northeast of Perth in Western Australia. Jundee sold 305,400 ounces of gold in 2006.

Tanami. The Tanami operations (100% owned) include The Granites treatment plant and associated mining operations, which are located in the Northern Territory approximately 342 miles (550 kilometers) northwest of Alice Springs, adjacent to the Tanami highway, and the Dead Bullock Soak mining operations, approximately 25 miles (40 kilometers) west of The Granites. The Tanami operations have been wholly-owned since April 2003, when Newmont acquired the minority interests.

The operations are predominantly focused on the Callie underground mine at Dead Bullock Soak, with mill feed supplemented by production stockpiles from the Dead Bullock Soak open pit. Ore from all of these operations is processed through The Granites plant. During 2006, the Tanami operations sold 417,600 ounces of gold.

Kalgoorlie. The Kalgoorlie operations comprise the Fimiston open pit (commonly referred to as the Super Pit) and Mt. Charlotte underground mine at Kalgoorlie-Boulder, 373 miles (600 kilometers) east of Perth. The mines are managed by Kalgoorlie Consolidated Gold Mines Pty Ltd for the joint venture owners, Newmont and Barrick, each of which holds a 50% interest. The Super Pit is Australia s largest gold mine in terms of gold production and annual mining volume. During 2006, the Kalgoorlie operations sold 332,200 equity ounces of gold.

Martha. The Martha operations (100% owned) are located within the town of Waihi, located approximately 68 miles (110 kilometers) southeast of Auckland, New Zealand. During 2006, production commenced at the Favona underground deposit. Production at the Martha open pit will cease in 2007. The operation sold 120,300 ounces of gold during 2006. The Martha mine does not currently pay royalties. Under new royalty arrangements, however, Newmont will pay 1% of gross revenues from gold and silver sales, or 5% of accounting profit, whichever is greater, at Favona.

Boddington. Boddington is a development project located 81 miles (130 kilometers) southeast of Perth in Western Australia. As of December 31, 2006 Boddington was owned by Newmont (66.67%) and AngloGold Ashanti Limited (33.33%). In March 2006, Newmont acquired Newcrest Mining Limited s 22.22% interest in Boddington for $173.

Batu Hijau, Indonesia

Batu Hijau is located on the island of Sumbawa, approximately 950 miles (1,529 kilometers) east of Jakarta. Batu Hijau is a large porphyry copper/gold deposit which Newmont discovered in 1990. Development and construction activities began in 1997 and start-up occurred in late 1999. In 2006, copper sales were 434.7 million pounds (229.9 million equity pounds), while gold sales were 435,300 ounces (230,200 equity ounces).

Newmont operates Batu Hijau, a producer of copper/gold concentrates, and has a 45% ownership interest therein, held through a partnership with an affiliate of Sumitomo Corporation. Newmont has a 56.25% interest in the partnership and the Sumitomo affiliate holds the remaining 43.75%. The partnership, in turn, owns 80% of P.T. Newmont Nusa Tenggara (PTNNT), the subsidiary that owns Batu Hijau. The remaining 20% interest in PTNNT is a carried interest held by P.T. Pukuafu Indah, an unrelated Indonesian company. Through September 30, 2004, PTNNT recorded cumulative losses and therefore Newmont historically reported a 56.25% economic interest in Batu Hijau. As a result of higher metal prices, improved operating and financial results, and increased life of mine expectations regarding production, costs and economics, PTNNT s cumulative losses had been recovered by the fourth quarter of 2004, thereby allowing for the payment of dividends. Under existing shareholder agreements, the Indonesian shareholder will be entitled to receive 6% of any dividends paid by PTNNT until such time as a loan to the Indonesian shareholder is fully repaid (including accrued interest). Newmont, therefore, decreased its economic interest in Batu Hijau to 52.875%, effective October 1, 2004, reflecting 56.25% of the 94% of PTNNT s dividends payable to the Newmont/Sumitomo partnership.

In Indonesia, rights are granted to foreign investors to explore for and to develop mineral resources within defined areas through Contracts of Work entered into with the Indonesian government. In 1986, PTNNT entered into a Contract of Work with the Indonesian government covering Batu Hijau, under which PTNNT was granted the exclusive right to explore in the contract area, construct any required facilities, extract and process the mineralized materials, and sell and export the minerals produced, subject to certain requirements including Indonesian government approvals and payment of royalties to the government. Under the Contract of Work, PTNNT has the right to continue operating the project for 30 years from operational start-up, or longer if approved by the Indonesian government.

Under the Contract of Work, beginning in 2005 and continuing through 2010, a portion of the project must be offered for sale to the Indonesian government or to Indonesian nationals, equal to the difference between the following percentages and the percentage of shares already owned by the Indonesian government or Indonesian nationals (if such number is positive): 23% by the end of 2006; 30% by the end of 2007; 37% by the end of 2008, 44% by the end of 2009; and 51% by the end of 2010. The price at which such interest must be offered for sale to the Indonesian parties is the highest of the then-current replacement cost, the price at which shares would be accepted for listing on the Jakarta Stock Exchange, or the fair market value of such interest as a going concern. Pursuant to this provision, it is possible that the ownership interest of the Newmont/Sumitomo partnership in Batu Hijau could be reduced to 49% by the end of 2010.

A company owned by an Indonesian national currently owns a 20% interest in Batu Hijau, and therefore the Newmont/Sumitomo partnership was required to offer a 3% interest for sale in 2006. An offer to sell a 3% interest was made to the government of Indonesia. While the central government declined to participate, local governments in the area in which the mine is located have expressed an interest in acquiring shares, as have various Indonesian nationals. An additional 7% interest in Batu Hijau must be offered for sale in 2007. The Newmont/Sumitomo partnership continues discussions with various interested parties to meet its divestiture obligations.

Ghana

The Ahafo operation (100% owned) is located in the Brong Ahafo Region of Ghana, approximately 180 miles (290 kilometers) northwest of Accra. Ahafo poured its first gold on July 18, 2006 and commenced commercial production in August 2006. Ahafo sold 202,000 ounces of gold in 2006.

Newmont currently operates two open pits at Ahafo with total reserves contained in 15 pits. The process plant consists of a conventional mill and carbon-in-leach circuit. Ahafo reserves as of December 31, 2006, were 12.6 million equity ounces.

In December 2003, Ghana s Parliament unanimously ratified an Investment Agreement between Newmont and the Government of Ghana. The Agreement establishes a fixed fiscal and legal regime, including fixed royalty and tax rates, for the life of any Newmont project in Ghana. Under the Agreement, Newmont will pay corporate income tax at the Ghana statutory tax rate (presently 25%) not to exceed 32.5% and fixed gross royalties on gold production of 3.0% (3.6% for any production from forest reserve areas). The Government of Ghana is also entitled to receive 10% of a project s net cash flow after Newmont has recouped its investment and may acquire up to 20% of a project s equity at fair market value on or after the 15^{th} anniversary of such project s commencement of production. The Investment Agreement also contains commitments with respect to job training for local Ghanaians, community development, purchasing of local goods and services and environmental protection.

Newmont has one development project in Ghana, currently the subject of further optimization studies. The Akyem project is approximately 80 miles (125 kilometers) northwest of Accra. As of December 31, 2005, Newmont held an 85% interest in the Akyem project. The remaining 15% was held by Kenbert Mines Limited. In January 2006, Newmont acquired the remaining 15% interest, bringing its ownership to 100% of the Akyem project. In the second half of 2006, the Company deferred further development of Akyem, pending completion of permitting, resolution of country-wide power shortages and further engineering and optimization.

Other Operations

Canada. During 2006, Newmont s Canadian operations included two underground mines. Golden Giant (100% owned) is located approximately 25 miles (40 kilometers) east of Marathon in Ontario, Canada, and has been in production since 1985. Mining operations at Golden Giant were completed in December 2005 with remnant mining and milling production continuing throughout most of 2006. In 2006, Golden Giant sold 59,300 ounces of gold. Holloway is located approximately 35 miles (56 kilometers) east of Matheson in Ontario, and about 400 miles (644 kilometers) northeast of Golden Giant, and has been in production since 1996. In 2006, Holloway sold 26,000 ounces of gold. On November 6, 2006, Newmont completed the sale of the Holloway mine to St. Andrews Goldfields Ltd. resulting in a $13 pre-tax gain.

Mexico. Newmont has a 44% interest in La Herradura, which is located in Mexico s Sonora desert. La Herradura is operated by Industriales Peñoles (which owns the remaining 56% interest) and comprises an open pit operation with run-of-mine heap leach processing. La Herradura sold 79,200 equity ounces of gold in 2006.

Bolivia. The Kori Kollo open pit mine is on a high plain in northwestern Bolivia near Oruro, on government mining concessions issued to a Bolivian corporation, Empresa Minera Inti Raymi S.A. (Inti Raymi), in which Newmont has an 88% interest. The remaining 12% is owned by Mrs. Beatriz Rocabado. Inti Raymi owns and operates the mine. The mill was closed in October 2003 and production continued from residual leaching. In 2005, additional material from the stockpiles and Lla Llagua pit were placed on the existing leach pad and ore from the Kori Chaca pit was processed on a new leach pad. In 2006, the mine sold 113,300 equity ounces of gold.

Minahasa, Indonesia. Newmont owns 80% of Minahasa and the remaining 20% interest is a carried interest held by P.T. Tanjung Serapung, an unrelated Indonesian company. Minahasa is located on the island of Sulawesi, approximately 1,500 miles (2,414 kilometers) northeast of Jakarta. Mining was completed in late 2001 and gold production was completed in 2004. See Note 29 to the Consolidated Financial Statements for additional information regarding Minahasa.

Table of Contents

Operating Statistics

The following tables detail operating statistics related to gold production and sales.

	Nevada			Yanacocha, Peru		
Year Ended December 31,	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
Tons mined (000 dry short tons):						
Open pit	191,438	193,565	192,821	217,501	218,933	193,407
Underground	1,651	1,727	1,683			
Tons milled/processed (000 dry short tons):						
Mill	17,882	15,570	13,610			
Leach	22,138	21,660	17,356	118,511	146,645	133,514
Average ore grade (oz/ton):						
Mill	0.127	0.157	0.174			
Leach	0.026	0.024	0.029	0.026	0.028	0.025
Average mill recovery rate	81.1%	86.0%	88.0%			
Ounces produced (000):						
Mill	2,059.3	2,060.8	2,127.9			
Leach	363.8	350.7	332.5	2,612.2	3,333.1	3,017.3
Incremental start-up	100.3	22.1				
	2,523.4	2,433.6	2,460.4	2,612.2	3,333.1	3,017.3
Ounces sold (000)	2,534.1	2,444.1	2,538.0	2,572.3	3,327.5	3,039.9
Production costs per ounce:						
Direct mining and production costs	$ 404	$ 346	$ 296	$ 200	$ 150	$ 144
Deferred stripping		(20)	(15)			
By-product credits	(15)	(7)	(8)	(16)	(10)	(8)
Royalties and production taxes	9	8	5	4	3	2
Reclamation/accretion expense	3	2	2	3	2	2
Other	2	4	2	2	2	2
Costs applicable to sales	403	333	282	193	147	142
Depreciation, depletion and amortization	74	51	50	67	62	65
Total production costs	$ 477	$ 384	$ 332	$ 260	$ 209	$ 207

	Australia/New Zealand			Batu Hijau, Indonesia		
Year Ended December 31,	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
Tons mined (000 dry short tons):						
Open pit	54,221	60,691	64,083	293,159	225,838	235,455
Underground	4,225	4,023	4,806			
Tons milled (000 dry short tons)	13,636	15,893	16,702	47,026	50,210	54,243
Average ore grade (oz/ton)	0.111	0.110	0.117	0.012	0.018	0.016
Average mill recovery rate	91.6%	91.7%	92.3%	79.5%	80.7%	80.9%
Ounces produced (000)	1,393.0	1,595.0	1,818.7	447.7	731.8	718.8
Ounces sold (000)	1,350.1	1,600.5	1,887.6	435.3	720.5	715.2
Production costs per ounce:						
Direct mining and production costs	$ 361	$ 311	$ 259	$ 203	$ 145	$ 110

Deferred stripping		(5)	9		1	13
By-product credits	(10)	(8)	(5)	(9)	(5)	(4)
Royalties and production taxes	27	13	14	13	9	8
Reclamation/accretion expense	4	3	3	2	2	1
Other	2	3				
Costs applicable to sales	384	317	280	209	152	128
Depreciation, depletion and amortization	89	74	67	46	47	39
Total production costs	$ 473	$ 391	$ 347	$ 255	$ 199	$ 167

Table of Contents

Year Ended December 31,	Ahafo, Ghana 2006
Tons mined (000 dry short tons):	
Open pit	19,999
Underground	
Tons milled (000 dry short tons)	3,515
Average ore grade: (oz/ton)	0.065
Average mill recovery rate	88.3%
Ounces produced (000)	202.1
Ounces sold (000)	202.1
Production costs per ounce:	
Direct mining and production costs	$ 277
By-product credits and other	(1)
Royalties and production taxes	18
Reclamation/accretion expense	1
Other	2
Costs applicable to sales	297
Depreciation, depletion and amortization	94
Total production costs	$ 391

	Other Operations			Total Gold		
Year Ended December 31,	2006	2005	2004	2006	2005	2004
Ounces produced (000):						
Mill	59.2	161.8	328.6	4,161.3	4,549.4	4,994.0
Leach	208.2	177.6	94.0	3,184.2	3,861.4	3,443.8
Incremental start-up				100.3	22.1	
	267.4	339.4	422.6	7,445.8	8,432.9	8,437.8
Ounces sold (000)	267.3	336.7	438.1	7,361.2	8,429.3	8,618.8
Production costs per ounce:						
Direct mining and production costs	$ 214	$ 230	$ 238	$ 302	$ 240	$ 217
Deferred stripping		(8)	3		(7)	(3)
By-product credits	(11)	(3)	(3)	(13)	(8)	(6)
Royalties and production taxes		6	7	10	7	7
Reclamation/accretion expense	9	6	5	3	2	2
Other	10	2	2	2	3	1
Costs applicable to sales	222	233	252	304	237	218
Depreciation, depletion and amortization	69	58	84	73	60	60
Total production costs	$ 291	$ 291	$ 336	$ 377	$ 297	$ 278

Table of Contents

The following table details operating statistics related to copper production and sales.

	Batu Hijau, Indonesia		
Year Ended December 31,	**2006**	**2005**	**2004**
Tons milled (000 dry short tons)	47,026	50,210	54,243
Average copper grade	0.55%	0.69%	0.75%
Average copper recovery rate	87.3%	86.7%	87.8%
Copper pounds produced (millions)	453.7	596.0	716.9
Copper pounds sold (millions)	434.7	572.7	683.3
Production costs per pound:			
Costs applicable to sales	$ 0.71	$ 0.53	$ 0.45
Depreciation, depletion and amortization	0.15	0.15	0.13
Total production costs	$ 0.86	$ 0.68	$ 0.58

Proven and Probable Equity Reserves

Newmont had proven and probable equity gold reserves of 93.9 million ounces as of December 31, 2006. Gold reserves were calculated at a $500, A$675 or NZ$750 per ounce gold price. Newmont s 2006 reserves would decline by approximately 7%, or 6.7 million ounces, if calculated at a $475 per ounce gold price. An increase in the gold price to $525 per ounce would increase reserves by approximately 5%, or 4.4 million ounces, all other assumptions remaining constant.

As of December 31, 2006, Newmont s equity gold reserves in Nevada were 33.1 million ounces. Outside of Nevada, year-end equity gold reserves were 60.8 million ounces, including 18.5 million ounces in Australia/New Zealand, 15.1 million ounces in Peru and 20.3 million ounces in Ghana.

Newmont s equity copper reserves as of December 31, 2006 were 8.0 billion pounds. Copper reserves were calculated at a price of $1.25 or A$1.70 per pound.

Under Newmont s current mining plans, all reserves are located on fee property or mining claims or will be depleted during the terms of existing mining licenses or concessions, or where applicable, any assured renewal or extension periods for the licenses or concessions.

Proven and probable equity reserves are based on extensive drilling, sampling, mine modeling and metallurgical testing from which economic feasibility has been determined. The price sensitivity of reserves depends upon several factors including grade, metallurgical recovery, operating cost, waste-to-ore ratio and ore type. Metallurgical recovery rates vary depending on the metallurgical properties of each deposit and the production process used. The reserve tables below list the average metallurgical recovery rate for each deposit, which takes into account the several different processing methods to be used. The cut-off grade, or lowest grade of mineralized material considered economic to process, varies with material type, metallurgical recoveries and operating costs.

The proven and probable equity reserve figures presented herein are estimates based on information available at the time of calculation. No assurance can be given that the indicated levels of recovery of gold and copper will be realized. Ounces of gold or pounds of copper in the proven and probable reserves are calculated without regard to any losses during metallurgical treatment. Reserve estimates may require revision based on actual production experience. Market price fluctuations of gold and copper, as well as increased production costs or reduced metallurgical recovery rates, could render proven and probable reserves containing relatively lower grades of mineralization uneconomic to exploit and might result in a reduction of reserves.

Reserves are published once each year and will be recalculated as of December 31, 2007, taking into account metal prices, divestments and depletion as well as any acquisitions and additions to reserves during 2007.

Table of Contents

The following tables detail gold proven and probable equity reserves[1] reflecting only those reserves owned by Newmont on December 31, 2006 and 2005:

		December 31, 2006									
		Proven Reserves			Probable Reserves			Proven and Probable Reserves			
Deposits/Districts	Newmont Share	Tonnage[2] (000)	Grade (oz/ton)	Ounces[3] (000)	Tonnage[2] (000)	Grade (oz/ton)	Ounces[3] (000)	Tonnage[2] (000)	Grade (oz/ton)	Ounces[3] (000)	Metallurgical Recovery[3]
Nevada[4]											
Carlin Open Pit[5]	100%	25,900	0.069	1,780	245,700	0.040	9,750	271,600	0.042	11,530	74%
Carlin Underground	100%	1,700	0.44	750	5,700	0.44	2,510	7,400	0.44	3,260	94%
Midas[6]	100%	600	0.58	350	600	0.35	200	1,200	0.47	550	95%
Phoenix	100%				295,200	0.027	8,080	295,200	0.027	8,080	75%
Turquoise Ridge[7]	25%	1,200	0.54	640	900	0.54	510	2,100	0.54	1,150	90%
Twin Creeks	100%	15,500	0.084	1,300	49,300	0.075	3,680	64,800	0.077	4,980	81%
Nevada In-Process[8]	100%	45,600	0.024	1,120				45,600	0.024	1,120	66%
Nevada Stockpiles[9]	100%	29,100	0.080	2,330	2,500	0.045	110	31,600	0.077	2,440	76%
		119,600	**0.069**	**8,270**	**599,900**	**0.041**	**24,840**	**719,500**	**0.046**	**33,110**	**78%**
Yanacocha, Peru											
Conga[10]	51.35%				317,200	0.019	6,080	317,200	0.019	6,080	79%
Yanacocha In-Process[8][11]	51.35%	24,000	0.028	670				24,000	0.028	670	71%
Yanacocha Open Pits[11]	51.35%	28,500	0.020	560	249,300	0.031	7,750	277,800	0.030	8,310	68%
		52,500	**0.023**	**1,230**	**566,500**	**0.024**	**13,830**	**619,000**	**0.024**	**15,060**	**73%**
Australia/New Zealand											
Boddington, Western Australia[12]	66.67%	100,800	0.027	2,760	276,900	0.023	6,330	377,700	0.024	9,090	82%
Jundee, Western Australia[13]	100%	2,500	0.086	220	4,400	0.29	1,260	6,900	0.21	1,480	93%
Kalgoorlie Open Pits and Underground	50%	34,500	0.061	2,120	40,100	0.064	2,550	74,600	0.063	4,670	86%
Kalgoorlie Stockpiles[9]	50%	13,100	0.032	420				13,100	0.032	420	79%
Total Kalgoorlie, Western Australia[14]	50%	47,600	0.053	2,540	40,100	0.064	2,550	87,700	0.058	5,090	85%
Pajingo, Queensland[15]	100%	600	0.31	170	700	0.17	130	1,300	0.23	300	96%
Tanami Underground and Open Pits	100%	5,100	0.16	800	7,100	0.15	1,060	12,200	0.15	1,860	95%
Tanami Stockpiles[9]	100%	400	0.084	40	2,600	0.032	80	3,000	0.039	120	95%
Total Tanami, Northern Territory[16]	100%	5,500	0.15	840	9,700	0.12	1,140	15,200	0.13	1,980	95%
Martha, New Zealand[17]	100%				4,100	0.14	560	4,100	0.14	560	90%
		157,000	**0.042**	**6,530**	**335,900**	**0.036**	**11,970**	**492,900**	**0.038**	**18,500**	**86%**
Batu Hijau, Indonesia											

Batu Hijau Open Pit[18]	52.875%	106,100	0.015	1,540	266,100	0.011	2,960	372,200	0.012	4,500	80%
Batu Hijau Stockpiles[9] [18]	52.875%				145,800	0.004	540	145,800	0.004	540	67%
		106,100	**0.015**	**1,540**	**411,900**	**0.009**	**3,500**	**518,000**	**0.010**	**5,040**	**79%**
Ghana											
Ahafo[19]	100%				163,800	0.078	12,620	163,800	0.078	12,620	87%
Akyem[20]	100%				147,200	0.052	7,660	147,200	0.052	7,660	89%
					311,000	**0.065**	**20,280**	**311,000**	**0.065**	**20,280**	**88%**
Other Operations											
Kori Kollo, Bolivia[21]	88%	20,300	0.004	80	21,500	0.018	390	41,800	0.011	470	61%
La Herradura, Mexico[22]	44%	27,000	0.020	540	37,500	0.023	850	64,500	0.022	1,390	66%
		47,300	**0.013**	**620**	**59,000**	**0.021**	**1,240**	**106,300**	**0.017**	**1,860**	**65%**
Total Gold		**482,500**	**0.038**	**18,190**	**2,284,200**	**0.033**	**75,660**	**2,766,700**	**0.034**	**93,850**	**81%**

Table of Contents

		December 31, 2005									
		Proven Reserves			Probable Reserves			Proven and Probable Reserves			
Deposits/Districts	Newmont Share	Tonnage[2] (000)	Grade (oz/ton)	Ounces[3] (000)	Tonnage[2] (000)	Grade (oz/ton)	Ounces[3] (000)	Tonnage[2] (000)	Grade (oz/ton)	Ounces[3] (000)	Metallurgical Recovery[3]
Nevada											
Carlin Open Pit	100%	21,000	0.072	1,520	217,300	0.041	8,810	238,300	0.043	10,330	72%
Carlin Underground	100%	1,700	0.53	900	6,000	0.47	2,850	7,700	0.49	3,750	94%
Lone Tree Complex[23]	100%	800	0.096	70	3,200	0.076	250	4,000	0.080	320	80%
Midas	100%	600	0.67	430	900	0.52	470	1,500			