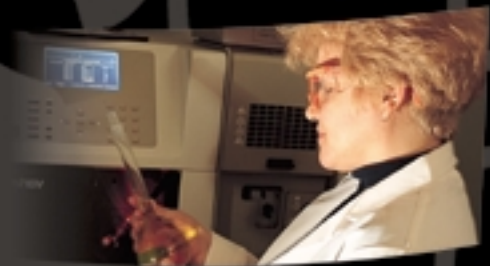


Newmont

Annual Report 1999



Over the past decade, Newmont has grown from producing gold at a single location in Northern Nevada to become the world's second largest gold producer.

Today we operate in such diverse locales as Indonesia, Peru, and Uzbekistan, as well as the United States.

Entering a new millennium, the company is poised to realize its vision:

“To become the world's most valued mineral resource company, creating shareholder wealth through aggressive exploration, technological innovation, operating excellence, financial management and by employing people with intellect, integrity and energy.”

Financial and Operating Highlights

FINANCIAL

For the Year	1999	1998	1997
<i>(in millions, except per share)</i>			
Gold Sales	\$1,398.9	\$1,453.9	\$1,572.8
Income Before Selected Items	56.8⁽¹⁾	73.4 ⁽²⁾	166.3 ⁽³⁾
Net Income (Loss)	24.8	(393.4)	68.4
Exploration and Research Expense	57.6	68.4	98.4
Operating Cash Flow	402.0	373.5	283.8
Capital Expenditures and Investments	379.8	422.9	482.2
Per Common Share			
Income Before Selected Items	\$ 0.34⁽¹⁾	\$ 0.46 ⁽²⁾	\$ 1.07 ⁽³⁾
Net Income (Loss)	0.15	(2.47)	0.44
Cash Dividends	0.12	0.12	0.39
Closing Stock Price—December 31	24.50	18.25	29.375
At Year End			
Total Assets	\$3,383.4	\$3,235.4	\$3,614.0
Long-Term Debt, Including Current Portion	\$1,037.5	\$1,248.7	\$1,222.7
Stockholders' Equity	\$1,451.6	\$1,439.5	\$1,591.1
Shares Outstanding	167.6	167.2	156.5
Return on Average Stockholders' Equity ⁽⁴⁾	3.9%	4.8%	10.5%
Long-Term Debt to Capitalization ⁽⁵⁾	39.7%	44.9%	41.0%
OPERATING			
<i>(millions of equity ounces)</i>			
Proven and Probable Reserves at Year End	56.6	52.6	52.7
Gold Production	4.18	4.07	3.96
<i>(per equity ounce)</i>			
Average Gold Price Realization ⁽⁶⁾	\$ 285	\$ 310	\$ 354
Total Cash Costs ⁽⁷⁾	175	183	187

⁽¹⁾ Excludes \$29.1 million (\$0.17 per share) for a non-cash unrealized mark-to-market loss on written call options, \$10.7 million (\$0.07 per share) for Batu Hijau start-up losses, \$5.8 million (\$0.03 per share) for a contract termination fee and an inventory write-down and \$13.6 million (\$0.08 per share) for gains on asset sales, all net of tax.

⁽²⁾ Excludes \$424.7 million (\$2.67 per share) for the write-down of certain assets, \$32.9 million (\$0.21 per share) for the cumulative effect of an accounting change and \$9.2 million (\$0.05 per share) for Batu Hijau start-up losses, all net of tax and minority interest.

⁽³⁾ Excludes \$112.3 million (\$0.72 per share) of expenses and asset write-offs related to the Santa Fe merger, offset by a \$14.4 million (\$0.09 per share) gain from the close-out of certain put and call option contracts, both net of tax and minority interest.

⁽⁴⁾ Based on income from continuing operations before selected items.

⁽⁵⁾ Capitalization includes long-term debt, minority interest and equity.

⁽⁶⁾ Limited use of commodity hedging instruments raised Newmont's realization above the spot gold price, which was \$280, \$294 and \$331 per ounce for the years 1999, 1998 and 1997, respectively.

⁽⁷⁾ Total cash costs include mining costs plus royalties, as defined by the Gold Institute Production Cost Standard reported on page 54.

This Annual Report 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 are subject to risks, uncertainties and other factors described in filings made with the Securities and Exchange Commission by Newmont Mining Corporation. See page 25.

To Our Shareholders



*Chairman and CEO
Ronald C. Cambre (seated) and
President Wayne W. Murdy.*

We enter 2000 with a renewed sense of confidence and determination. Our business fundamentals are the strongest in recent memory, befitting our position as North America's largest gold producer.

Equally important, sentiment toward gold has turned positive following an accord by European central banks to limit future gold sales, coupled with an improving supply/demand outlook. As the least hedged company among the major producers, we offer shareholders the greatest leverage to this rising gold price scenario.

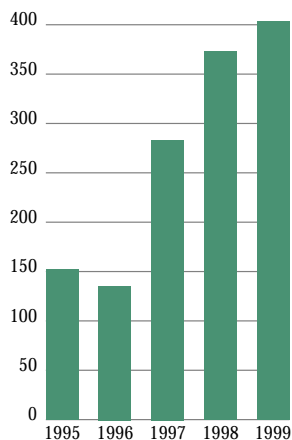
1999 was a year of great success as we surpassed every operational target we set for ourselves. Production and reserves increased to record levels, operating costs and debt were reduced, and Batu Hijau, the largest project in our history, came into production in Indonesia ahead of schedule and under budget. Earnings, while still inadequate, exceeded Wall Street expectations and cash flow from operations increased despite a further decline in the gold price.

These achievements were reflected in our stock price, which rose 34 percent to \$24.50 a share, making Newmont the only major North American gold producer to post a higher stock price in 1999.

Nevertheless, we have just begun to regain the ground lost in the past three years as the gold market was driven down by fears of central bank selling, extensive producer hedging and unbridled speculation by short sellers. The spot gold price dropped to a 20-year low of \$253 an ounce in July, but began recovering in the fourth quarter following the central bank accord to end the year at \$290 an ounce, up \$2 from 1998. Our average realization for the year of \$285 an ounce was \$25 below that of 1998 and \$110 below the realized price in 1996.

Our focus during this challenging period has been on cash flow as we have optimized mining and processing, reduced working capital and overhead, and deferred discretionary spending. In 1999, we initiated a new program to engage and energize our entire workforce, called "Gold Medal Performance." It seeks to implement "best practices" at every location, thereby improving productivity and cash flow.

We're a stronger company today because of this effort. Reserves increased 4 million ounces to 56.6 million ounces, after we produced a record 4.2 million ounces, demonstrating the combined exploration, technological and operational skills that have become Newmont's hallmark of success. Furthermore, we reduced total cash costs to \$175 per ounce and total production costs, including depreciation, to \$227 an ounce, one of the lowest in the industry.



Cash Flow from Operations
Excludes Santa Fe prior to 1997
(millions of \$)

Operating cash flow in 1999 of \$402 million, or \$2.40 per share, surpassed the prior year's \$373.5 million, or \$2.35 per share, despite an 8 percent decline in the realized gold price.

Operating earnings for the year were \$56.8 million, or 34 cents per share, before non-recurring and non-cash items. Net income of \$24.8 million, or 15 cents per share, included a non-cash mark-to-market loss of \$29.1 million, or 17 cents per share, on call options sold during the year as part of our price protection program. In 1998, operating earnings were \$73.4 million, or 46 cents per share, before non-recurring items, primarily an after-tax charge of \$424.7 million, or \$2.67 per share, to write down the carrying value of certain North American assets. The net loss for 1998 was \$393.4 million, or \$2.47 per share.

It is worth noting that for 2000, a \$25 increase in the gold price will equate to a 50-cent per share increase in operating earnings and a 60-cent per share increase in cash flow.

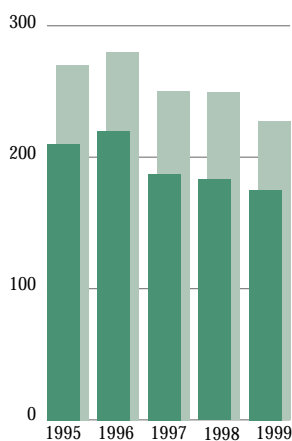
The fundamentals of the gold market clearly support a higher price. According to the World Gold Council, record consumption in 1999 was seven percent above the previous record in 1997. The strong economy in the United States and improving economies in Asia point to a further increase in 2000.

For the past decade, gold demand has exceeded world mine production. The shortfall has been met by government central banks as they have sold off a portion of their monetary reserves or, increasingly, lent gold to the market. Analysts estimate that official sector sales and lending doubled in 1999 to 28 million ounces of gold, or almost one-quarter of total world consumption. While this amounted to only a small portion of official sector holdings, it fueled fears that all central bank gold was for sale. Profiting from this negative sentiment, speculators and bullion dealers drove the gold price down by nearly \$40 an ounce from March to September.

To stabilize the market and restore confidence in the metal, 15 European central banks that collectively hold nearly half of all official gold, announced in September that they will limit future gold sales to approximately 13 million ounces a year for the next five years and cap lending at its then existing level. While still sizeable, these sales will represent a declining percentage of growing gold demand. Importantly, the accord includes all previously announced bank sales and is supported by the U.S. Treasury and other entities controlling another 35 percent of world gold reserves.

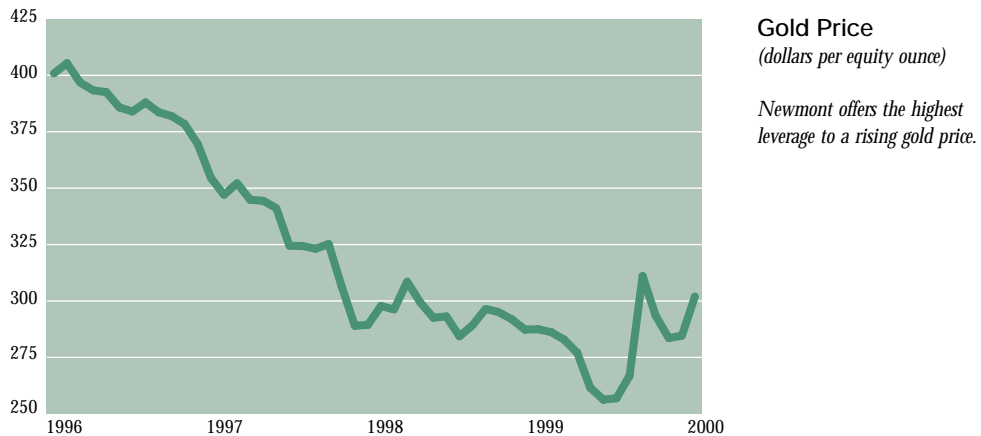
The accord followed efforts by a number of gold producers to engage central bankers in a dialog on the erosion in value of their reserves and a refocused mission by the World Gold Council to bring gold's important role as a monetary asset into the public debate.

Equally encouraging, producers, who for years have undermined the price of their product by selling gold short, have announced reductions in their hedging activity. Forward selling by the industry fueled the rapid rise in central bank lending as producers borrowed gold from the banks, sold it immediately, and invested the proceeds. In the past, hedging reduced risk and enhanced revenue. But, the rush to lock in prices in the falling price environment of 1999 brought a flood of borrowed metal to the market, further accelerating the price decline.



Total Cash Costs, Total Production Costs
Excludes Santa Fe prior to 1997
(dollars per equity ounce)

■ Cash ■ Production

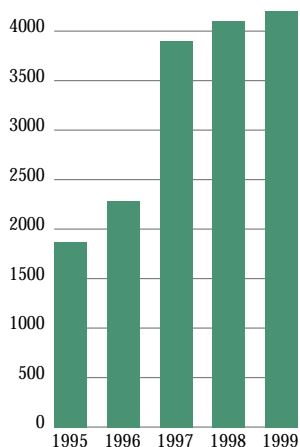


Such hedge transactions are coming under new scrutiny. As the gold price surged in response to the central bank announcement, investors realized that heavily-hedged producers had capped their future revenue and would not fully benefit from the higher prices. Some hedging instruments contain cash margin call requirements, and two companies with exotic derivatives faced potential bankruptcy as a result.

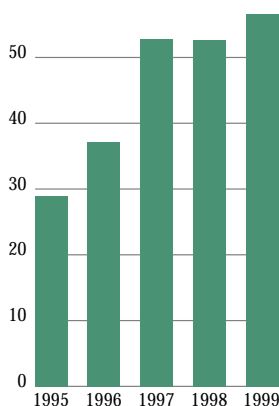
While we cannot predict the market, reduced hedging and greater discipline by bankers, coupled with increasing demand, should put gold on a more rational footing in 2000 and beyond. Now is the time for a new initiative. Producers should join in a new marketing campaign to ensure gold is the metal of choice for jewelry makers, consumers and investors worldwide.

All of this reaffirms our strategy to remain largely unhedged in the belief that investors want maximum exposure to rising metal prices. Low-cost production gives us the luxury of following this strategy. Only 4 percent of our reserves are subject to future sales contracts, at prices well above today's market. We have no lease rate or margin call exposure. At the bottom of the market in July, with no assurance that speculative forces wouldn't continue to depress the gold price, we initiated a limited price protection program. We bought puts, setting a floor under our near-term revenue stream, and paid for them by selling calls that may require us to deliver gold at fixed prices in the future. It was cost-effective insurance, but requires that we include in income the mark-to-market value of these options, which can move inversely to the gold price. This introduces unwanted volatility to our earnings, which we regret. Importantly, mark-to-market reporting has no impact on cash earnings and if these options are exercised in the future, it will be at a higher gold price that significantly increases the value of our gold reserves and production.

In addition to leverage, our strategy for shareholder value is simple and straight-forward. We believe we add more value by discovering and developing reserves than by acquiring them. Therefore, we support a strong exploration team and back it with the best technology available. It is also critical that we achieve operating excellence. We believe this excellence is founded on good people properly motivated, a principle our Gold Medal Performance initiative will continue to demonstrate. Finally, we believe in a disciplined approach to investment that commits capital only to projects that have acceptable returns.



Gold Production
Excludes Santa Fe prior to 1997
(thousands of equity ounces)



Gold Reserves
Excludes Santa Fe prior to 1997
(millions of equity ounces)

Batu Hijau, which marks our return to the copper business for the first time in more than a decade, should generate good cash flow as it demonstrates its operating strength in a rising copper market. Like gold, the copper price is on the road to recovery and has risen 20 percent from year-end 1998. The 20-plus-year project is ramping up toward average annual production of 480,000 ounces of gold and 600 million pounds of copper. Located on the remote island of Sumbawa, Batu Hijau has not been affected by the social unrest that is accompanying Indonesia's progress toward greater democracy. Our commitment to environmental quality, local employment and community development, coupled with Indonesia's commitment to the Contract of Work system, should prove to be mutually beneficial.

As we look back on the past five years, much has been accomplished. Reserves have more than doubled, production has increased 150 percent and total production costs have been reduced \$31 an ounce. We have strengthened our core asset base in Nevada with the acquisition of Santa Fe Pacific Gold, developed Yanacocha in Peru into the largest gold mine in South America, proven our ability to operate successfully in the former Soviet Union, in Uzbekistan, and developed two projects in Indonesia. We expect the next five years to be equally rewarding.

We have targeted an increase in production to 4.5 million ounces in 2000, while keeping total cash costs at \$175 an ounce.

Looking ahead, expansion of the Gold Quarry pit and development of new underground mines in Nevada will extend the life of operations that account for more than half of our reserves and annual production. Yanacocha will be a 2.5 million-ounce gold producer within a few years and is developing a significant silver reserve. Batu Hijau has the capacity to further increase mill throughput and reduce costs. We expect our success in Uzbekistan will lead to more endeavors there, and our exploration team is confident of finding new districts to add to our long-term growth.

During 1999, Wayne W. Murdy was named President of the company and elected to the Board of Directors. He had been Chief Financial Officer since 1993. A key contributor to the company's growth, I welcome his expanded role.

We thank our shareholders for their continued support and, with them, look forward to richer rewards in the future as we strive to achieve Newmont's vision.

Ronald C. Cambre
Chairman and Chief Executive Officer
February 28, 2000

Site Managers



Ali Soltani
Lone Tree, Nevada
General Manager



Craig Smith
Mesquite, California
General Manager



Trent Tempel
Twin Creeks, Nevada
General Manager



Richard Perry
PT Newmont Nusa Tenggara, Indonesia
General Manager



Thomas M. Conway
Carlin, Nevada
General Manager



Carlos Santa Cruz
Minera Yanacocha, Peru
General Manager



Gordon R. Nixon
Zaratshan-Newmont, Uzbekistan
General Manager



Paul Lahti
P.T. Newmont Minahasa Raya, Indonesia
General Manager

A Strategic Advantage

Among the world's leading gold producers, Newmont is characterized by its long-lived, world-class assets. Its core operations in Nevada, Peru, and Batu Hijau in Indonesia are rich in reserves, with low operating costs and established infrastructure.



Gold Medal Performers.

Numerous teams and individuals throughout the company have found innovative ways to reduce costs, increase availability of facilities and equipment, and reduce maintenance downtime. On the following pages are a few of the employees who individually, or as part of a team, have contributed to this effort.

Above: Robert Borthwick, process maintenance, Twin Creeks.

Below: Rich Fairchild, process maintenance, Twin Creeks.

These attributes, coupled with the core competencies exhibited by its employees—exploration success, operating excellence, and technological innovation—give Newmont its strategic advantage. In 1999, that advantage allowed the company to remain profitable in the worst gold market in 20 years. In 2000 and beyond, it will generate continued growth and improved shareholder returns.

Newmont produced a record 4.18 million ounces of gold in 1999. Total cash costs were \$175 per ounce, the lowest in more than a decade, as the company began a worldwide, employee-driven initiative, Gold Medal Performance, focused on cost reduction and improved cash flow. Despite depletion of over five million ounces, gold reserves increased to 56.6 million ounces from 52.6 million ounces. In 2000, the company expects

to produce 4.5 million ounces of gold, at essentially the same cost per ounce, while continuing to grow its reserve base.

Newmont's employees once again demonstrated their commitment to safety, with an overall, company-wide lost time accident rate of 0.15 per 200,000 hours worked—less than a tenth of the industry average in the United States for metal mining.

At the same time, the company continued to contribute value and resources to the communities where it operates, and maintained its commitment to environmental excellence in and around its mines.





Twin Creeks Mine

Nevada

1999 Production: 2.5 million ounces
1999 Reserves: 28 million ounces
Newmont's interest: 100%

In 2000, Newmont enters its 35th year of production in Nevada with a renewed commitment to succeed. Over the past year, employees displayed dogged determination in the face of a low gold price, generating increased cash flow by combining innovation with the property's unparalleled flexibility. New technologies were implemented to prolong the life of existing mines and resources were developed for the future. Through the Gold Medal Performance initiative, operating performance improved throughout Nevada:

- Underground mining productivity increased 10 percent based on tons mined.
- A team approach to maintenance and improved process flow boosted plant throughput at the Carlin roaster to a record 2.8 million tons.
- At Twin Creeks, plant availability in the Sage Mill autoclaves increased 11.5 percent to a record 89 percent. Sulfide processing costs decreased 21 percent, while throughput increased 18.5 percent to 3.2 million tons.
- At Lone Tree, implementation of new operating strategies led to a 34 percent increase in throughput through the autoclave and a corresponding 22 percent decrease in cost per ton in the fourth quarter of 1999 versus the first three quarters of the year.

Production of 2.5 million ounces of gold was down 10 percent from 1998, reflecting reduced production from surface oxide deposits. Total cash costs remained stable at \$211 per ounce. With an improved mine plan, tonnage mined dropped nearly 19 percent from the previous year to 222 million tons.

With nine operating open pit mines, four underground mines, and 18 processing facilities stretching across nearly two million acres of high desert terrain, Newmont systematically matches a wide array of ore types with the most efficient, economic process technology for each. This is particularly important in controlling costs, as production shifts from easily processed oxide ore to refractory ore, requiring pre-treatment prior to gold recovery. Refractory ore accounted for 54 percent of Nevada production in 1999, up from 42 percent and 35 percent in 1998 and 1997 respectively.

Production began in the fourth quarter from the high-grade Deep Post deposit on the north end of the Carlin Trend. With reserves of three million ounces, Deep Post consists of both a surface zone, currently being mined within the Betze/Post pit, and a deeper zone being developed as an underground mine. An asset swap completed in May provides access to Deep Post underground ounces through a decline at the bottom of the Betze/Post pit,





Gold Medal Performers.

Above: Ben Mowery, surface mine maintenance, Carlin.

Below left: Gus Miller, mine maintenance, Lone Tree.

Below: Ben Ferrier, process maintenance, Lone Tree.

eliminating the need for a shaft and reducing development costs by \$30 million. Importantly, this also accelerates production by two and a half years, to mid-2001. Development began in the second quarter of 1999 and by year-end the decline had advanced 5,800 feet and was well ahead of schedule.

The asset swap also gave Newmont the opportunity to begin a mile-long exploration drift from the Deep Star mine to Deep Post. This area, dubbed the Gold Margin Corridor, is highly prospective, but substantially unexplored from the surface. The exploration drift, 1,800 feet below the surface, serves as a cost-effective alternative to above ground drilling by providing easy access to potential gold deposits, as well as serving as a second access to Deep Post.

A newly developed process, bio-milling, allows the company to derive value from low-grade refractory ores while extending the productive life of an otherwise idle oxide mill. Low-grade refractory ore is initially treated using the company's patented bio-oxidation process, with final gold recovery in Mill 5 at Carlin. The hybrid process requires less capital and yields higher recoveries faster than Newmont's original heap leach bio-oxidation process. Ore stacking for the 150-day bio-oxidation cycle began in December, with initial production beginning in the second quarter of 2000. Over the next twelve years, some three million ounces of gold will be extracted through this process from existing stockpiles and from mining an expansion of the Gold Quarry pit.

Gold Quarry, originally scheduled to conclude mining in early 2000, is an

example of the ability of Newmont's geologists to extend the life of existing operations. Delineation drilling during the year significantly expanded the grade, tonnage and quality of known reserves. This, coupled with lower operating costs, improved the economics of expanding the pit and extending the life of the mine another ten years. Initial stripping is expected to begin in April, with gold production beginning in 2002. At Twin Creeks, assuming positive feasibility results, stripping may begin in 2002 on a layback to the south of the Mega pit. Production of these ounces would come in 2003. Development of the underground Leeville mine is expected to begin in 2001, following completion of permitting. Production is expected in 2004.

Newmont's 2,800 Nevada employees recorded an excellent safety record in 1999, with only eight lost time accidents. The Nevada Mining Association specifically cited the Mule Canyon and Deep Star mines for their safety records. In addition, Ali Soltani, the general manager of the Lone Tree Complex, received the Nevada State Council Annual Safety Award as Mine Manager of the Year for his leadership in encouraging safety.

Newmont also received acclamation for its environmental work, winning the Governor's Excellence in Reclamation Award for the restoration of mule deer winter range and transitional habitat. Over the past six years, Newmont's Nevada operations have contributed to the re-establishment of over 10,000 acres of mule deer winter range. Additionally, over 50,000 acres of upland watershed and riparian habitat have been restored. This was done collaboratively with local ranchers and public land managers, dramatically demonstrating the multi-use flexibility of our public lands.





Minera Yanacocha, Peru

1999 Production: 1.66 million ounces
1999 Reserves: 32.9 million ounces of gold and 356 million ounces of silver
Newmont's interest: 51.35%

Minera Yanacocha fueled Newmont's growth in 1999, exceeding expectations for both reserve additions and production. Over the past six years, this extraordinary operation, located in the Andes of Northern Peru, has expanded from a single mine to a mining district, covering 64,220 acres with four pits, three leach pads and two processing facilities. Yanacocha has single-handedly pushed Peru to the top among Latin American gold producers. Today it accounts for nearly half the country's gold output.



Newmont holds a 51.35 percent interest in Yanacocha, while a Peruvian mining company, Compañía de Minas Buenaventura S.A.A., holds a 43.65 percent interest. The remaining five percent is held by the International Finance Corporation.

Production increased 24 percent in 1999 to 1.66 million ounces (850,300 equity ounces) and is expected to exceed 1.75 million ounces in 2000. Yanacocha's porous, oxide ore is found near the surface, requires no crushing, and has a quick leach recovery cycle, giving it total cash costs of a modest \$103 per ounce in 1999.

Despite its phenomenal growth, reserves at Yanacocha have risen even faster, reaching 32.9 million ounces (16.9 million equity ounces) in 1999, up from 20.6 million ounces (10.6 million equity ounces) in 1998. Over 27 million ounces of gold have been added to reserves, net of depletion, since production began in 1993. Over that period, exploration has expanded from the drilling and development of 14 surface anomalies to discoveries, such as La Quinua, in the surrounding gravel-covered terrain. La Quinua, with 9.3 million ounces of reserves, will be developed in 2000 and production will begin in 2001. As exploration expands, geophysical techniques and metallurgical



Gold Medal Performers.

Above right: A processing plant at Minera Yanacocha. The process operations team at Yanacocha instituted a number of process improvements in 1999.

Below left: A haul truck driver at Yanacocha. A Gold Medal team revised the procedure for fleet shift changes, decreasing downtime and increasing productivity.

At Yanacocha, as at all its sites worldwide, Newmont applies the highest environmental standards. Here, samples are taken to ensure that water quality standards are being met.

studies have increased understanding of the geology of the area, allowing Yanacocha to add 356 million ounces of silver (182.8 million equity ounces) to reserves in 1999. Silver production in 2000 is expected to be 1.6 million ounces.

Owner mining, introduced late in 1999, will reduce cash mining costs by nearly a third, a considerable savings given that Yanacocha mined 106 million tons in 1999 and will be mining 50 percent more within two years. Additional savings are anticipated through the ongoing Gold Medal Performance initiative. Yanacocha now employs 1,130 people, all but 27 of whom are Peruvian. The mine also employs 2,200 construction contractors as it expands leach pads to accommodate increased production. In 1999, Yanacocha went 5.1 million employee-hours without a lost time accident.

As Yanacocha has expanded, so have the economic benefits to surrounding communities. In addition to higher wages and the use of local suppliers, Yanacocha has improved health, education and transportation for the local communities. Since it began operating, Yanacocha has worked with the local people and non-governmental organizations to construct schools and provide hot lunches to school children; construct potable water systems, roads, power lines and emergency medical centers; and provide primary medical care.

As a new initiative in 1999, Yanacocha completed installation of seed harvesting, cleaning, storage and planting equipment in cooperation with a local non-governmental organization. The project allows local people to generate plant materials for reclamation purposes. Yanacocha provided the technical expertise, with funding from USAID. Over the course of the year, Yanacocha completed 625 acres of reclamation work site-wide.





Batu Hijau, Indonesia

Initial Production in late 1999.
1999 Reserves: 10.5 billion pounds
of copper and 11.8 million ounces of gold
Newmont's economic interest:
56.25%

Batu Hijau, the largest grassroots start-up mining project ever constructed, was completed in October 1999, a month ahead of schedule and approximately \$100 million under budget at a total cost of \$1.83 billion. After a smooth start-up, the project is expected to reach full production in early 2002. Located in Indonesia on the sparsely populated island of Sumbawa, 950 miles east of Jakarta, Batu Hijau will mine 3 billion tons of material, process a billion tons of ore, and produce nearly 11 billion pounds of copper and 12 million ounces of gold over the next 20 years. Average annual production of 600 million pounds of copper and 480,000 ounces of gold is expected at a total cash cost of under 50 cents per pound of copper, after gold credits. Over the life of the mine, Batu Hijau should provide significant cash flow.

The operation is a joint venture between Newmont, Sumitomo Corporation, and an Indonesian partner.

The first shipment of concentrate, containing 30 percent copper and 0.42

ounce per ton of gold, was made to smelters in Japan in mid-December. This shipment resulted in sales of 18.2 million pounds of copper (10.2 million equity pounds) and 11,300 ounces of gold (6,300 equity ounces).

Production for 2000 will be approximately 500 million pounds of copper and 290,000 ounces of gold. The mill is expected to reach design throughput of 120,000 tonnes per day in the first half of 2000, while mining will increase to a rate of 600,000 tonnes per day in 2002.

Concentrates are delivered to smelters in Korea, Australia and Europe, as well as Japan. Eighty-five percent are sold under long-term contracts, the remainder on the spot market.

The mine sits at an elevation of 1,476 feet, approximately nine miles from the newly-constructed port. Ore is mined using large, electric shovels and loaded into 240-ton haul trucks for delivery to the primary crusher. A 4.3 mile-long conveyor carries ore from the crusher to a series of semi-autogenous (SAG) mills and regrind ball mills. The ore-bearing





Gold Medal Performers.

Above: Bob Mochizuki,
process maintenance general
foreman-flotation/central shop.

Below left: Ray Lane,
general foreman-concentrate/utilities.

slurry is then injected into large flotation tanks that separate gold and copper material from waste or tailing. The concentrated ore is pumped via pipeline to the port, where it is dried to the consistency of wet sand, loaded and shipped. Tailing is pumped to a deep ocean trench, below the level of aquatic life. Submarine disposal of tailings is the preferred method in Indonesia, due to the country's heavy rainfall and high level of seismic activity. Power for the operation is provided by a 160-megawatt coal-fired power plant.

Batu Hijau has an aggressive program to restore the land disturbed by its operations. A large nursery produces thousands of native plants each year, used to return the land to its natural ecosystem.

Employees as well as subcontractors follow a safety code that meets or exceeds statutory requirements in Indonesia and the United States. During construction in 1999, with as many as 12,000 contractors on site, Batu Hijau went a remarkable 6.3 million employee-hours without a lost time accident.

A town site, located six miles from the port, provides housing for the majority of Batu Hijau's 3,500 employees. Preference was given to local people in hiring. In addition, 250 local villagers are enrolled in a skills training program and will be given preference in filling vacancies.

Beyond employment and job training, Newmont works with local leaders to create greater economic opportunity within the communities themselves. Two foundations have been created. One focuses on building infrastructure benefiting both the mine and the communities, as well as business development projects. A second foundation helps communities pursue opportunities of their own design. To date, over sixty new farms and thirty new businesses have been established.

*Tomatoes produced by a
Newmont-trained farmer at
Goa Village, Jereweh on the
island of Sumbawa.*

Other Operations

In addition to its core assets, Newmont's other operations in Indonesia, Uzbekistan, California and Mexico turned in superior performances in 1999, increasing production, while lowering total cash costs.

Minahasa, Indonesia

1999 Production: 344,000 ounces
1999 Reserves: 1.1 million ounces
Newmont's economic interest: 95%

At the Minahasa mine in Indonesia, Newmont permitted, constructed and began operating the country's first heap leach pad in 1999. This, together with its roaster and mill, produced a record 344,000 ounces of gold, up from production of 261,000 ounces in 1998. Total cash costs declined \$24 to \$103 per ounce. Gold production will peak in 2000 at about 350,000 ounces. Mining will be completed at the end of 2001, while processing of ore continues several more years.

Located on the island of Sulawesi, 1,500 miles northeast of Jakarta, Minahasa began production in 1996. As in the case of Batu Hijau, Newmont strives to create opportunity within the surrounding villages through employment, training and community development. Past development projects include construction of a village clinic, a market and terminal, a library, a water supply system and road improvements. In 1999, local people were trained in the construction of artificial reef balls that are placed in the waters off the coast to increase fish habitat. The project is expected to boost the catch of area fishermen.

Zarafshan-Newmont, Uzbekistan

1999 Production: 543,000 ounces
1999 Reserves: 6.1 million ounces
Newmont's interest: 50%

Gold production at the Zarafshan-Newmont Joint Venture in Uzbekistan rose 45 percent in 1999 to a record 543,000 ounces (271,500 equity ounces), while cash costs declined 22 percent to \$161 per ounce. The joint venture, which began operation in 1995, reached a milestone in October, when it poured its fiftieth tonne (1,607,550 ounces) of gold. Newmont has a 50 percent interest in the project, with two agencies of the Uzbek government holding 25 percent each.

The four-stage crushing and heap leach operation extracts gold from low-grade stockpiles mined over the past 33 years from the adjacent Muruntau pit, the largest open pit gold mine in the world. Fifteen million tons of ore were placed on leach pads in 1999.



Gold Medal Performer:
Right: Sergey Kruchkov,
process maintenance,
Zarafshan-Newmont.



Mesquite, California

1999 Production: 165,000 ounces
1999 Reserves: 488,000 ounces
Newmont's interest: 100%

The Mesquite mine, located in the southeastern corner of California, produced 165,000 ounces of gold in 1999 at a total cash cost of \$167 per ounce. Fourteen million tons were placed on the leach pad during the year. Mesquite is in its last full year of mining. Without a substantial increase in the gold price, operations in 2001 will transition to shutdown and reclamation. Potential exists to extend the life of the mine with low-grade mineralization near existing pits. While this mineralization is not economic at current gold prices, permitting continues to ensure operations proceed smoothly if economic conditions change.



La Herradura, Mexico

1999 Production: 91,000 ounces
1999 Reserves: 1.5 million ounces
Newmont's interest: 44%

On the same geological trend as Mesquite, 250 miles to the southeast in Mexico's Sonora province, the La Herradura mine completed its first full year of operation in 1999. La Herradura is part of a joint venture, Minera Penmont S.R.L., in which Newmont holds a 44 percent interest. Peñoles, Mexico's largest silver producer, holds a 56 percent interest in the joint venture and is the operator of La Herradura.

With open pit, run-of-mine heap leaching, La Herradura produced 91,000 ounces of gold in 1999 (40,200 equity ounces) at a total cash cost of \$159 per ounce. Production will increase in 2000 to approximately 135,000 ounces as ore placed on the leach pad increases by over a million tons. At the same time, the mine will initiate use of an existing two-stage crushing circuit to enhance recoveries of harder ores.

Local people near the Minahasa mine were trained in the construction of artificial reef balls, shown here. The balls are placed in the waters off the coast to increase fish habitat.

Exploration



Minera Yanacocha

Exploration and reserve growth are the lifeblood of a successful mining company, and Newmont prides itself in its exploration success. All three of the company's long-lived assets are grassroots discoveries. Growth through exploration has proven cost-effective, as Newmont's historic finding cost of \$11 per ounce is among the lowest in the industry.

North American exploration centers on Nevada, where Newmont was the state's most active explorer in 1999, drilling 39 individual targets on 21 separate properties. In addition, mine geology programs further extended the size of the underground reserves at Carlin and substantially improved the quality of the Gold Quarry expansion reserves through reduced gold-price sensitivity.

Elsewhere in North America, Newmont continues generative exploration efforts in Alaska. The company sold its interest in the True North project there in mid-1999, realizing a gain of \$8.4 million. Work is now focused on other prospects in this well-endowed gold district.



Minera Yanacocha continues to drive Newmont's exploration program in South America, with reserves increasing a phenomenal 60 percent to 32.9 million ounces (16.9 million equity ounces) in 1999. Drilling increased known reserves at the Cerro Yanacocha, Carachugo, Chaquicocha and La Quinoa deposits and brought into reserves previous, but less drilled, discoveries at Cerro Quilish and El Tapado. A significant new discovery in 1999, Corimayo, like El Tapado, lies beneath the La Quinoa gravels, and will be further tested in 2000. Exploration in 2000 will also seek to expand oxide targets on the northeast side of the property; Kupfertil, a copper/gold porphyry discovered in 1999 between the Cerro Yanacocha and San Jose deposits, and, for the first time, begin to explore sulfide targets throughout the region.

In addition, Newmont has 1.1 million acres of exploration territory throughout the continent. In February of 2000, Newmont added to its land position with the purchase of 150,000 acres immediately north of Yanacocha.

To the northeast of Yanacocha is the Minas Conga project, where Newmont holds a 40 percent interest. Ongoing delineation drilling is focused on adding to the known copper/gold mineralized resources there. Current resources include 13.6 million ounces of gold (5.4 million equity ounces) and 3.6 billion pounds of copper (1.4 billion equity pounds).

Farther to the north, in Ecuador, is the 60-percent-owned Cangrejos project, where drilling is being undertaken to outline the potential of the deposit, as well as focus on the metallurgy. In Brazil, the Gurupi project, a 50-percent joint venture, has identified resources of 2.7 million ounces (1.4 million equity ounces). Targets are also being explored in Paraguay.

At the end of 1999, Newmont netted \$5.2 million from the sale of its interest in Argentina Gold, a small company with an exploration property adjacent to a known gold district on the Argentina/Chile border.

Newmont's exploration in the Western Pacific in 1999, focused exclusively on Indonesia, within contract of work areas on the islands of Sumbawa and Lombok, and the North Lanut project near Minahasa. In Central Asia, work continued on prospects in Kyrgyzstan and Kazakhstan.

A new area of exploration for Newmont in 1999 was Tanzania, where the company undertook a joint venture in the highly prospective area near Lake Victoria.

Exploration and reserve development expenditures (including the capitalized portion) totaled \$62 million in 1999. Nearly half the budget was allocated to opportunities near existing mines, with 35 percent of expenditures devoted to grassroots or exploration acquisition projects. For 2000, \$69 million is budgeted for exploration, with a greater allocation for grassroots efforts and worldwide acquisition opportunities.

Financial Review



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