

About This Report

BACKGROUND

Newmont commissioned Steward Redqueen, a consultancy specialized in sustainability and impact measurement, to estimate the economic impact figures presented in this report. Steward Redqueen has worked with Newmont since 2011, conducting economic impact studies, providing trainings, and helping communicate impact results. Newmont supports significant economic benefits from its operations that may not be fully understood by local communities, governments and other key stakeholders. These benefits are measured using a quantitative approach to estimate the economic outcomes of Newmont's mining activities. Economic benefits from Newmont's operations go beyond its company gates, into the wider, state and national economies in which it operates. Newmont generates direct economic effects through its own operations by hiring employees, paying salaries and contributing to government incomes. It also supports broader, indirect economic effects as the money it spends in the local economy is re-spent by suppliers - and their suppliers - on goods and services, and by employees in their day-to-day lives. These direct and indirect effects are summarized in this report.

METHODOLOGY

Impacts are measured in two ways:

- Value added, which is the sum of salaries, taxes and profits and is comparable to Gross Domestic (or State) Product;
- Employment, which is the total number of jobs supported and is comparable to national employment.

Newmont's economic impact is estimated using Input-Output (IO) modelling. IO modelling is a methodology developed by Noble Prize-winning economist Wassily Leontief and is commonly used by researchers and practitioners to measure economic impacts. The key ingredient of the IO model is the Social Accounting Matrix (SAM). The SAM describes the financial flows of all economic transactions that take place within an economy. It is a statistical and static representation of the economic structure of a country, making it possible to trace money flows through an economy. These money flows result into economic output, taxes, salaries and profits, all of which are quantified. Also, dependent on the labour productivity of firms and suppliers, employment is supported at each stage. The IO modelling approach uses internal Newmont-specific and publicly available macro-economic data. The Newmont data includes spending by each of Newmont's major mine sites on capital and operating expenditures, royalties and taxes, payments to providers of capital, and other miscellaneous expenditures. This data is further allocated based on international, national, state or local spending. Macro-economic data are collected from national statistical offices, as well as international sources, like the Global Trade and Analysis Project (GTAP), the International Labour Organization (ILO), and the World Bank. The data include sector breakdowns of output, GDP (and GSP) and employment for the most recent period available. When regional or state specific macro-economic data is available, the IO approach also provides regional or state level impact estimates.

Values are attributed based on mine ownership share.

KEY ASSUMPTIONS

Results:

Results are directionally correct, i.e. "ball-park" estimates based on assumptions and best data available at the time. As such, when comparing results across several years they should be interpreted with caution since they may be based on different sets of macro-economic statistics that vary by release year and level of aggregation. Impact estimates are 'supported' not 'generated' since the methodology does not account for a counterfactual scenario. Results are pro-rated based on Newmont's equity stake in the operations unless stated otherwise.

IO Models:

Are a static representation of an economy at a given time, thus assuming underlying structures do not change rapidly. It also assumes increases in firm inputs always raise supplier outputs, regardless of whether suppliers can or do meet demand are based on sector averages despite a wide variation in how firms within a sector buy inputs or sell outputs.

Newmont Data:

International, national, state, and local spending breakdowns are based on assumptions made by Newmont regional staff. International spending, i.e. on imports, is excluded from calculations. Estimates represent impacts at a country or state level. Monetary flows within the company are not considered since they do not represent spending in the economy.

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2019 Economic Impact Report - Newmont
Peru - Yanacocha



Background

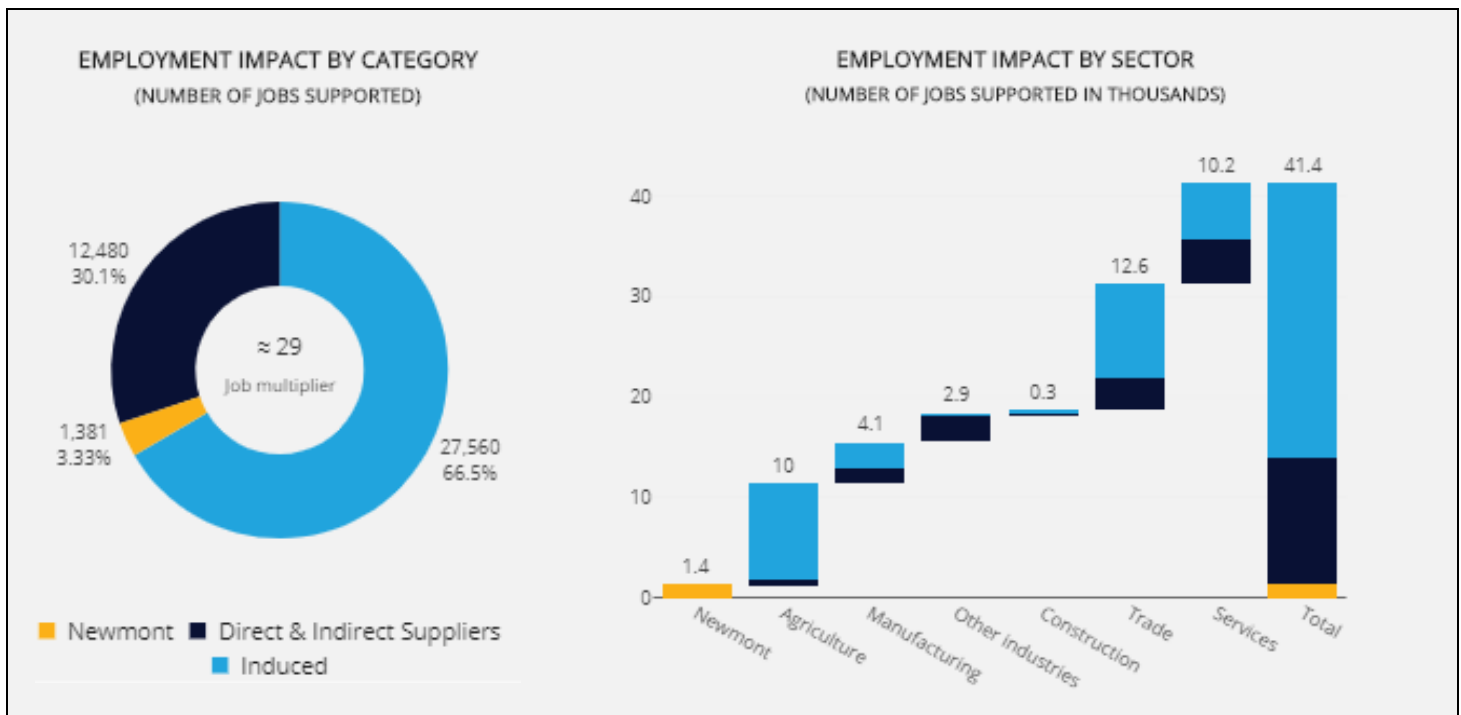
Yanacocha is South America’s largest gold mine, located in the province and department of Cajamarca, approximately 800 kilometers northeast of Lima, Peru. Yanacocha’s operations are situated between 3,500 and 4,100 meters above sea level with development activities in four primary basins. The operation is a joint venture between Newmont (51.35%), Minas Buenaventura (43.65%) and Sumitomo Corporation (5%). Yanacocha produced nearly 270,000 attributable gold ounces in 2019. The mine has been producing since 1993.



Introduction

- The mine generated ~\$738 million in revenue, of which ~63% was spent locally on wages, taxes, goods and services.
- Economic modelling is used to quantify the direct and indirect economic effects of these local expenditures on the local, state and national economies.
- Employment and economic value add (sum of salaries, taxes and profits) are the two impact indicators used.
- Unless otherwise specified, data is reported on a 100% consolidated basis.

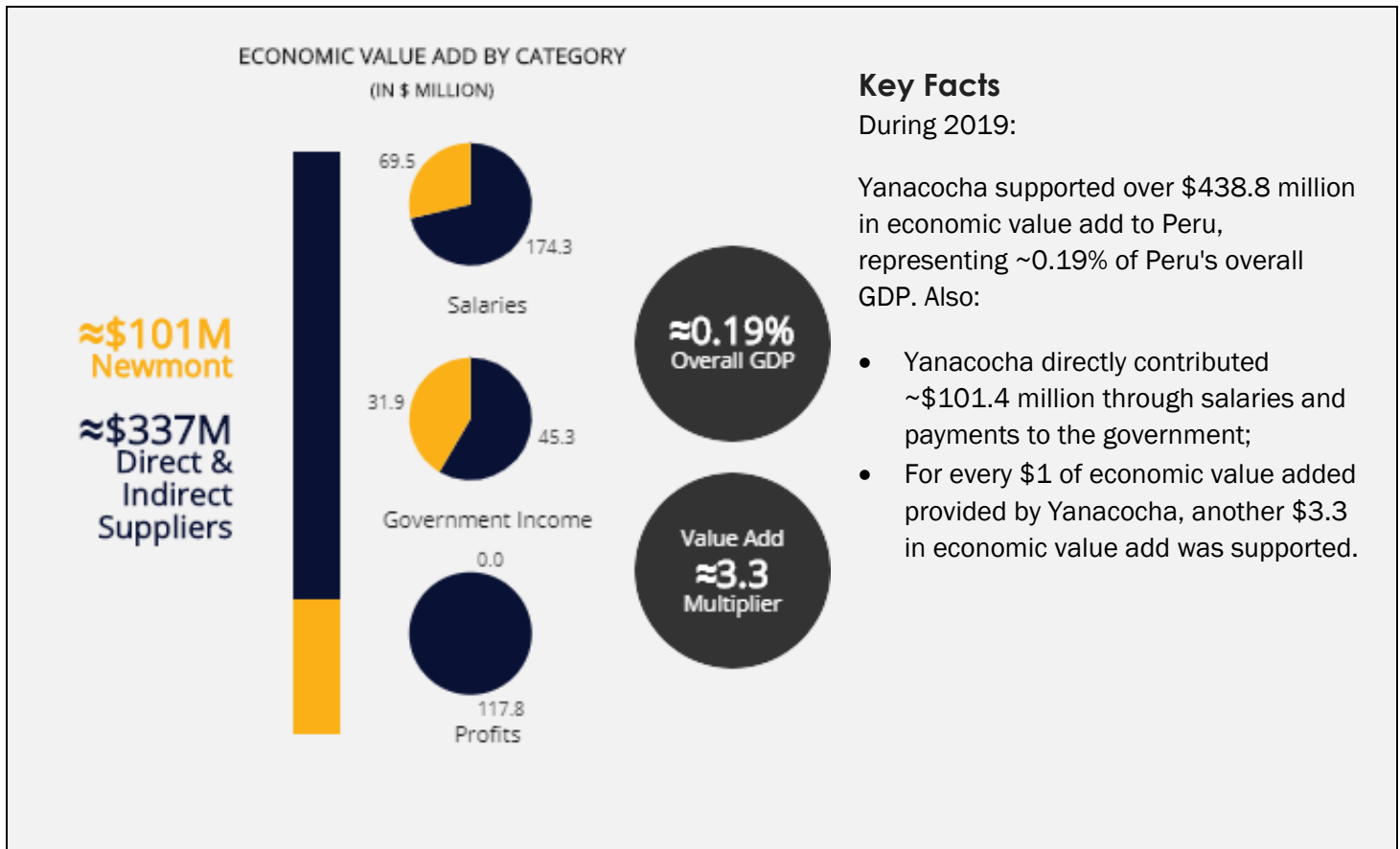
Employment



Key Facts

- Yanacocha supported ~41,421 jobs in Peru in 2019, which represents 0.23% of the national labor force.
- ~1,381 people are directly employed by Yanacocha, which means that for every one Yanacocha employee another 29 jobs are supported in Peru.
- Most of these jobs are supported in the services and tradesectors of Peru.

Economic Value Add

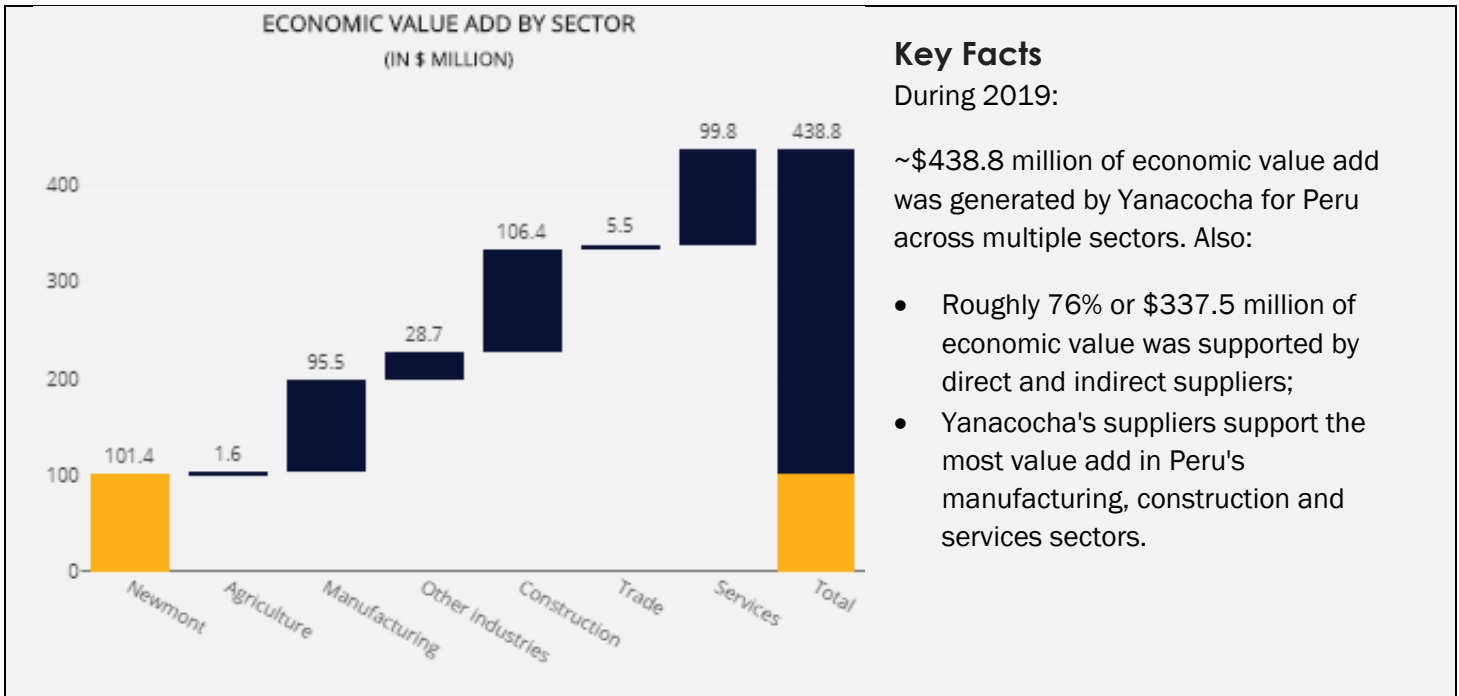


Key Facts

During 2019:

Yanacocha supported over \$438.8 million in economic value add to Peru, representing ~0.19% of Peru's overall GDP. Also:

- Yanacocha directly contributed ~\$101.4 million through salaries and payments to the government;
- For every \$1 of economic value added provided by Yanacocha, another \$3.3 in economic value add was supported.



Payments to Governments

