

ANNUAL REPORT 2006



EARTHWORKS

MISSION STATEMENT

EARTHWORKS is a non-profit organization dedicated to protecting communities and the environment from the impacts of destructive mineral development in the U.S. and worldwide.

We fulfill our mission by working with communities and grassroots groups to reform government policies, improve corporate practices, and influence investment decisions. We work to encourage conservation, recycling, responsible materials policies, fuel efficiency, and renewable energy sources. We expose the health, environmental, economic, social and cultural impacts of irresponsible mineral development through work informed by sound science.

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About the Cover: The Broad-billed Hummingbird (*Cyanthus latirostris*) is one of the many species threatened by a proposed copper mine in the Santa Rita Mountains near Tucson, AZ. The Santa Ritas are recognized as an Important Birding Area (IBA) and are listed as part of the Biological Core by the Sonoran Desert Conservation Plan .

2006 Top Accomplishments

OGAP Wins Campaign to Protect Valle Vidal

A multi-year campaign led by our Oil and Gas Accountability Project (OGAP) permanently protected the Valle Vidal from oil and gas development. The legislation was signed into law in December by President Bush. The Valle Vidal (Spanish for "Valley of Life") is a lush mountain basin in the heart of the Sangre de Cristo Mountains, often referred to as "New Mexico's Yellowstone."



On the Road to Certification

EARTHWORKS played a leadership role in the June launch of the Initiative for Responsible Mining (IRMA), a multi-sector effort to establish standards and a certification system for metal mining. Like FSC certified wood and fair trade coffee, this system will ensure that gold and other minerals are responsibly sourced.

"Get the Mercury Out!"



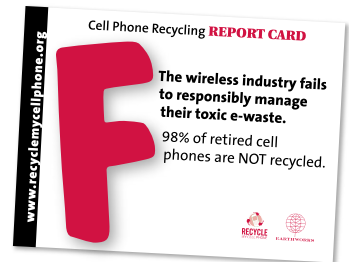
EARTHWORKS and our partners launched a new campaign to get the mercury out of gold mining; 25% of all mercury emissions west of Texas are released by mining! In 2006 we released two reports exposing dangerous levels of mercury air emissions at Nevada mines and laid the groundwork for a 2007 legislative push for stronger regulations in the state.

Leading Retailers Pledge Their Gold Jewelry Will Sparkle Responsibly

The No Dirty Gold campaign celebrated Valentine's Day with a provocative full-page ad in The New York Times that named 8 leading jewelry retailers that had signed onto the "Golden Rules" for responsible gold sourcing, as well as 8 laggards that had not. Participating jewelers now represent 22 percent of the country's total jewelry market.

Holding the Wireless Industry Accountable

In April, the Recycle My Cell Phone campaign issued a failing grade to the four largest wireless providers in the U.S. for their take back, reuse, and recycling efforts. With pressure from the report and the thousands of wireless consumers that we mobilized, some companies have begun to ramp up their recycling efforts.

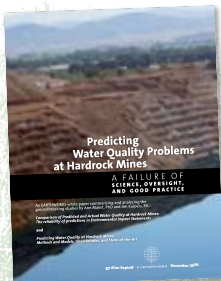


Creating Change from the Ground Up

EARTHWORKS provides critical on-the-ground support to communities worldwide facing irresponsible mineral development. This year we helped Washington's Colville Indian Tribe protect spiritually-significant land from a proposed molybdenum mine; homeowners in Dragoons, Arizona fighting to stop drilling on their property; farmers in Ghana seeking to hold the World Bank accountable for their lending policies; groups working to protect the Upper Missouri River Breaks National Monument from oil and gas development and many others.

New Research Reveals Widespread Failure to Keep Mines from Polluting Water

EARTHWORKS released two groundbreaking scientific reports that demonstrated the ineffectiveness of Environmental Impact Statements (EISs) and the problems with the predictive models used to assess the impacts of mines on water resources. These reports are changing the way that policy makers, regulators, investors and insurers are looking at new mining projects and are serving as powerful tools for our community partners.



FOUNDATIONS

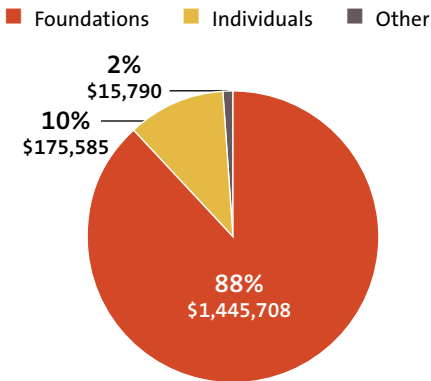
EARTHWORKS gratefully acknowledges the generous support and critical contributions of our members and e-activists.

Alki Fund of the Tides Foundation
 Ballantine Family Fund
 Boreal Songbird Initiative
 Brainerd Foundation
 Bullitt Foundation
 Coalition for the Valle Vidal
 Colymbus Foundation
 Ecotrust
 Educational Foundation of America
 Fanwood Foundation/West
 Jessie Smith Noyes Foundation
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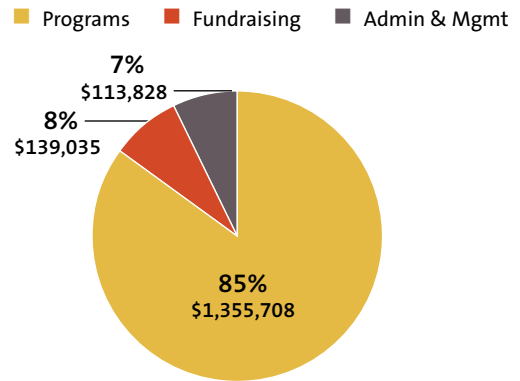
Financial Information

Income FY2006



Year End Net Assets: \$831,516

Expenses FY2006



Program Expense Breakdown:

- Oil & Gas Accountability Project: \$555,978
- US Mining Reform: \$387,628
- International Mining Reform: \$258,015
- Alaskans for Responsible Mining: \$11,916
- Public/Member Information & Services: \$142,171

Audited financial statements available by request or online: www.earthworksaction.org

To donate to EARTHWORKS or learn more about our work, please visit www.earthworksaction.org or contact us at: EARTHWORKS ■ 1612 K St., NW ■ Suite 808 ■ Washington, D.C 20006 ■ USA (202) 887-1872 ■ info@earthworksaction.org