Annual Resource Management Report
Leismer SAGD Resource
Newmont Mining Corporation of Canada Limited
January 1st, 2004 to December 31st, 2004

March 31st, 2005

Prepared by:
Applied Reservoir Engineering Ltd.

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Hand Delivered

Alberta Energy Utilities Board
640 – 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

Thursday, March 31st, 2005

Attention: **Douglas A. Larder**
AEUB Counsel

Annual Resource Management Report, Leismer SAGD Resource
Newmont Mining Corporation of Canada Limited
January 1st, 2004 to December 31st, 2004

Dear Doug,

Please find enclosed, on behalf of Newmont Mining Corporation of Canada Limited (Newmont), two copies of the Annual Resource Management Report, Leismer SAGD Resource, January 1st, 2004 to December 31st, 2004. This report is submitted in accordance with AEUB Decision 2003-023, “Chard Area and Leismer Field, Athabasca Oil Sands Area, Applications for the Production and Shut-in of Gas, March 18, 2003”.

In summary, Newmont has been actively developing the project. In January to March of 2004, Newmont drilled 18 wells to further delineate the potential of the oil sands leases with a view to better outline the thickest and most continuous areas of bitumen. Each well was cored from above the Wabiskaw Formation, through the bitumen bearing McMurray Formation and far enough into the carbonates of the Devonian Beaverhill Lake Group to register on open hole logs. A standard suite of SP, Induction, Gamma, Neutron and Density logs were run in each well. In addition, on four selected wells, Formation Micro Imager and Dipole Sonic logs were run.

Newmont has recently completed a similar program in the first 3 months of 2005, which will be reported on in the next Annual Resource Management Report covering the period of January 1st, 2005 through December 31st, 2005. ARE believes the results of the exploitation are positive and expects further development in 2006.

The report has been prepared in an outline fashion following the guidelines set out in Appendix 2 of the 2003-023 decision report. (Included for ease of reference in the following pages).

If you have any questions regarding this report, please do not hesitate to call me at 509-2331 or Mr. Geoff Waterman of Newmont directly at (416) 480-6492.

Yours truly,
Applied Reservoir Engineering Ltd.

M.R. (Mike) Carlson, P.Eng.
President

cc. Don Edie, Carscallen Lockwood
Geoff Waterman (4)

Appendix 2: Annual Resource Management Report

1. Reporting Requirement

For Petro-Canada, Newmont, EnCana, and Nexen to annually report on the management of the resources on their oil sands leases in the Chard-Leismer area, including an assessment of the effect that the pressure of the overylying gas zone has on the recovery of bitumen by SAGD.

2. Reporting Period and Filing Date

Initial reporting period: April 1 to December 31, 2003
Initial filing date: March 31, 2004 (2 copies)

Subsequent annual reporting period: January 1 to December 31
Subsequent annual filing date: March 31st (2 copies)

3. Report Content

The report will consist of the following three sections:

- Experimental Scheme – This section will include confidential data and information from any future experimental scheme. It will be held confidential until expiry of the confidentiality term for the scheme, after which it will be publicly available.
- Commercial Scheme – This section will include nonconfidential data and information from any future commercial scheme. It will be publicly available.
- Other Information and Data – This section will include nonconfidential data and information not specifically related to a commercial scheme. It will be publicly available.

Experimental Scheme and Commercial Scheme Sections

1. Drilling and Completions
    a. Well layout/location map, including any new wells
    b. For experimental schemes, well completions and workovers, including wellbore schematics for injection and production wells.
2. Facilities
    a. Detailed site survey plan, including modifications
    b. Plant schematic, including modifications
3. Instrumentation in Wells
    a. For experimental schemes, thermocouples and piezometers installed in wells, including wellbore schematics. For commercial schemes, typical wellbore schematics for injection and production wells.
    b. Later and vertical position of thermocouples and piezometers installed in observation wells relative to well pairs.
    c. Piezometer plots, including supporting data point in tabular form.
    d. Thermocouple plots, including supporting data points in tabular form.
    e. Temperature logs
    f. Other well test data and analyses.

4. Scheme Performance
    a. Injection and production history
        i. Plots on a composite and individual well pair basis for steam injection rates, bitumen and water production rates, steam oil ratio, and other injected/produced fluid rates
        ii. Quality of steam injected, including the temperature and pressure
        iii. Composition of other injected/produced fluids.
    b. Comparison of predicted v. actual performance.
5. Artificial Lift
    a. Type of artificial lift used for each well pair.
    b. Artificial lift performance
6. 3-D/4-D Seismic
    a. Seismic lines location map
    b. Interpreted results from seismic surveys
7. Geology
    a. Composite well logs over Wabiskaw-McMurray interval.
    b. Identify cored wells and any special core analyses conducted
    c. Petrographic analysis
    d. For experimental scheme, structural cross-section for each well pair. For commercial scheme, representative structural cross-section for scheme area.
    e. Surface and subsurface geomechanical data and analyses.
8. Interpretations and Conclusions
    a. Interpretations and conclusions on the basis of the collected data, including:
        i. Extent of steam chamber development for each well pair
        ii. Effect that the pressure of the overlying gas zone has on bitumen recovery
        iii. Ability to lift fluids at low operating pressures
        iv. Overall success of the scheme

Other Information and Data Section

1. Drilling and Completions
    a. Evaluation and infill wells, including a location map.
2. Instrumentation in Wells
    a. Piezometers installed in wells, including wellbore schematics.
    b. Piezometer plots, including supporting data points in tabular raom.
    c. Other well test data and analyses
3. Geology
    a. Composite well logs over Wabiskaw-McMurray interval from evaluation and infill wells.
    b. Identify cored wells any special core analysis conducted.
    c. Petrographic analyses
4. Interpretation and Conclusions
    a. Interpretation and conclusions on the basis of the collected data, including updated resource and region of influence maps for the oil sands leases.

Report Content

Three sections are required:

- Experimental Scheme
- Commercial Scheme
- Other Information and Data

Newmont does not anticipate an Experimental Scheme will be sought on this lease, in view of the offsetting commercial production from EnCana's Christina Lake Project. It is currently anticipated that a commercial scheme will be implemented on Newmont's leases. However, these plans have not been extended beyond those contained in the application during the reporting period. It is anticipated that a more detailed conceptual evaluation will be done before a complete commercial application. Therefore, all of the data presented will fall in the Other Information and Data Category.

Other Information and Data Section

1. Drilling and Completions

In January to March of 2004, Newmont drilled 18 wells to further delineate the potential of the oil sands leases with a view to better outline the thickest and most continuous areas of bitumen. Each well was cored from above the Wabiskaw Formation, through the bitumen bearing McMurray Formation and far enough into the carbonates of the Devonian Beaverhill Lake Group to register on open hole logs. A standard suite of SP, Induction, Gamma, Neutron and Density logs were run in each well. In addition, on four selected wells, Formation Micro Imager and Dipole Sonic logs were run.

All cores were recovered in plastic sleeves and frozen at surface to maintain as much of the original texture as possible. In the lab they were slabbed and one half was photographed while the other half was maintained in a frozen state and used for analysis. Porosity and permeability analyses were carried out over any porous intervals using the Dean-Stark method. In addition, intervals were selected for sieve, oil viscosity, x-ray diffraction and thin-section petrographic analyses. The following table lists the wells drilled, total depth and the cored intervals.

Table 1 2004 Oil Sands Evaluation Wells

NAME – LOCATION		TD	CORED INTERVAL	CORE THICKNESS
Newmont Leismer	01-01-76-7W4	447.0	3420 - 447.0	105.0
Newmont Leismer	11-01-76-7W4	420.4	345.0 - 420.4	75.4
Newmont Leismer	13-01-76-7W4	424.0	334.0 - 420.0	86.0
Newmont Leismer	16-01-76-7W4	429.0	357.0 - 429.0	72.0
Newmont Leismer	04-11-76-7W4	427.0	353.0 - 415.0	62.0
Newmont Leismer	09-11-76-7W4	429.0	345.0 - 429.0	84.0
Newmont Leismer	14-11-76-7W4	423.0	344.0 - 412.0	68.0
Newmont Leismer	08-12-76-7W4	423.0	343.0 - 411.0	68.0
Newmont Leismer	10-12-76-7W4	417.0	343.0 - 417.0	74.0
Newmont Leismer	02-14-76-7W4	426.0	335.0 - 404.0	69.0
Newmont Leismer	04-14-76-7W4	436.0	353.0 - 415.0	62.0
Newmont Leismer	13-14-76-7W4	436.0	350.0 - 414.0	64.0
Newmont Leismer	02-15-76-7W4	434.0	355.6 - 434.0	78.4
Newmont Leismer	08-15-76-7W4	428.0	340.0 - 413.0	73.0
Newmont Leismer	02-22-76-7W4	419.0	343.0 - 419.0	76.0
Newmont Leismer	05-23-76-7W4	421.5	343.0 - 421.5	78.5
Newmont Leismer	08-23-76-7W4	412.0	334.0 - 398.0	64.0
Newmont Leismer	04-24-76-7W4	390.0	316.0 - 390.0	74.0

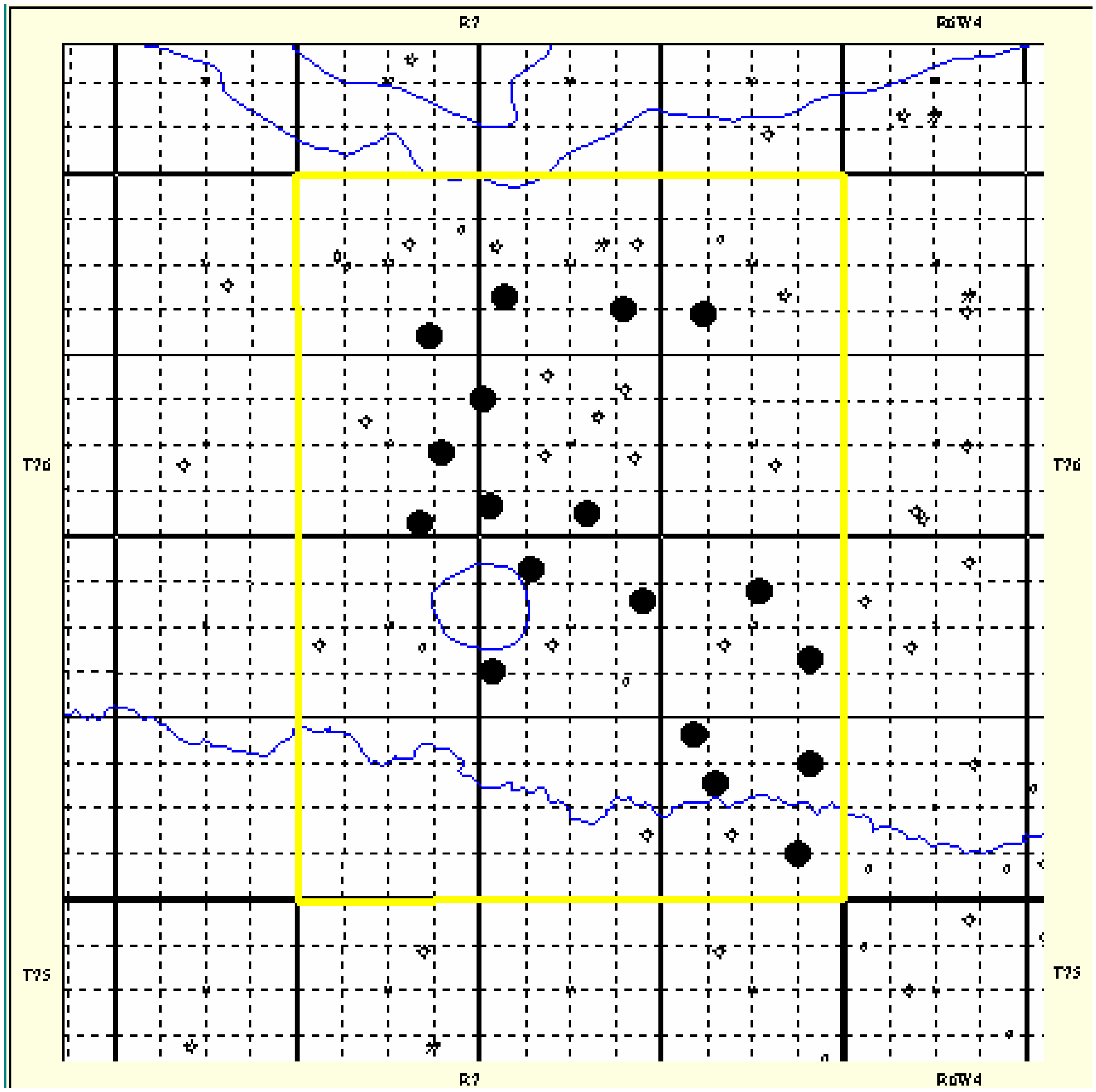

Figure 1 **Newmont Oil Sands Leases with 2004 tar sands evaluation wells shown as large dots**

2. Instrumentation in Wells

Piezometers installed in wells, including well bore schematics: Newmont has not installed any piezometers in the wells drilled. The wells have all been abandoned after drilling, coring and logging.

Piezometer plots, including supporting data in tabular format: There is currently no data to plot or present. Note that pressures in the gas cap will be obtained by Devon Canada Limited.

Other well test data and analyses – none.

3. Geology

Regional Setting

The Newmont Leismer Oil Sands Leases are located in northeast Alberta, about 150 km south of the city of Fort McMurray and 9 km south east of the community of Conklin.

Geologically, the leases are located in the southern part of the Athabasca tar sands, on the west side of the deepest part of the main valley that was active during McMurray deposition. This valley was filled with clastic sediments deposited by north flowing fluvial rivers in the lower and middle sections of the McMurray Formation. Estuarine conditions dominated more frequently toward the upper part of the McMurray, leaving three wave and tide dominated bay-fill sequences which in turn were cut by subsequent fluvial channels filled with sand, silt and muds. Numerous published papers describe aspects of the geology of this area such as Wightman et al. (1995), and Ranger and Pemberton (1997).

Mapping and Evaluation

The area mapped to evaluate the Newmont Leismer Oil Sands Leases was chosen to be all of Township 76 Range 7W4 plus a two section border around the township. A geological modeling and visualization software package was used integrate as much of the data within this volume as possible. The software provides for the development of a complex geological model, which is required to define reservoir heterogeneity. In part, these models are designed to make unbiased estimates of reservoir properties and to generate interpolations between known data point statistically. Digital data for location, status and petrophysical logs for previously drilled wells in the area were imported from several commercially available databases

Interpretive information such as formation tops, correlative markers and fluid contacts were added interactively on cross sections. Derived log curves such as shale volume, water saturation, porosity and weight percent bitumen were also calculated to visualize the resource. Interpreted generalized facies were also added and attached to the log data.

Below are examples of well sections, hung on the Wabiskaw marker, through the Newmont leases. The curves, from left to right, are: shale volume (calculated from gamma), lithofacies (calculated from shale volume), depth, porosity (calculated from density), water saturation, weight percent bitumen and depositional facies.

West East

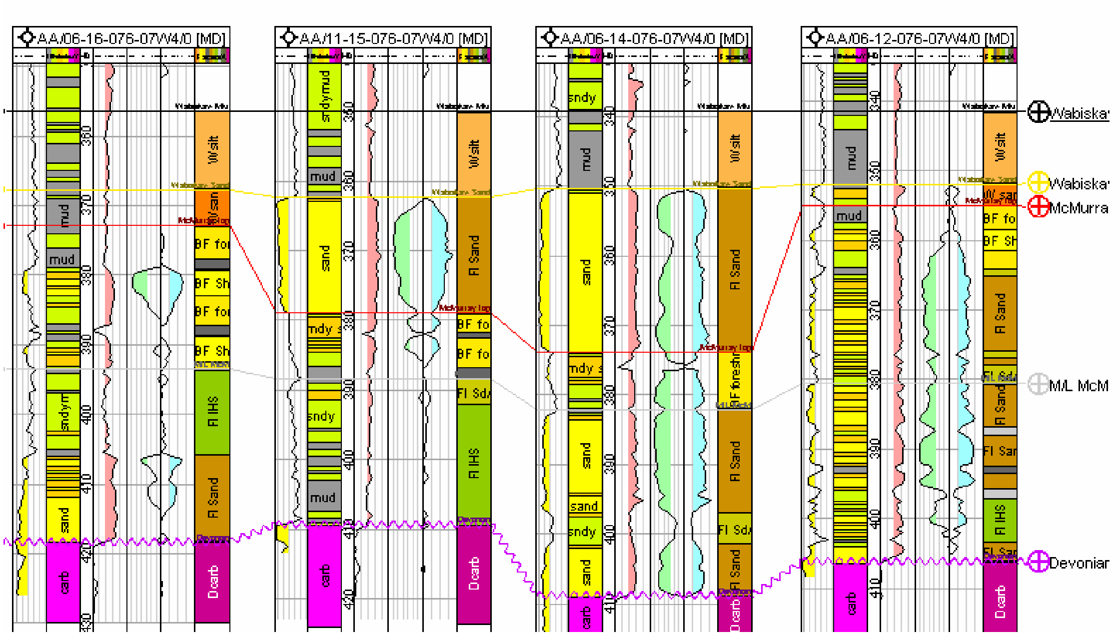

Figure 2 Well Section from west to east through Newmont leases

North South

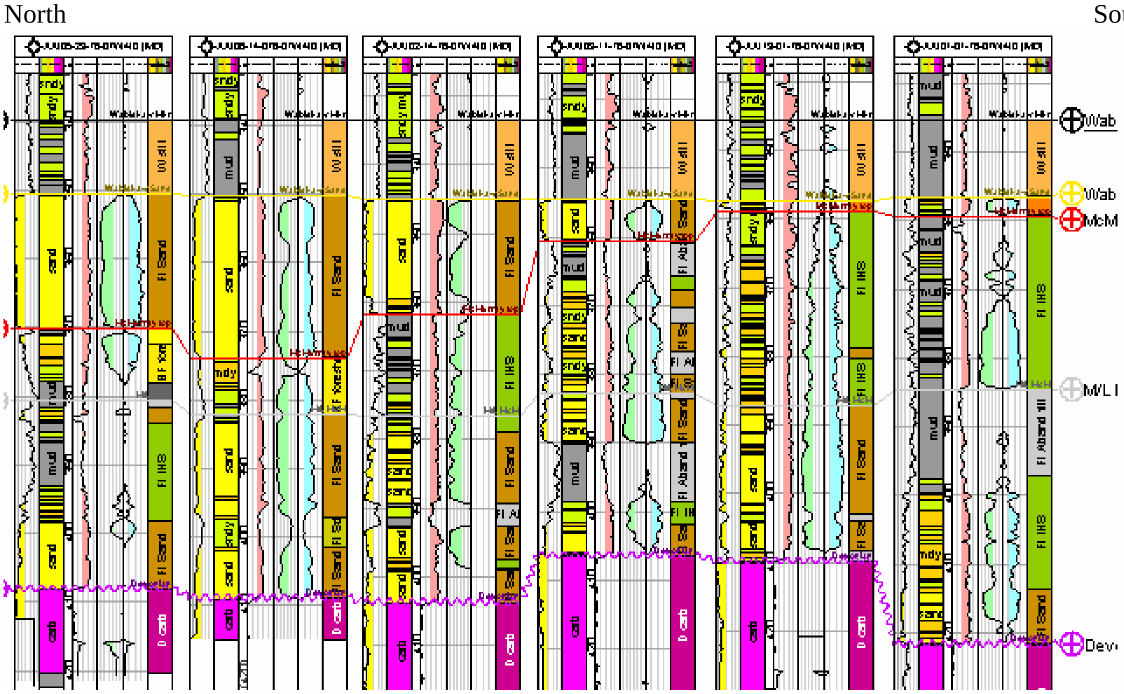

Figure 3 Well Section from north to south through Newmont leases

The first section (Figure 2) is a west-east section showing the thick Wabiskaw "D" channel and the second section (Figure 3) illustrates the thick multiple stacked channels in the McMurray, especially in the southeast.

Geological Model

Extensive data checking and editing was performed on the input log data to ensure that it was correct. Typical corrections include KB errors, mislabeled curves, and, in some cases, missing sections of the logs. The other main input is interpretational such as formation tops, fluid contacts, depositional facies, calculated log curves, edited surface maps and trends. The software then performs various statistical operations to interpolate and/or extrapolate between wells in order to populate all cells in the model with data.

Figure 4 illustrates the structure on the Wabiskaw Marker, a widespread marine shale, on which the well sections were flattened. The small-scale structural relief in the center of township 76 Range 7 is believed to have been caused by differential salt solution in the Devonian Prairie Evaporites.

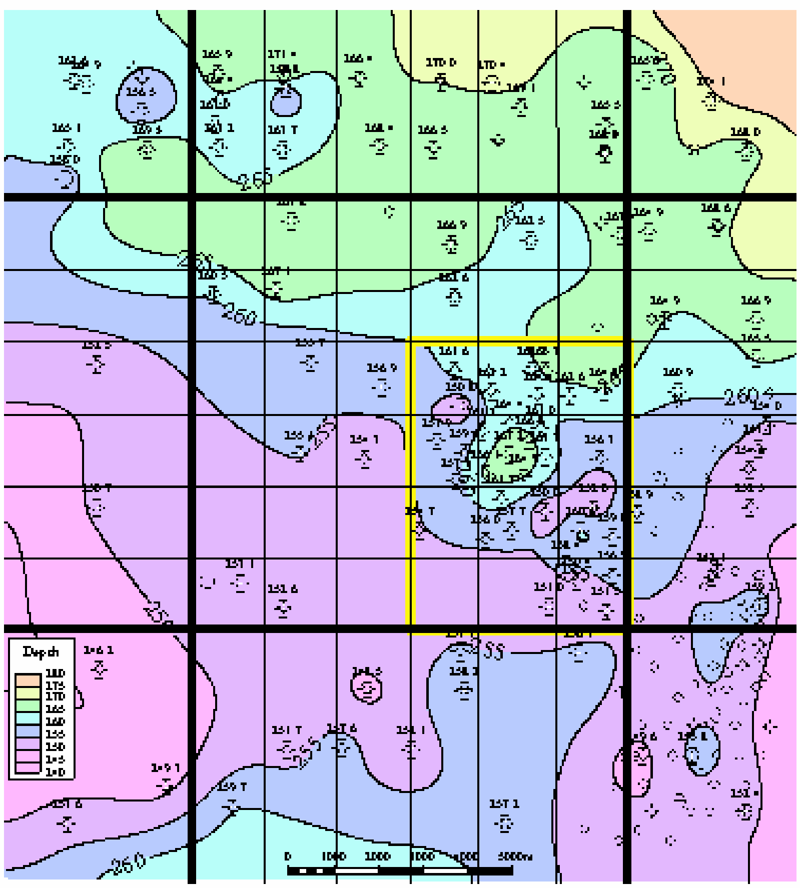

Figure 4 Structure Map on Wabiskaw Marker, showing Township 76 Range 7W4 in center with Newmont Oil Sands Leases outlined in yellow. Outer outline is area mapped in model.

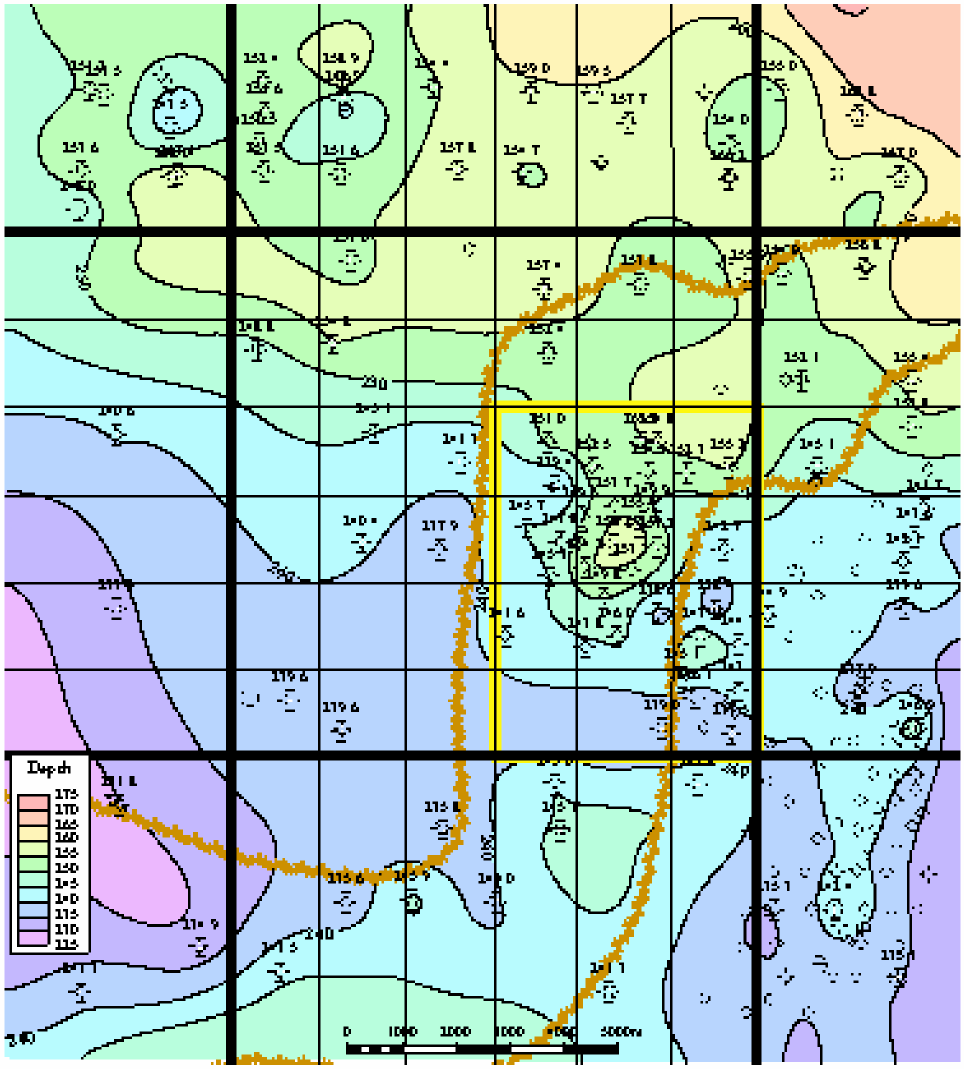

Figure 5 Structure Map on Wabiskaw "D" showing edges of Wabiskaw "D" valley fill channel in brown. Where the Wabiskaw "D" valley fill is not present, this structure is equivalent to the top of McMurray.

In this report, the Wabiskaw "D" valley revinement and fill represents events subsequent to deposition in the McMurray Formation, although some authors previously considered this part of the McMurray. As on the Wabiskaw Marker structure map, Figure 5 shows small-scale structures representing salt solution features.

On Figure 6, the steep drop into the thicker part of the main Athabasca paleovalley can be seen in the southeast corner of the map. In addition there is a northwest trending low on the Devonian surface through the Newmont leases that focused McMurray age river channels, resulting in a higher proportion of sand in this area. Figure 7 is a 3D representation of the Devonian subcrop structure.

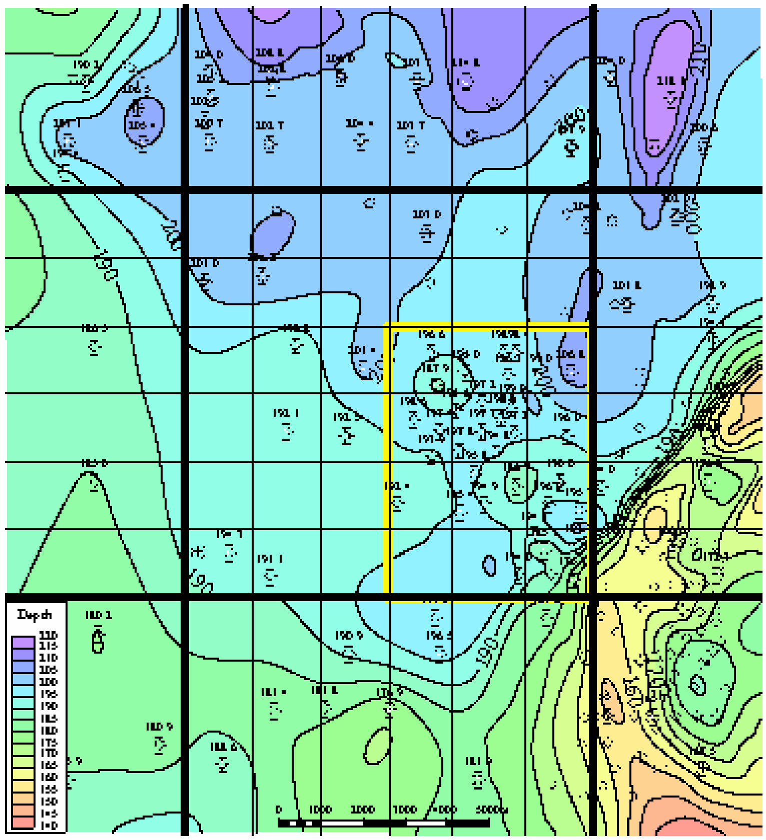

Figure 6 **Devonian Structure Map**

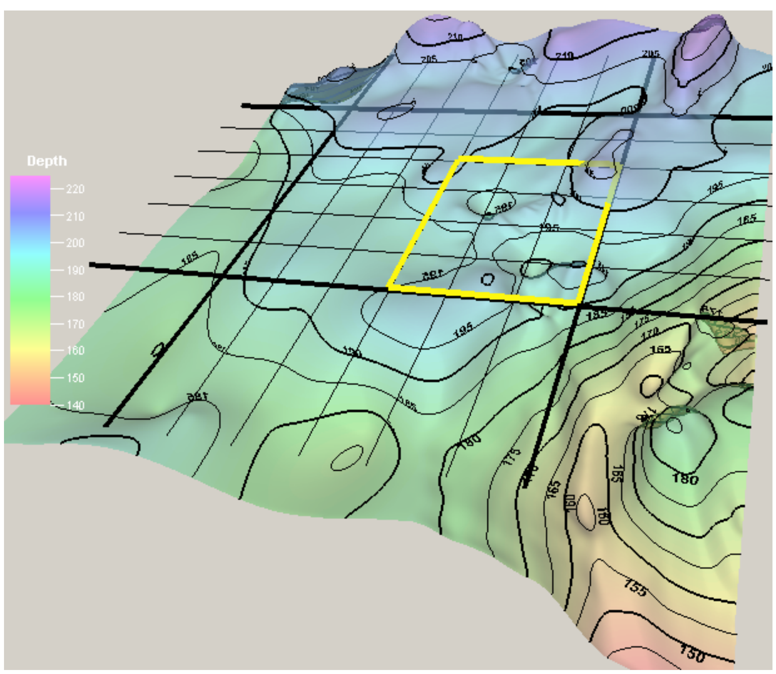

Figure 7 **Devonian Structure Map, 3D view looking north northwest.**

The foregoing maps are examples of input for the model, which are partly mathematical creations and partly edited interpretations, to force compliance with geological principles or understanding. The model is an integrated analysis of the entire volume from the top of Wabiskaw "D" or McMurray sediments to the base of McMurray or top of Devonian. It can, however, be readily subdivided into depositionally similar packages for ease of understanding and viewing. The lowest subdivision used in the model is the lower and middle McMurray. This package represents sediments deposited mainly in a fluvial environment in which channel actively reworked previously deposited channels, filling the main Athabasca paleovalley. The upper McMurray package contains a combination of three or more cycles of estuarine bayfill sediments subsequently cut by fluvial channels following or during each cycle. The last package was the Wabiskaw "D" valley fill that was deposited in a valley that eroded deeply into the upper McMurray and contains unusually consistent sands without the silts and muds common in the McMurray.

In figure 8, below, the generalized depositional facies that were identified in each well are listed. Those used in the Wabiskaw "D" and McMurray are: Bayfill Shoreface, Bayfill Foreshore, Bayfill Mud, Fluvial Sand, Fluvial Sand and Silts, Fluvial IHS (Interbedded Heterolithic Stratification) and Fluvial Abandonment Mud. The colour table consistently represents those facies in the following illustrations.

Code	Name	Parent	Color
0	W sand		
1	W silt		
2	BF Shore		
3	BF foreshr		
4	BF Mud		
5	Fl Sand		
6	Fl Sd/Slt		
7	Fl IHS		
8	Fl Aband fill		
9	T sd/slt		
10	T mud		
11	D carb		

Figure 8 Facies colour chart.

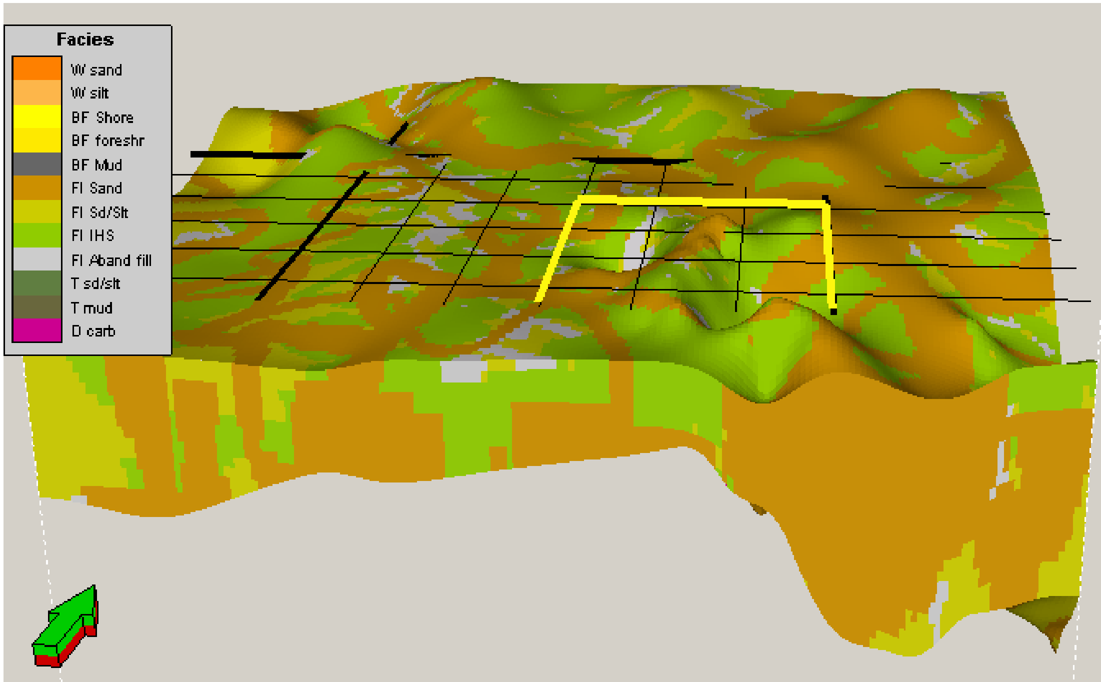

Figure 9 **Intersection of middle/lower McMurray through middle of sections 1, 2 and 3, looking north**

Figure 9 shows the pattern and variation expected in a fluvial environment. The model requires input for variables governing how it inserts channel facies into the model. Variables such as channel trend, variation from the trend, channel thickness, width, meander amplitude, wavelength and number of channels inserted can all be set in the model. The software attempts, if allowed, to match the percentage of each facies to the percentage found in the wells through the interval. In the upper McMurray, the matrix facies patterns of the estuarine bayfill successions were set first and then the fluvial channels were inserted in a second step, again in the proper proportions, giving a realistic mechanism and ultimately a credible model outcome.

Figure 10 shows an intersection through the southern part of section 14 where the thick Wabiskaw "D" channel sits on good McMurray sands as well. The yellow colours in the upper McMurray show the model interpretation of preserved shoreface and foreshore sands cut by fluvial channels. These intersections are exaggerated in the vertical direction by a factor of 100 compared to horizontal in order to show the stratigraphic relationships. This also makes the salt-solution structures, which are current gas traps, quite obvious.

Figure 11 is an isopach of the Wabiskaw "D" channel that has eroded into the McMurray. In contrast to the McMurray with its numerous mud drapes and muddy abandonment fills, the Wabiskaw "D" is composed of highly uniform, fine sand with virtually no mud laminae or drapes. Structurally, the channel sands were folded by the salt-solution structures that later trapped gas in them, sometimes with a higher water saturated zone immediately beneath the gas. Figure 12 is a 3D view of the channel looking to the east northeast and clearly illustrates one of the salt-solution structures.

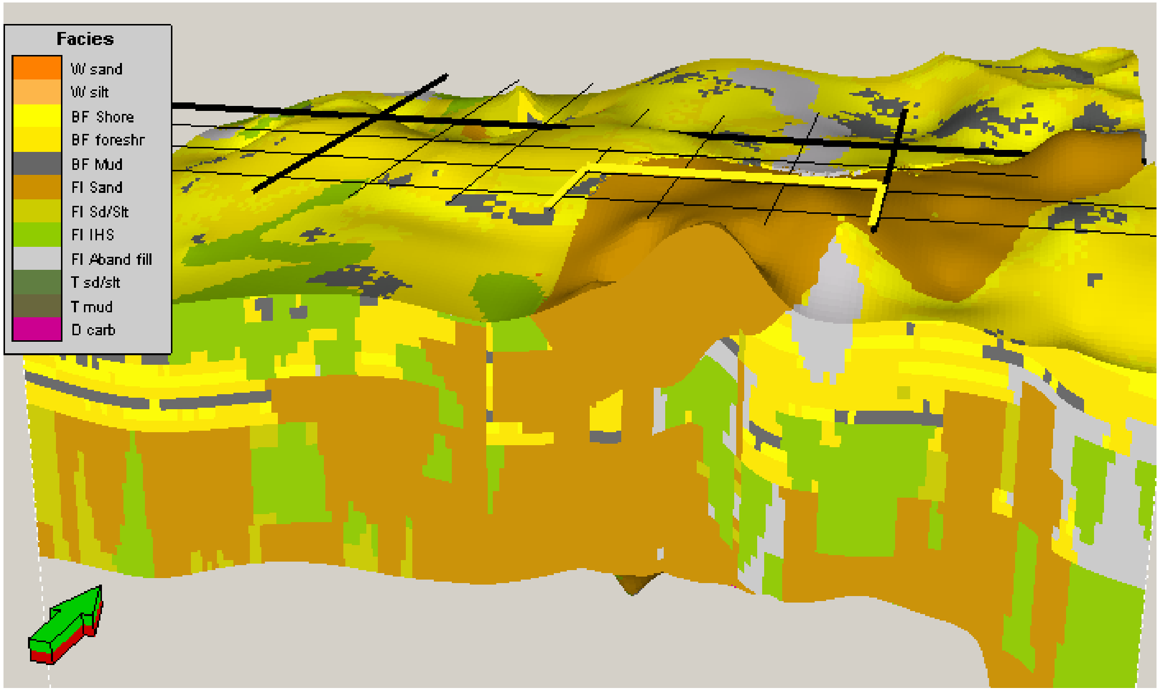

Figure 10 **Intersection of Wabiskaw "D", upper McMurray and middle/lower McMurray through southern part of Section 14, looking north northwest**

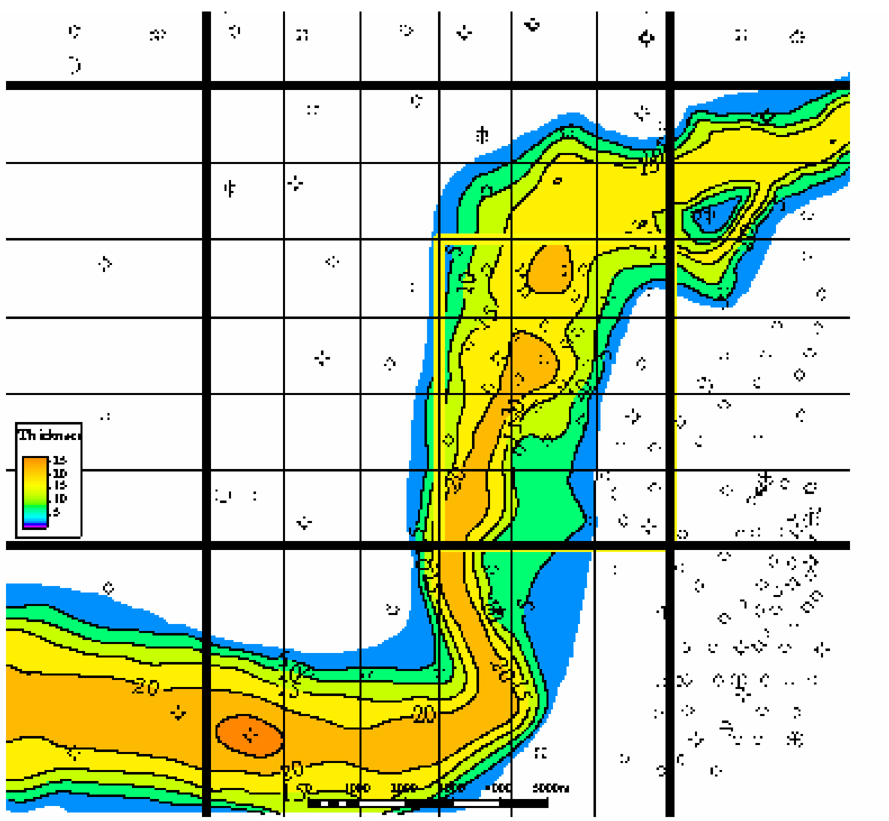

Figure 11 **Wabiskaw "D" Isopach Map**

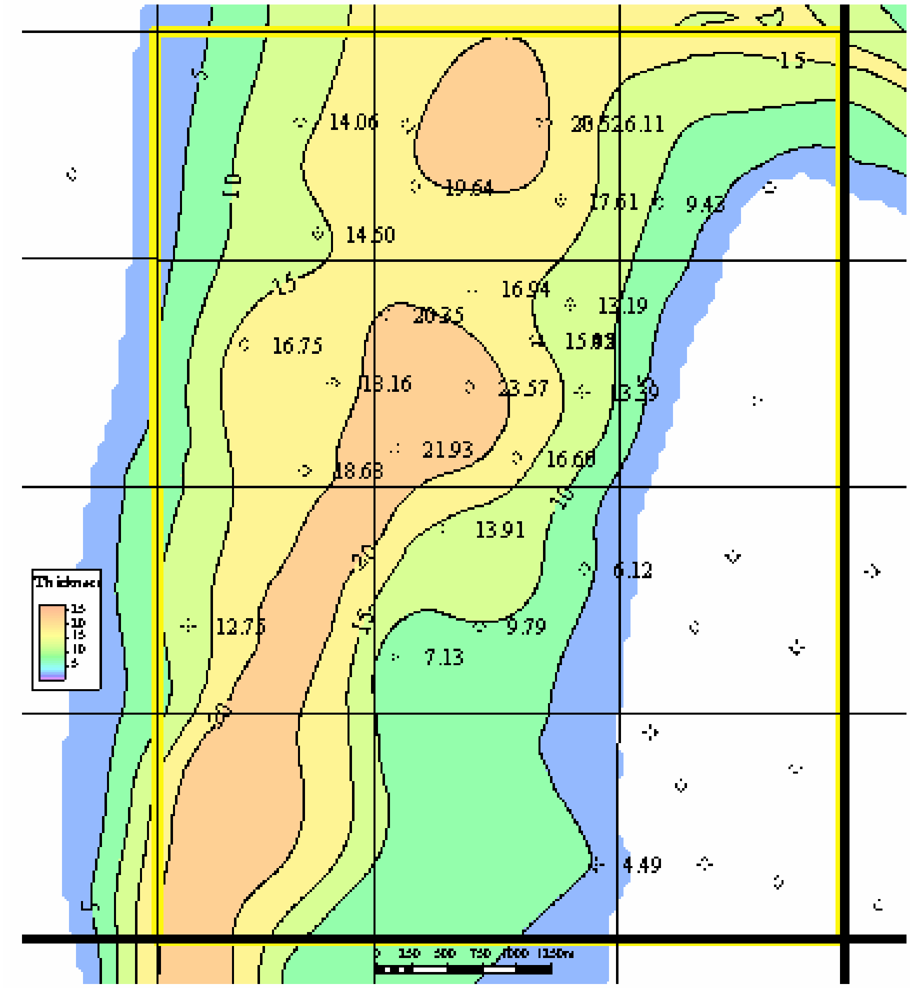

Figure 12 **Wabiskaw "D" Isopach Map over Newmont Oil Sands Leases**

4. Interpretations and Conclusions

Industry Activity and Offsetting Development

Significant industry activity has taken place in the general area of the Newmont leases. A SAGD pilot project operated by EnCana to produce bitumen from the McMurray Formation is located 3 km east of the leases and a pilot has been in successful operation for several years. In November 2003, Devon made application for a SAGD project about 3 km south east of the leases, also to produce bitumen from the McMurray Formation. Figure 13 illustrates the location of these projects relative to the Newmont Oil Sands Leases.

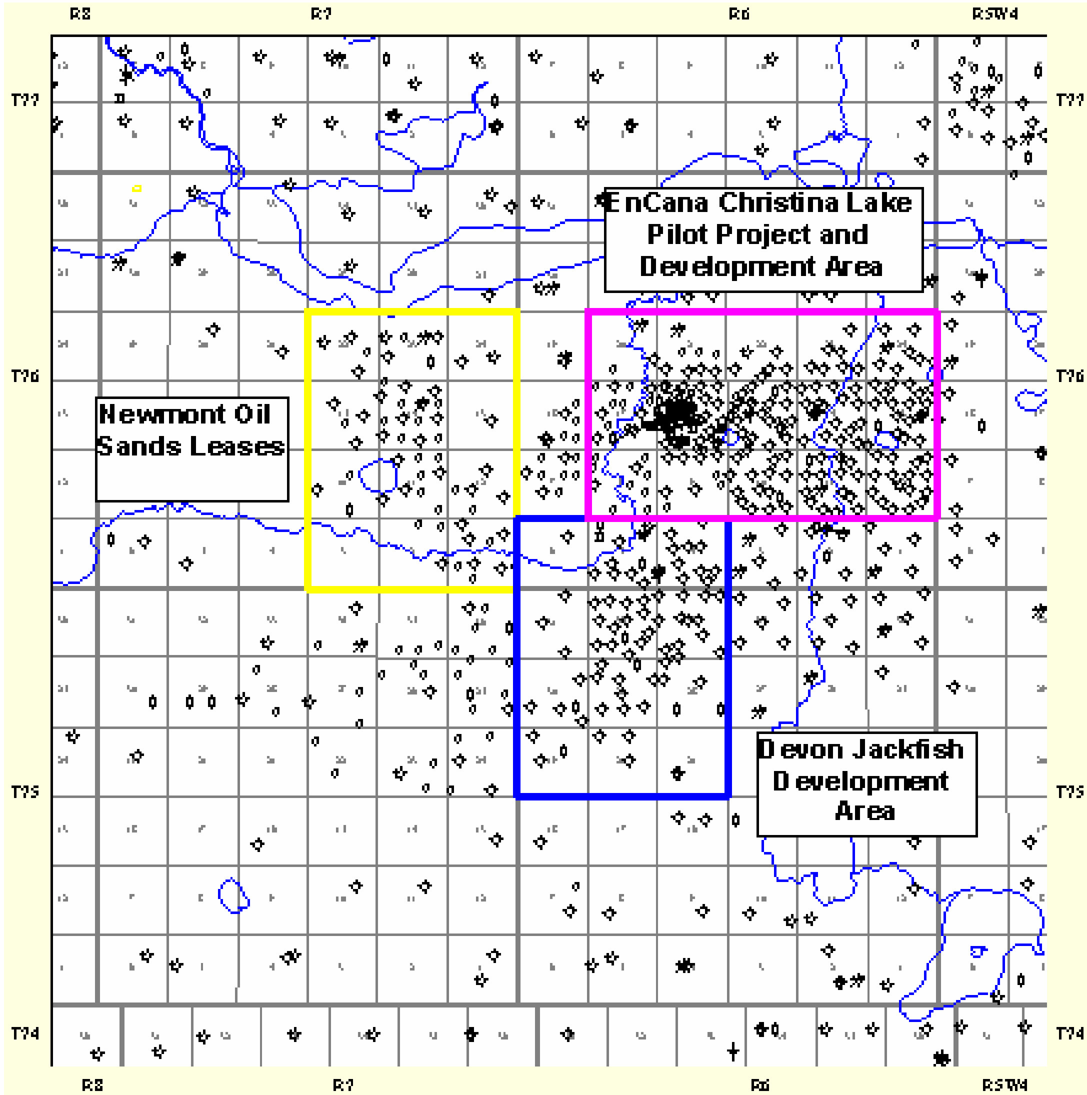

Figure 13 **Newmont Oil Sands Leases (yellow) showing adjacent McMurray SAGD projects**

Bitumen Resource

The volume of bitumen in place for this project is dependent on the bulk volume of sand that was deposited by the rivers flowing through the area. These rivers deposited a spectrum of sediments ranging from good, porous sand to mud. In areas where the river channels repeatedly cut into previously deposited channel sediments, the lowest, sand rich part of the channel sediments tend to be preferentially preserved, resulting in more continuous sand with fewer mud beds in the vertical profile. Correctly predicting this volume of sand in the lease area is the greatest uncertainty involved in estimating bitumen in place. The software program attempts to match the volume of sand in the entire model with the proportion of sand encountered in the wells; however, there are probably concentrations of sand in local areas that require appropriate interpretive input to be correct. As more wells are drilled, this uncertainty will be better resolved.

The bitumen resource on the Newmont leases was evaluated separately for the Wabiskaw "D" channel and for the McMurray. Areas with less than 10 m of bitumen pay were excluded from the volumes. Figures 14 and 15 show the areas within which bitumen pay thickness exceeded 10 m for the Wabiskaw "D" and McMurray respectively. A more conservative volume was also used for the McMurray to account for uncertainty in pay thickness as shown in Figure 15. Further restrictions were imposed to exclude gas or water zones from the volumes considered.

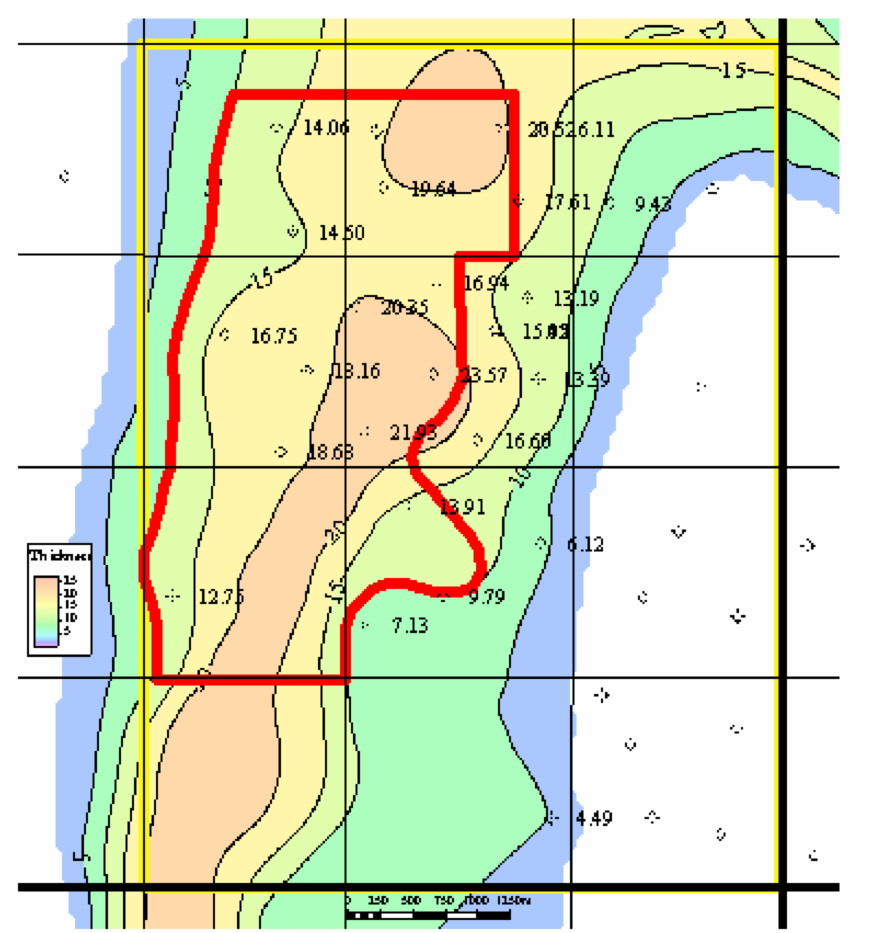

Figure 14 Wabiskaw "D" Isopach Map over Newmont Oil Sands Leases showing Limit of 10 m Bitumen Pay

Figure 16 is a map showing the gross thickness of bitumen in the McMurray on the Newmont Oil Sands Leases. There are no widely correlatable mudstone beds within the McMurray that isolate large volumes of bitumen saturated sand; however, there are some mudstones greater than 2 meters thick that would be expected to stall or stop upward steam chamber growth. The aerial extents of these mudstones are unknown, but are presumed to be limited because of the extensive reworking of old channels by later and downward erosion of the sand depositing streams in the area. Consequently, this map presents a somewhat optimistic view. As additional wells are drilled, a better understanding of realistic net to gross pay thickness can be determined.

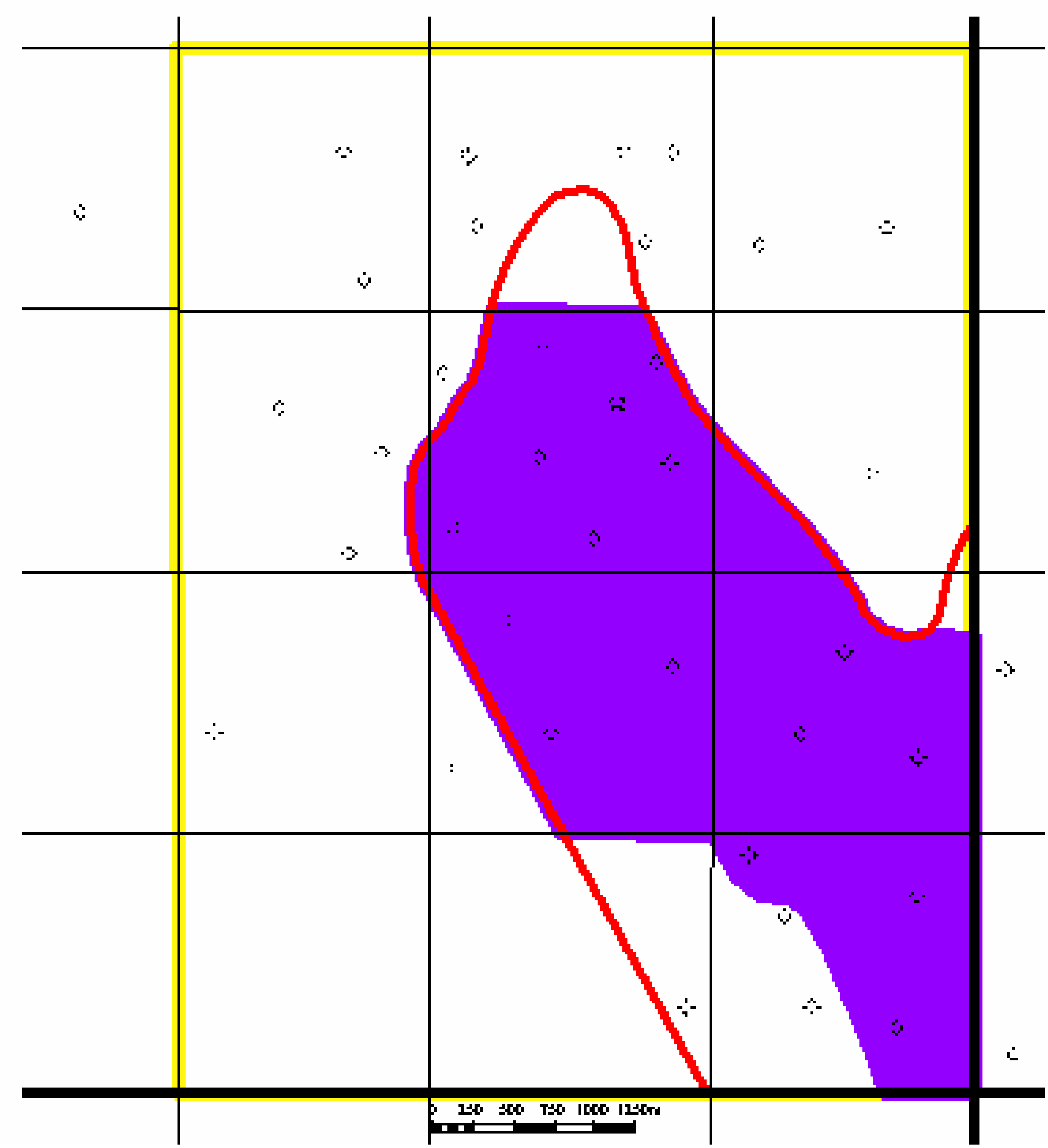

Figure 15 Limit of 10 m Bitumen Pay in McMurray (red line) and Conservative Area of Bitumen Pay (purple)

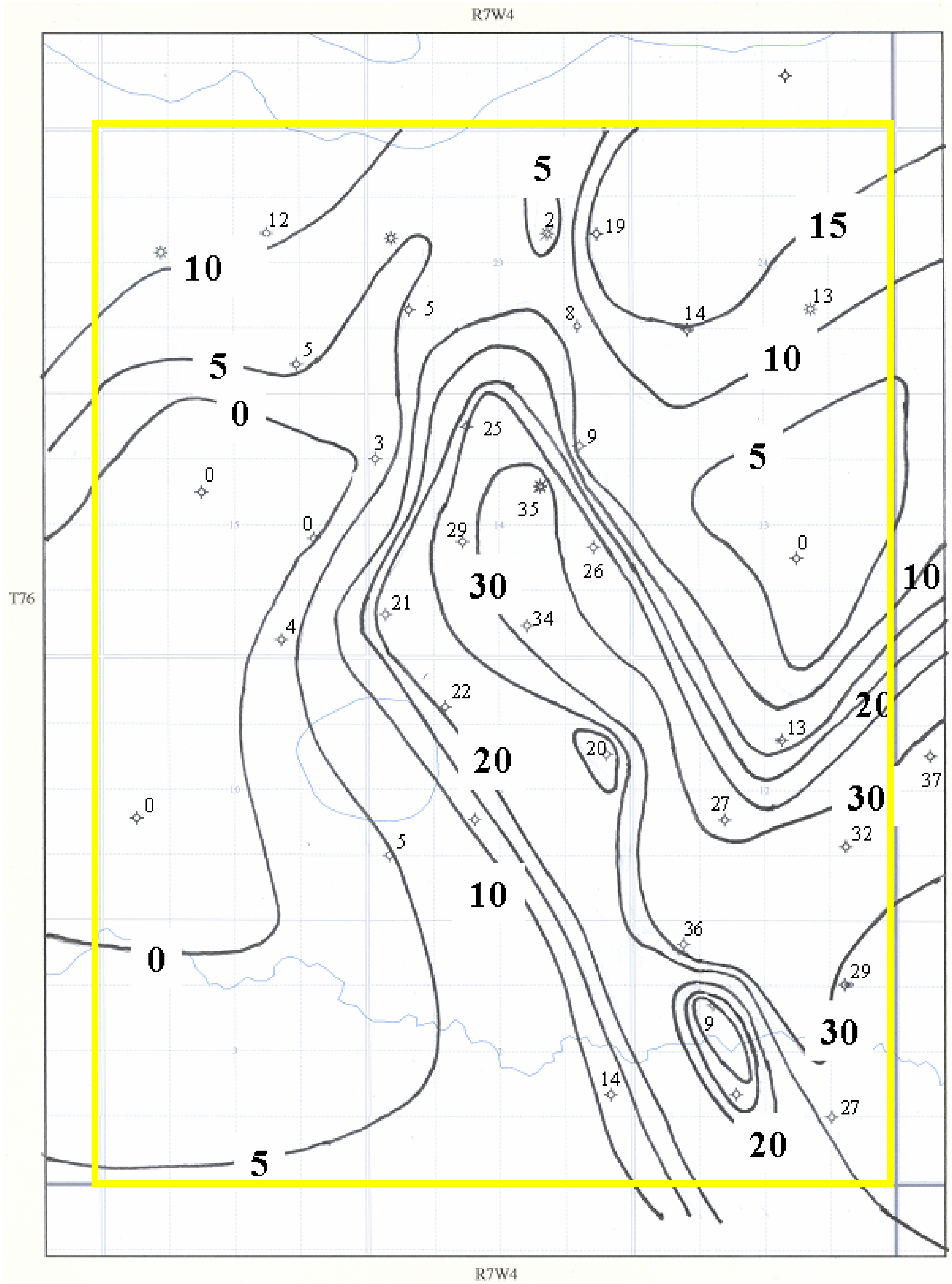

Figure 16 McMurray Bitumen Pay On Newmont Leases

Bitumen in Place Volumes

Wabiskaw "D"	34.9 10E6M3
McMurray 10m cutoff	63.4 10E6M3
McMurray conservative	51.5 10E6M3

This gives a total OOIP of 86.4 10E6M3 (543 mmstb) for the more conservative bitumen in place volume and 98.3 10E6M3 (618 mmstb) for the 10 m cutoff volume. At a 50 and 65 percent recovery factor reserves are estimated at:

	10 m cutoff	**conservative**
50 percent Rf	49.2 E6M3 309.5 mmstb	43.2 E6M3 271.7 mmstb
65 percent Rf	63.9 401.9 mmstb	56.2 E6M3 353.2 mmstb

Conclusions

The first 18 wells have resulted in an estimated OOIP of 86.4 E6M3 (543 mmstb), which corresponds to a large scale commercial SAGD project.