NEWMONT MINING CORP /DE/
Form 10-Q/A
October 24, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q/A

(Amendment No. 1)

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2003

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	**84-1611629**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**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

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. x Yes ¨ No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12-b2 of the Exchange Act). x Yes ¨ No

There were 364,076,754 shares of common stock outstanding on July 30, 2003 (and 43,989,956 exchangeable shares).

Explanatory Note

This Amendment No. 1 on Form 10-Q/A (this Amendment) amends the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 filed on August 4, 2003. Newmont Mining Corporation has filed this amendment to provide additional information and to make certain corrections to Note 17, Segment Information, in the Consolidated Financial Statements. Other information contained herein has not been updated. Therefore, you should read this Amendment with other documents that we have filed with the Securities and Exchange Commission. Information in such reports and documents update and supersede certain information contained in this Amendment.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended June 30,	
	2003	2002
	(unaudited, in thousands, except per share)	
Revenues		
Sales gold	$ 724,026	$ 609,516
Sales base metals, net	12,735	22,935
Royalties	10,461	11,202
	747,222	643,653
Costs and expenses		
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	423,700	383,515
Base metals	9,973	8,674
Depreciation, depletion and amortization	139,337	123,602
Exploration and research	30,247	18,788
General and administrative	31,292	27,652
Write-down of long-lived assets	1,794	
Other	2,454	(1,791)
	638,797	560,440
Other income (expense)		
Gain on investments, net		47,298
Gain (loss) on gold commodity derivative instruments, net	16,644	(9,478)
Gain on extinguishment of NYOL bonds, net	94,414	
Gain on extinguishment of NYOL derivatives liability, net	76,578	
Dividends, interest income, foreign currency exchange and other income	32,318	14,843
Interest expense, net of capitalized interest of $1,758 and $1,223, respectively	(22,669)	(35,101)
	197,285	17,562
Pre-tax income before minority interest, equity (loss) income and impairment of affiliates	305,710	100,775
Income tax expense	(89,038)	(29,821)
Minority interest in income of subsidiaries	(35,807)	(19,284)
Equity loss and impairment of Australian Magnesium Corporation	(107,758)	(688)
Equity income of affiliates	17,740	18,008

Net income	90,847	68,990
Preferred stock dividends		(1,869)
Net income applicable to common shares	$ 90,847	$ 67,121
Net income	$ 90,847	$ 68,990
Other comprehensive income, net of tax	19,130	29,828
Comprehensive income	$ 109,977	$ 98,818
Net income per common share, basic and diluted	$ 0.22	$ 0.17
Basic weighted average common shares outstanding	405,388	397,532
Diluted weighted average common shares outstanding	408,242	399,468
Cash dividends declared per common share	$ 0.04	$ 0.03

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME

	Six Months Ended June 30,	
	2003	**2002**
	(unaudited, in thousands, except per share)	
Revenues		
Sales gold	$ 1,438,582	$ 1,091,750
Sales base metals, net	32,168	32,305
Royalties	24,941	15,002
	1,495,691	1,139,057
Costs and expenses		
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	822,709	712,050
Base metals	25,335	19,379
Depreciation, depletion and amortization	269,930	225,788
Exploration and research	51,719	30,355
General and administrative	57,702	48,967
Write-down of long-lived assets	1,794	
Other	24,473	(921)
	1,253,662	1,035,618
Other income (expense)		
Gain on investments, net	84,337	47,298
Gain (loss) on gold commodity derivative instruments, net	71,669	(3,147)
Gain on extinguishment of NYOL bonds, net	94,414	
Gain on extinguishment of NYOL derivatives liability, net	76,578	
Loss on extinguishment of debt	(19,530)	
Dividends, interest income, foreign currency exchange and other income	64,157	15,258
Interest expense, net of capitalized interest of $3,048 and $2,294, respectively	(52,615)	(66,238)
	319,010	(6,829)
Pre-tax income before minority interest, equity (loss) income and impairment of affiliates and cumulative effect of a change in accounting principle	561,039	96,610
Income tax expense	(151,601)	(31,009)
Minority interest in income of subsidiaries	(73,596)	(29,834)
Equity loss and impairment of Australian Magnesium Corporation	(119,485)	(688)
Equity income of affiliates	26,278	19,412
Net income before cumulative effect of a change in accounting principle	242,635	54,491
Cumulative effect of a change in accounting principle, net of tax of $11,188 and $(4,147), respectively	(34,533)	7,701
Net income	208,102	62,192
Preferred stock dividends		(3,738)
Net income applicable to common shares	$ 208,102	$ 58,454

Net income	$ 208,102	$ 62,192
Other comprehensive income, net of tax	60,159	57,706
Comprehensive income	$ 268,261	$ 119,898
Net income per common share before cumulative effect of a change in accounting principle, basic	$ 0.60	$ 0.15
Cumulative effect of a change in accounting principle per common share, basic	(0.08)	0.02
Net income per common share, basic	$ 0.52	$ 0.17
Net income per common share before cumulative effect of a change in accounting principle, diluted	$ 0.60	$ 0.15
Cumulative effect of a change in accounting principle per common share, diluted	(0.09)	0.02
Net income per common share, diluted	$ 0.51	$ 0.17
Basic weighted average common shares outstanding	403,648	339,817
Diluted weighted average common shares outstanding	406,305	341,262
Cash dividends declared per common share	$ 0.08	$ 0.06

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

CONSOLIDATED BALANCE SHEETS

	June 30, 2003	December 31, 2002
	(unaudited, in thousands)	
ASSETS		
Cash and cash equivalents	$ 274,741	$ 401,683
Marketable securities short-term	12,030	13,188
Accounts receivable	44,971	44,510
Inventories	170,458	169,324
Stockpiles and ore on leach pads	277,021	328,993
Prepaid taxes	19,318	28,335
Deferred stripping costs short term	28,660	32,085
Deferred income tax assets	53,482	51,451
Newmont Australia infrastructure bonds	114,287	
Other current assets	63,365	43,687
Current assets	1,058,333	1,113,256
Property, plant and mine development, net	2,343,102	2,287,030
Mineral interests and other intangible assets, net	1,405,066	1,415,348
Investments	695,059	1,206,705
Marketable securities long-term	291,004	
Deferred stripping costs long term	39,336	23,302
Long-term stockpiles and ore on leach pads	282,537	199,761
Deferred income tax assets	879,324	761,428
Other long-term assets	89,208	123,112
Goodwill	3,068,657	3,024,576
Total assets	$ 10,151,626	$ 10,154,518
LIABILITIES		
Current portion of long-term debt	$ 176,422	$ 115,322
Accounts payable	151,042	105,277
Deferred income tax liabilities	9,171	28,469
Derivative instruments	7,914	74,999
Employee related benefits short-term	117,196	100,936
Other current liabilities	420,049	268,460
Current liabilities	881,794	693,463
Long-term debt	1,277,166	1,701,282
Reclamation and remediation liabilities	421,970	288,536
Deferred revenue from sale of future production	53,841	53,841
Derivative instruments	17,254	388,659
Deferred income tax liabilities	742,237	656,452
Employee related benefits long-term	214,697	234,103
Other long-term liabilities	379,677	364,376
Total liabilities	3,988,636	4,380,712
Commitments and contingencies (Note 18)		
Minority interest in subsidiaries	362,196	354,558
STOCKHOLDERS EQUITY		
Preferred stock $5.00 par value;		
Authorized 5.0 million shares		

Issued and outstanding none		
Common stock $1.60 par value;		
Authorized 750 million shares at each period end, respectively		
Issued and outstanding		
Common: 362.1 million and 353.2 million shares issued, less 90 thousand and 9 thousand treasury shares, respectively	579,733	565,019
Exchangeable: 55.9 million shares, less 10 million and 7 million redeemed shares, respectively		
Additional paid-in capital	5,153,258	5,038,468
Accumulated other comprehensive income (loss)	(3,867)	(64,026)
Retained earnings (deficit)	71,670	(120,213)
Total stockholders equity	5,800,794	5,419,248
Total liabilities and stockholders equity	$ 10,151,626	$ 10,154,518

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED CASH FLOWS

	Six Months Ended June 30,	
	2003	**2002**
	(unaudited, in thousands)	
Operating activities:		
Net income	$ 208,102	$ 62,192
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	269,930	225,788
Accretion of accumulated reclamation obligations	11,320	
Amortization of deferred stripping costs, net	(14,114)	8,903
Deferred income taxes	8,745	(10,403)
Foreign currency exchange (gain) loss	(34,019)	10,504
Minority interest, net of dividends	44,406	27,134
Equity loss (income) and impairment of affiliates, net of dividends	99,309	(14,859)
Write-downs of inventories, stockpiles and ore on leach pads	17,941	15,897
Cumulative effect of a change in accounting principle, net of tax	34,533	(7,701)
Gain on investments, net	(84,337)	(47,298)
Gain on gold commodity derivative instruments, net	(71,669)	3,147
Gain on extinguishment of NYOL bonds, net	(94,414)	
Gain on extinguishment of NYOL derivatives liability, net	(76,578)	
Loss on extinguishment of debt	19,530	
Gain on sale of assets and other	(11,027)	(9,704)
(Increase) decrease in operating assets:		
Accounts receivable	8,000	14,413
Inventories, stockpiles and ore on leach pads	(25,574)	(5,441)
Other assets	7,332	14,881
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	54,156	(46,473)
Derivative instruments	(12,935)	
Early settlement of derivative instruments classified as cash flow hedges	(120,993)	
Other liabilities	(12,698)	(42,896)
Net cash provided by operating activities	224,946	198,084
Investing activities:		
Additions to property, plant and mine development	(215,301)	(140,810)
Advances to joint ventures and affiliates, net	(46,203)	(24,750)
Proceeds from sale of short-term investments	1,653	406,731
Proceeds from the sale of TVX Newmont Americas	180,000	
Proceeds from sale of marketable securities of Lihir		84,002
Proceeds from sale of cross currency swaps		50,816
Early settlement of ineffective derivative instruments	(29,148)	
Cash consideration for acquisition of Newmont NFM minority interest and other	(11,195)	
Cash consideration for the acquisition of Normandy and Franco-Nevada, net of cash received and transaction costs		(87,885)
Proceeds from asset sales and other	988	19,888
Net cash (used) provided by investing activities	(119,206)	307,992
Financing activities:		
Proceeds from long-term debt	115,000	489,131
Repayment of long-term debt	(322,360)	(911,817)
Dividends paid on common and preferred stock	(32,308)	(25,871)

Proceeds from stock issuance and other	24,851	62,898
Other		(691)
Net cash used in financing activities	(214,817)	(386,350)
Effect of exchange rate changes on cash	(17,865)	16,248
Net change in cash and cash equivalents	(126,942)	135,974
Cash and cash equivalents at beginning of period	401,683	149,431
Cash and cash equivalents at end of period	$ 274,741	$ 285,405
Supplemental information:		
Accrual for NYOL bond extinguishment	$ 98,398	$
Interest paid, net of amounts capitalized of $3,048 and $2,294, respectively	$ 67,297	$ 61,668
Income taxes paid	$ 110,467	$ 45,700

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The following interim Consolidated Financial Statements of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company) are unaudited and prepared in accordance with the rules and regulations of the Securities and Exchange Commission for Form 10-Q. Such rules and regulations allow the omission of certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles as long as the statements are not misleading. In the opinion of management, all adjustments necessary for a fair presentation of these interim statements have been included. These adjustments are of a normal recurring nature, except for the effects of the February 2002 acquisitions. These interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of Newmont included in its Annual Report on Form 10-K/A for the year ended December 31, 2002.

The Company s Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the Company s Consolidated Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the period. The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates and units-of-production depreciation, depletion and amortization calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other minerals in stockpile and leach pads inventories; asset impairments (including impairments of goodwill, long-lived assets, and investments); write-downs of inventory to net realizable value; post-employment, post-retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; reserves for contingencies and litigation; and the fair value and accounting treatment of financial instruments. The Company bases its estimates on the Company s historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

References to A$ refer to Australian currency, CDN$ to Canadian currency and $ or US$ to United States currency.

Certain amounts for the three and six months ended June 30, 2002 and at December 31, 2002 have been reclassified to conform to 2003 presentation.

(2) ACQUISITIONS

Newmont NFM Limited Scheme of Arrangement

On April 2, 2003, the shareholders of Normandy NFM Limited (an Australian corporation trading as Newmont NFM on the Australian Stock Exchange or ASX) voted to approve the proposed scheme of arrangement under which Newmont NFM would become a wholly-owned subsidiary of Newmont Australia Limited, a wholly-owned subsidiary of Newmont Mining Corporation, through the acquisition of the remaining minority interest of Newmont NFM. The Federal Court in Sydney, Australia approved the scheme on April 11, 2003 and the scheme became effective on April 14, 2003 after the orders of the Federal Court were filed with the Australian Securities and Investments Commission. Under the terms of the scheme, Newmont NFM shareholders could receive 4.40 ASX listed Newmont Mining Corporation CHESS Depositary Interests (CDIs) for each Newmont NFM share. Each CDI is equivalent to 0.1 Newmont Mining Corporation common shares. As an alternative to receiving Newmont Mining Corporation CDIs, shareholders could sell their Newmont NFM shares back to the company under a concurrent buy-back offer of A$16.50 per Newmont NFM share. On April 29,

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2003, Newmont Mining Corporation issued 4,437,506 common shares to CHESS Depository Nominees Pty Ltd, and in turn, 44,375,060 CDIs were issued to former Newmont NFM shareholders. The market value of the issued Newmont Mining Corporation shares was approximately $105 million, based on the average quoted value of the shares of $23.58 two days before and after November 28, 2002, the date the terms of the transaction were announced. The market value of the issued shares, together with the cash consideration paid to those shareholders who elected to accept the buy-back offer of approximately $10 million (including transaction costs), gave rise to a total purchase price of approximately $115 million. The transaction was accounted for as a purchase of minority interest in accordance with Statement of Financial Accounting Standards (SFAS) No. 141 Business Combinations in the second quarter of 2003. Newmont NFM was delisted from the ASX in April 2003. Newmont has performed a preliminary purchase price allocation based on independent appraisals and valuations that gave rise to goodwill of $77.1 million. The final purchase price allocation is not expected to vary significantly from the preliminary allocation.

Normandy and Franco-Nevada

During the first quarter of 2002, Newmont acquired Franco-Nevada Mining Corporation Limited. (Franco-Nevada) and Normandy Mining Limited. (Normandy). The effective date for accounting purposes of the acquisitions was February 15, 2002. For more information on the acquisitions and the related purchase price allocation, see Note 3 to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2002.

For information purposes only, the following unaudited pro forma data reflects the consolidated results of operations of Newmont as if the acquisitions of Franco-Nevada and Normandy had taken place on January 1, 2002 (unaudited, in millions, except per share data):

	Six Months Ended June 30, 2002
Revenues	$ 1,368.8
Net loss applicable to common shares before cumulative effect of a change in accounting principle	$ (77.6)
Net loss applicable to common shares	$ (69.9)
Basic and diluted loss per common share before cumulative effect of a change in accounting principle	$ (0.20)
Basic and diluted loss per common share	$ (0.18)
Basic and diluted weighted average common shares outstanding	394.1

On a pro forma basis during the six months ended June 30, 2002, the net loss includes mark-to-market losses on derivative instruments totaling $166.9 million, net of tax. The above pro forma amounts do not include the application of hedge accounting prior to the acquisitions to significant portions of the acquired derivative instruments, as hedge accounting documentation was not in place during those periods. The pro forma information is not indicative of the results of operations that would have occurred had the acquisitions been consummated on January 1, 2002. The information is not indicative of the combined company s future results of operations.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill

Changes in the carrying amount of goodwill allocated to reporting units during 2002 and for the first six months of 2003 are summarized in the following table (unaudited, in millions).

	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America
Balance at January 1, 2002	$	$	$	$	$	$
Purchase price allocation for Normandy and Franco-Nevada acquisitions	40.9		40.9			
Balance at December 31, 2002	40.9		40.9			
Reversal of valuation allowances for acquired deferred tax assets						
Balance at March 31, 2003	40.9		40.9			
Purchase price allocation for Newmont NFM Scheme of Arrangement						
Reversal of valuation allowances for acquired deferred tax assets						
Balance at June 30, 2003	$ 40.9	$	$ 40.9	$	$	$

	Pajingo	Other Australia	Total Australia	Zarafshan-Newmont	Other International Operations	Total Gold
Balance at January 1, 2002	$	$	$	$	$	$
Purchase price allocation for Normandy and Franco-Nevada acquisitions	56.9	140.8	197.7			238.6
Balance at December 31, 2002	56.9	140.8	197.7			238.6
Reversal of valuation allowances for acquired deferred tax assets		(18.5)	(18.5)			(18.5)
Balance at March 31, 2003	56.9	122.3	179.2			220.1
Purchase price allocation for Newmont NFM Scheme of Arrangement		77.1	77.1			77.1
Reversal of valuation allowances for acquired deferred tax assets		(14.5)	(14.5)			(14.5)

Balance at June 30, 2003	$ 56.9	$ 184.9	$ 241.8	$	$	$ 282.7

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Balance at January 1, 2002	$	$	$	$	$
Purchase price allocation for Normandy and Franco-Nevada acquisitions	31.5	1,129.5	1,625.0		3,024.6
Balance at December 31, 2002	31.5	1,129.5	1,625.0		3,024.6
Reversal of valuation allowances for acquired deferred tax assets					(18.5)
Balance at March 31, 2003	31.5	1,129.5	1,625.0		3,006.1
Purchase price allocation for Newmont NFM Scheme of Arrangement					77.1
Reversal of valuation allowances for acquired deferred tax assets					(14.5)
Balance at June 30, 2003	$ 31.5	$ 1,129.5	$ 1,625.0	$	$ 3,068.7

During the six months ended June 30, 2003, the Company reversed valuation allowances for deferred tax assets related to capital loss carry-forwards in Australia due to capital gains generated by the sale of TVX Newmont Americas, the loss of tax attributes from the extinguishment of Newmont Yandal Operations Pty Ltd (NYOL) bonds (see Note 10 for discussion) and from tax benefits arising from the completion of the Newmont NFM Scheme of Arrangement. The valuation allowances were originally recorded as part of the purchase price allocation for the acquisition of Normandy and were therefore reversed against goodwill.

(3) INVENTORIES

	At June 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current:		
In-process	$ 41,782	$ 46,435
Precious metals	23,923	19,467
Materials and supplies	104,753	103,310
Other		112
	$ 170,458	$ 169,324

The Company recorded aggregate write-downs of $5.1 million and $0.8 million for the three months ended June 30, 2003 and 2002, respectively, to reduce the carrying value of inventories to net realizable value. Write-downs in 2003 included $0.8 million at Yanacocha, $0.3 million at Yandal, $0.5 million at Martha and $3.5 million at Golden Grove. Write-downs in 2002 related to $0.8 million at Nevada.

The Company recorded aggregate write-downs of $10.9 million and $2.3 million for the six months ended June 30, 2003 and 2002, respectively, to reduce the carrying value of inventories to net realizable value. Write-downs in 2003 include $0.8 million at Yanacocha, $1.0 million at Yandal, $1.3 million at Minahasa, $1.0 million at Martha and $6.8 million at Golden Grove. Write-downs in 2002 primarily related to $2.0 million at Nevada.

Inventory write-downs are classified as components of *Costs applicable to sales*.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) STOCKPILES AND ORE ON LEACH PADS

	At June 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current:		
Stockpiles	$ 92,129	$ 104,997
Ore on leach pads	184,892	223,996
	$ 277,021	$ 328,993
Long-term:		
Stockpiles	$ 164,830	$ 136,116
Ore on leach pads	117,707	63,645
	$ 282,537	$ 199,761

Write-downs of inventories included in *Costs applicable to sales* totaled $5.1 million and $6.8 million for the three months ended June 30, 2003 and 2002, respectively, to reduce the carrying value of stockpiles to net realizable value. The 2003 stockpile write-downs included $1.4 million at Yandal, $2.1 million at Tanami, $1.0 million at Kalgoorlie, and $0.6 million at Martha. The 2002 stockpile write-downs primarily related to $6.6 million at Nevada.

Write-downs of inventories included in *Costs applicable to sales* totaled $6.8 million and $13.6 million for the six months ended June 30, 2003 and 2002, respectively, to reduce the carrying value of stockpiles to net realizable value. The Company also recorded a write-down in Nevada of $0.2 million for the six months ended June 30, 2003 to reduce the carrying value of ore on leach pads to net realizable value. Stockpile write-downs in 2003 include $0.8 million in Nevada, $1.4 million at Yandal, $2.1 million at Tanami, $1.0 million at Kalgoorlie and $1.5 million at Martha. $13.3 million of the stockpile write-downs in 2002 related to Nevada.

Stockpile and ore on leach pads write-downs are classified as components of *Costs applicable to sales*.

(5) GAIN ON INVESTMENTS, NET

Gain on investment for the three and six months ended June 30, 2003 and 2002 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Gain on exchange of Echo Bay shares for Kinross marketable securities	$	$	$ 84,337	$
Gain on sale of marketable securities of Lihir Gold		47,298		47,298
Total	$	$ 47,298	$ 84,337	$ 47,298

Kinross Gold Corporation

On January 31, 2003, Kinross Gold Corporation (Kinross), Echo Bay Mines Ltd. (Echo Bay) and TVX Gold Inc. (TVX Gold) were combined, and TVX Gold acquired Newmont s 49.9% interest in the TVX Newmont Americas joint venture. Under the terms of the combination and acquisition, Newmont received a 13.8% interest in the restructured Kinross in exchange for its then 45.67% interest in Echo Bay and $180 million for its interest in TVX Newmont Americas. Cash proceeds of $170.6 million were received immediately after the

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

close of the transaction. The remaining $9.4 million, originally held in escrow, were received subsequent to the end of the first quarter. Newmont recognized a pre-tax gain of $84.3 million on the transaction in *Gain on investments, net* in the *Statement of Consolidated Operations*.

Newmont classifies its investment in Kinross as a long-term, available-for-sale marketable security. At June 30, 2003, the fair value of the Kinross investment was $291 million. During the three months ended March 31, 2003, a loss of $45.3 million, net of tax, was recorded in *Other comprehensive income, net of tax* for the change in market value of the investment. During the second quarter of 2003, a loss of $3.2 million, net of tax, was recorded in *Other comprehensive income, net of tax* for the change in market value of the investment. Newmont will continue to monitor the market value of its investment in Kinross Gold Corporation. In the event that the decline in the market value of the Kinross shares continues in future periods, the Company will evaluate the need to recognize a loss for an other-than-temporary decline in the value of the investment.

Gain on Sale of Marketable Securities of Lihir Gold

At March 31, 2002, the Company held a 9.74% interest in Lihir Gold, which was accounted for as an investment in marketable securities. During the three months ended March 31, 2002, unrealized holding gains of $11.0 million were recorded in *Other comprehensive income, net of tax* to reflect the market value increase during the period. On April 12, 2002, Newmont sold its equity holding in Lihir Gold through a block trade to Macquarie Equity Capital Markets Limited in Australia for approximately $84 million, resulting in the recognition of a pre-tax gain of approximately $47.3 million in *Gain on investments, net* in the *Statement of Consolidated Operations*.

Sales of Debt Securities

As part of the Franco-Nevada acquisition in February 2002, the Company acquired significant investments in marketable debt securities. These debt securities are classified as available-for-sale and recorded at their fair values of $402.6 million under purchase accounting. All such securities were sold immediately after the Franco-Nevada acquisition for net proceeds of $402.9 million, resulting in the recognition of a pre-tax gain of $0.3 million, which is included in *Dividends, interest income, foreign currency exchange, and other income* for the six months ended June 30, 2002.

(6) DEFERRED STRIPPING COSTS

Movements in the deferred stripping cost balance were as follows:

	Six months ended June 30,	Year ended December 31,

	2003	2002
	(unaudited, in thousands)	
Opening balance	$ 55,387	$ 91,631
Additions	84,238	65,371
Amortization	(71,629)	(101,615)
Closing balance	$ 67,996	$ 55,387

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) PROPERTY, PLANT AND MINE DEVELOPMENT

	At June 30, 2003			At December 31, 2002		
	Cost	**Accumulated Depreciation and Depletion**	**Net Book Value**	**Cost**	**Accumulated Depreciation and Depletion**	**Net Book Value**
			(unaudited, in thousands)			
Land	$ 76,743	$	$ 76,743	$ 71,521	$	$ 71,521
Buildings and equipment	4,156,356	(2,583,915)	1,572,441	4,093,028	(2,371,017)	1,722,011
Mine development	1,158,455	(670,688)	487,767	1,005,166	(580,594)	424,572
Asset retirement cost	131,649	(69,332)	62,317			
Construction-in-progress	143,834		143,834	68,926		68,926
Total	$ 5,667,037	$ (3,323,935)	$ 2,343,102	$ 5,238,641	$ (2,951,611)	$ 2,287,030
Leased assets included above in property, plant and mine development	$ 351,498	$ (153,600)	$ 197,898	$ 361,889	$ (146,884)	$ 215,005

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) MINERAL INTERESTS AND OTHER INTANGIBLE ASSETS

	At June 30, 2003			At December 31, 2002		
	Carrying Value	Accumulated Amortization	Net Book Value	Carrying Value	Accumulated Amortization	Net Book Value
	(unaudited, in thousands)					
Mineral Interests:						
Production stage						
Mineral interests	$ 801,518	$ (373,726)	$ 427,792	$ 712,098	$ (325,822)	$ 386,276
Royalties net smelter returns	223,684	(19,387)	204,297	222,614	(12,751)	209,863
Royalties net profit interest	18,290	(3,639)	14,651	17,340	(3,231)	14,109
	1,043,492	(396,752)	646,740	952,052	(341,804)	610,248
Development stage						
Mineral interests	123,955		123,955	92,757		92,757
Royalties net smelter returns	1,542		1,542	1,321		1,321
Royalties net profit interest	6,911	(90)	6,821	5,921	(50)	5,871
	132,408	(90)	132,318	99,999	(50)	99,949
Exploration stage						
Mineral interests	548,433	(10,813)	537,620	632,284	(8,449)	623,835
Royalties-net smelter returns	5,815	(351)	5,464	5,700	(314)	5,386
	554,248	(11,164)	543,084	637,984	(8,763)	629,221
Total mineral interests	1,730,148	(408,006)	1,322,142	1,690,035	(350,617)	1,339,418
Oil and gas:						
Producing property						
Royalties net refining returns	44,293	(7,142)	37,151	37,964	(3,842)	34,122
Working interest	21,510	(2,174)	19,336	18,430	(1,400)	17,030
	65,803	(9,316)	56,487	56,394	(5,242)	51,152
Non-producing property						
Royalties net refining returns	5,545		5,545	4,751		4,751
Working interest	8,280		8,280	7,090		7,090
	13,825		13,825	11,841		11,841
Total oil and gas	79,628	(9,316)	70,312	68,235	(5,242)	62,993

Other	12,937	(325)	12,612	12,937		12,937
Total	$ 1,822,713	$ (417,647)	$ 1,405,066	$ 1,771,207	$ (355,859)	$ 1,415,348

The Company s intangible assets for mineral interests and oil and gas interests are subject to amortization. The aggregate amortization expense for the three months ended June 30, 2003 and 2002 was $39.6 million and $39.0 million, respectively. The aggregate amortization expense for the six-month periods ended June 30, 2003 and 2002 was $61.1 million and $54.4 million, respectively.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) INVESTMENTS AND EQUITY INCOME OF AFFILIATES

Investments:

	At June 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Investments in affiliates:		
Batu Hijau	$ 684,905	$ 660,928
TVX Newmont Americas		183,028
Echo Bay Mines		210,643
Australian Magnesium Corporation		44,244
AGR Matthey Joint Venture	10,154	11,213
	$ 695,059	$ 1,110,056
Other:		
Newmont Australia infrastructure bonds long-term		96,649
	$ 695,059	$ 1,206,705
Other:		
Newmont Australia infrastructure bonds short-term	$ 114,287	

Equity Loss and Impairment of Australian Magnesium Corporation

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Australian Magnesium Corporation	$ (107,758)	$ (688)	$ (119,485)	$ (688)

Equity Income of Affiliates:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Batu Hijau	$ 18,397	$ 13,533	$ 25,750	$ 14,937
TVX Newmont Americas		3,892	810	3,892
AGR Matthey Joint Venture	(657)	583	(282)	583
Total	$ 17,740	$ 18,008	$ 26,278	$ 19,412

Investment in Batu Hijau

The Company and an affiliate of Sumitomo Corporation (Sumitomo) are partners with economic interests of 56.25% and 43.75%, respectively, in the Nusa Tenggara Partnership (NTP), which holds 80% of P.T. Newmont Nusa Tenggara (PTNNT), the owner of the Batu Hijau copper/gold mine in Indonesia. Due to the significant participating rights provided to Sumitomo under the terms of the NTP partnership agreement, the Company uses the equity method to account for its investment in NTP. The Company and Sumitomo have an indirect 45% and 35% interest, respectively, in PTNNT. The remaining 20% interest is held by an unrelated Indonesian company. Because the Company and Sumitomo have carried the investment of the 20% owner, the

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company and Sumitomo recognize 56.25% and 43.75% of PTNNT s net income (loss), respectively, until recouping the bulk of the construction investment, including interest. Under the Contract of Work, a portion of PTNNT not already owned by Indonesian nationals must be offered for sale to the Indonesian government or to Indonesian nationals, beginning in the sixth year after mining operations commenced. The effect of this provision could potentially reduce the Company and Sumitomo s ownership to 49% by the end of the tenth year after mining operations commenced.

The Company s equity investment in PTNNT was $684.9 million and $660.9 million at June 30, 2003 and December 31, 2002, respectively, based on accounting principles generally accepted in the United States. At June 30, 2003, differences between 56.25% of PTNNT s net assets of $266.5 million and Newmont s investment included (i) $45.2 million for Newmont s contribution prior to the formation of NTP; (ii) $106.9 million for the fair market value adjustment recorded by Newmont in conjunction with the purchase of a subsidiary minority interest, net of amortization; (iii) $395.6 million for the contributions and interest income recorded by Newmont classified as debt and interest expense by PTNNT; (iv) negative $120.6 million for contributions to PTNNT, through NTP, by Sumitomo disproportionate to its equity interest, net of amounts recorded; (v) negative $76.9 million for stockholders equity of the carried interest partner; (vi) $38.6 million for other intercompany charges; (vii) $30.9 million for capitalized interest; and, (viii) negative $1.3 million for other adjustments recorded by Newmont. At December 31, 2002, differences between 56.25% of PTNNT s net assets of $257.6 million and Newmont s investment included (i) $45.2 million for Newmont s contribution prior to the formation of NTP; (ii) $109.1 million for the fair market value adjustment recorded by Newmont in conjunction with the purchase of a subsidiary minority interest, net of amortization; (iii) $391.2 million for the contributions and interest income recorded by Newmont classified as debt and interest expense by PTNNT; (iv) negative $122.6 million for contributions in PTNNT, through NTP, by Sumitomo disproportionate to its equity interest, net of amounts recorded; (v) negative $76.9 million for stockholders equity of the carried interest partner; (vi) $33.3 million for other intercompany charges; (vii) $30.9 million for capitalized interest; and, (viii) negative $6.9 million for other adjustments recorded by Newmont. Certain of these amounts are amortized or depreciated on a units-of-production basis based on proven and probable reserves. Below is a description of Newmont s equity income (loss) in PTNNT, where the net income (loss) reflects the elimination of interest between PTNNT and NTP.

Newmont s equity income in PTNNT for the six months ended June 30, 2003 was $25.8 million versus $14.9 million for the same period in 2002. Newmont s equity income for the six months ended June 30, 2003 was based on 56.25% of PTNNT s net income of $16.0 million, adjusted for the elimination of $3.6 million of inter-company interest, $4.2 million of inter-company management fees, the cumulative effect of reclamation and remediation liabilities of $8.0 million and other adjustments of $1.0 million. For the comparable 2002 period, Newmont s equity income was based on 56.25% of PTNNT s net income of $7.4 million, adjusted for the elimination of $3.6 million of inter-company interest, $5.1 million of inter-company management fees, and other adjustments of $2.0 million.

On May 9, 2002, PTNNT completed a restructuring of its $1.0 billion project financing facility (Senior Debt) that provides PTNNT the ability to defer up to $173.5 million in principal payments scheduled for 2002 and 2003. The restructuring was expected to provide a better match between the expected cash flows of the project and the maturities of the debt. Any deferred principal amounts were to be repaid between 2004 and 2010. Under this restructuring, Batu Hijau is not permitted to pay dividends or make other restricted payments to Newmont or Sumitomo as long as any amount of deferred principal is outstanding; however, there is no restriction on prepaying any of the deferred principal amounts. Amounts outstanding under the project financing were $783.2 million at June 30, 2003 and $913.3 million in December 31, 2002. The amount of deferred principal at June 30, 2003 was $43.3 million and at December 31, 2002 was $173.4 million. During the quarter ended June 30, 2003, PTNNT repaid $130.1 million of this facility all of which represented repayments

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of the deferred principal. Newmont and its partner provide a contingent support line of credit to PTNNT. During the first half of 2003 and 2002, Newmont funded zero and $24.8 million, respectively under this contingent support facility as its pro-rata share of capital expenditures. Additional support from Newmont and its partner available under this facility amounts to $115.0 million, of which Newmont s pro-rata share is $64.7 million.

The following is NTP summarized financial information based on accounting principles generally accepted in the United States. The results of operations and assets and liabilities are not reflected in the Company s Consolidated Financial Statements. As described earlier, the Company accounts for NTP as an equity investment.

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Revenues, net of smelting and refining costs	$ 102,718	$ 94,083	$ 177,591	$ 165,988
Revenues from by-product sales credited to production costs	$ 58,336	$ 37,342	$ 91,947	$ 59,475
Gross profit	$ 40,271	$ 13,384	$ 50,426	$ 9,058
Net income before cumulative effect of a change in accounting principle	$ 25,528	$ 13,181	$ 31,488	$ 8,751
Net income	$ 25,528	$ 13,181	$ 17,270	$ 8,751

In the six-month period ended June 30, 2003, NTP recorded a charge of $14.2 million to reflect the cumulative effect of the adoption of Statement of Financial Accounting Standards (SFAS) No. 143 Accounting for Asset Retirement Obligations.

	At June 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current assets	$ 254,748	$ 313,110
Property, plant and mine development, net	$ 1,672,313	$ 1,658,912
Mineral interests	$ 183,319	$ 188,294
Other assets	$ 291,795	$ 282,133
Debt and related interest to partners and affiliates	$ 261,640	$ 259,793
Other current liabilities	$ 187,975	$ 103,117
Long-term debt third parties (including current portion)	$ 805,677	$ 935,771
Other liabilities	$ 149,420	$ 163,346

For the six months ended June 30, 2003 and 2002, PTNNT recorded gross revenues, before smelting and refining costs, of $220 million and $212 million, respectively, which were subject to final pricing adjustments. The average price adjustment for copper was 2.38% and 5.2% for the six months ended June 30, 2003 and 2002, respectively. The average price adjustment for gold was 0.9% and 4.4% for the six months ended June 30, 2003 and 2002, respectively. At June 30, 2003, PTNNT had copper derivatives embedded in outstanding shipment contracts of 74.9

million pounds of copper recorded at an average price of $0.74 per pound. A one-cent movement in the average price used for these derivatives will have an approximate $0.5 million impact on PTNNT s 2003 net income.

By-product commodities, gold and silver, represented 57% and 40% of sales, net of smelting and refining charges, and reduced production costs by 79% and 57% for the three-month periods ended June 30, 2003 and 2002, respectively, and 52% and 36% of sales, net of smelting and refining charges, and reduced production costs by 71% and 49% for the six-month periods ended June 30, 2003 and 2002, respectively.

PTNNT entered into a series of copper hedging transactions in March 2002. At March 31, 2002, 23,400 metric tons of copper were hedged. These contracts were settled during the second quarter of 2002. These

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

contracts allowed PTNNT to realize an average price of $1,619 per metric ton (approximately $0.73 per pound). In second quarter 2003, PTNNT entered into copper forward sales contracts covering 5,000 metric tonnes per month for each of August and September 2003 at a weighted average fixed price between $1,665 and $1,725 per metric tonne. Each contract is settled by cash on a monthly basis. These contracts had a positive fair value as at June 30, 2003 of US$0.4 million (US$0.3 million net of tax).

In 2001, PTNNT entered into two diesel hedging contracts for 360,000 barrels each at a fixed price of $27.39 per barrel and $27.98 per barrel, respectively. Each of these contracts cover purchases of 15,000 barrels monthly and expire in August and September of 2003, respectively. Each contract is settled monthly. In December 2002, PTNNT entered into an additional hedge contract for 60,000 barrels over the following 12 months at a fixed price of $27.50 per barrel. These contracts have all been designated as cash flow hedges and the fair value at June 30, 2003 and December 31, 2002 was $0.2 million and $0.6 million, respectively. At June 30, 2003, 140,000 barrels are outstanding for these contracts.

TVX Newmont Americas and Echo Bay Mines Ltd.

Newmont had a 49.9% interest and an equity investment of $183.0 million in TVX Newmont Americas joint venture at December 31, 2002. On January 31, 2003, Newmont sold its interest in TVX Newmont Americas for $180 million.

On January 31, 2003, Kinross, Echo Bay and TVX Gold were combined. Under the terms of the combination and acquisition, Newmont received a 13.8% interest in the restructured Kinross in exchange for its then 45.67% interest in Echo Bay. Newmont recorded a pre-tax gain on the transactions of $83.4 million (See Note 5).

Australian Magnesium Corporation (AMC)

At December 31, 2002, Newmont s interest in AMC comprised a 22.8% equity and voting interest and a loan receivable in the amount of A$38 million (approximately $20.1 million) including interest capitalized since December 31, 2002. In addition, Newmont subsidiaries had obligations to contribute to AMC A$100 million in equity by January 31, 2003 and a further A$90 million in equity (reduced to A$75 million through a funding agreement reached in January 2003, though a condition required to bring the agreement into effect was not satisfied), contingent upon the Stanwell Magnesium Project not achieving certain specified production and operating criteria by December 2006. On January 3, 2003, Newmont purchased an additional 167 million shares at A$0.60 per share for a total of A$100 million (approximately $56.2 million) increasing its ownership to 40.9%, thereby satisfying its January 2003 equity contribution obligation. However, due to additional equity contributions by other shareholders on January 31, 2003, Newmont s interest was decreased to 27.8%. As a result of this equity dilution in its interest in AMC, Newmont recorded an increase of $7.0 million to *Additional paid-in-capital*.

AMC s primary asset is the Stanwell Magnesium Project (the Project), a proprietary chemical and dehydration process for producing anhydrous magnesium chloride as feed for an electrolytic cell to produce molten magnesium metal and magnesium alloys. The original funding arrangements for the Project amounted to approximately A$1.5 billion (approximately $1 billion), including contingencies and cost overrun reserves. Preliminary indications by AMC are that the project may now require A$150 million to A$200 million (approximately $100 million to

$134 million) of funds in addition to the existing funding arrangements and potentially some form of third-party project financing support.

On April 17, 2003, AMC announced that it was unlikely that it would reach agreement with its independent engineering firm for a fixed price contract for the development of the Project. Following this announcement,

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AMC s share price declined substantially and was A$0.24 per share on May 8, 2003. As a result, Newmont wrote down the carrying value of its investment at March 31, 2003 to the quoted market price of the AMC shares at that date of $A0.43 per share and recorded a loss for an other-than-temporary decline in market value of $11 million.

On June 5, 2003, AMC requested suspension of its securities on the ASX. Subsequently, on June 12, 2003 AMC announced a restructuring agreement with the project s major creditors including Newmont (the Agreement). The Agreement was designed to give AMC time to assess the Project development options and to search for either a corporate or project partner. Work on the Project has essentially ceased and the site is in a care and maintenance status. It is not known if or when the Project or any other magnesium project will be developed by AMC. In addition, as part of the Agreement, AMC (i) will settle outstanding obligations to its outside creditors from existing cash reserves, (ii) has cancelled the senior debt facilities associated with the Project and the associated foreign exchange and interest rate hedging contracts and (iii) has agreed to release Newmont from the above-mentioned A$90 million (approximately $60.1 million) contingent funding commitment. Newmont has agreed to forgive its A$38 million (approximately $24.8 million) loan receivable and provide support in the form of an A$10 million (approximately $6.6 million) contingent, subordinated credit facility and to maintain the existing guarantee in relation to the QMC finance facilities described below.

As a result of the agreement, Newmont recorded an additional write-down in the second quarter of $107.8 million reducing the carrying value of its investment in AMC to zero. The write-down is attributable to the following: (i) $72.7 million representing the book value of its investment at June 30, 2003, (ii) $24.8 million for the loan receivable from AMC, (iii) $10 million charge to settle Newmont s guarantee of the Ford contract (see discussion below), (iv) $6.6 million relating to the contingent credit facility, and (v) $1.1 million for various other items offset by a $7.4 million income tax benefit.

Newmont had guaranteed a $30 million obligation payable by AMC to Ford Motor Company (Ford) in the event the Project did not meet certain specified production and operating criteria by November 2005. AMC indemnified Newmont for this obligation, but this indemnity was unsecured. As of June 30, 2003, Newmont and Ford agreed to settle the liability in relation to the guarantee for $10 million in exchange for a release of the guarantee. Newmont has agreed not to seek recovery of this amount from AMC.

Subsequent to June 30, 2003, Newmont s ownership interest in AMC was further diluted to 26.9% (See Note 21, Subsequent Events).

Newmont is also the guarantor of an A$71 million (approximately $47 million) amortizing loan facility of AMC s subsidiary, QMC Finance Pty Ltd (QMC), of which A$67.5 million (approximately $45.0 million) was outstanding as of June 30, 2003. The QMC loan facility, which is secured by the assets of the Queensland Magnesia Project, expires in November 2006.

QMC is also a party to hedging contracts, which have been guaranteed by Newmont. The contracts include a series of foreign exchange forward contracts and bought put options, the last of which expire in June 2006. As of June 30, 2003, the fair value of these contracts was a positive A$5.5 million (approximately $3.7 million).

The guarantees under the QMC loan facility and hedging contracts could be called in the event of a default by QMC. Newmont s liability under QMC loan facility guarantee is limited to the total amount of outstanding borrowings under the facility at the time the guarantee is called. Newmont s maximum potential liability under its guarantee of the QMC hedging contracts, however, would depend on the market value of the hedging contracts at the time the guarantee is called upon. The principal lender and counterparty under the QMC loan and hedging facilities also have a fixed and floating charge over certain assets of AMC. In the event the guarantees are called, Newmont would have a right of subrogation to the lender under Australian law.

18

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company is currently evaluating the impact of adoption of FIN 46, Consolidation of Variable Interest Entities on its investment in AMC and related entities, including QMC.

AGR Matthey Joint Venture

Newmont holds a 40% interest in a joint venture with the West Australian Mint and Johnson Matthey (Australia) Ltd. known as AGR Matthey Joint Venture (AGR). Newmont has no guarantees related to this investment. At June 30, 2003 and December 31, 2002, the difference between Newmont s investment in AGR of $10.2 million ($11.2 million at December 31, 2002) and its share of AGR s net assets consisted of a $2.4 million reduction in long-lived assets recorded by Newmont.

Newmont Australia Infrastructure Bonds

In June 1996, NP Finance Limited and GPS Finance Limited, wholly owned subsidiaries of Newmont Australia Limited (formerly Normandy), issued A$111.9 million (approximately $63.2 million) and A$21.9 million (approximately $12.4 million), respectively, of 7.906%, fifteen-year bonds at a premium to fund certain gas pipeline and power station projects. The bonds were issued at a premium due to unique tax-related benefits available to the bondholders and the issuer under Australian tax regulations. Interest is accrued and capitalized semi-annually in arrears in June and December of each year. Concurrently, with the issue of the Infrastructure Bonds described above, GMK Investments Pty Ltd (GMKI), a wholly owned subsidiary of Newmont Australia Limited (formerly Normandy), entered into an offsetting transaction, making payments to Deutsche Bank Aktiengesellschaft (DBA) equal to the face value of the bonds in return for DBA agreeing to purchase the bonds from each holder of the bonds in June 2004 and to sell those bonds to GMKI for a nominal amount at that time. The receivable from DBA also accrues interest receivable at 7.906% and such interest is capitalized semi-annually in arrears in June and December of each year. Because the arrangement does not technically qualify as a defeasance of debt, the receivable is presented in *Investments* at December 31, 2002. As of June 30, 2003, Newmont reclassified this investment as a current asset and the corresponding debt liability to *Current portion of long-term debt* (see Note 11, Long-Term Debt) since, as stated above, DBA is obligated to repurchase these bonds from each holder in June 2004. The repurchase of these bonds will effectively retire the outstanding liability and satisfy the receivable.

(10) EXTINGUISHMENT OF NYOL OBLIGATIONS

On May 29, 2003, Newmont made an offer through its wholly owned subsidiary, Yandal Bond Company Limited (YBCL) to acquire all of the outstanding 8 7/8% Senior Notes due in April 2008 of its wholly owned Australian subsidiary, NYOL. On May 28, 2003, YBCL made a separate offer to acquire all of NYOL s gold hedge contracts from the counterparties. The offer to acquire the Senior Notes was at a price of $500 per $1,000 of principal amount. The offer to acquire the gold hedge contracts was at $0.50 per $1.00 of the net mark-to-market hedge liability as of May 22, 2003. As of June 30, 2003, YBCL had received binding tenders for the Senior Notes totaling $196.8 million, representing 83% of the total $237.2 million outstanding principal amount. Six of the total of seven counterparties to the gold hedge contracts, representing 94% of the gold ounces in the NYOL hedge book and 76% of the mark-to-market May 22, 2003 hedge liability, had assigned their hedge contracts to YBCL as of June 30, 2003. The transactions gave rise to a *Gain on extinguishment of NYOL bonds, net* of $94.4 million, net of transaction costs, and a *Gain on extinguishment of NYOL derivatives liability, net* of $76.6 million, net of transaction costs. The cash payments of $98.4 million to settle the extinguishment of the bonds were accrued in *Other current liabilities* at June 30, 2003 and were made subsequent to that date. YBCL subsequently received additional binding tenders for a portion of the remaining outstanding Senior Notes and extended the offer deadline (see Note 21, Subsequent Events).

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) LONG-TERM DEBT

	June 30, 2003	December 31, 2002
	(unaudited, in thousands)	
Sale-leaseback of refractory ore treatment plant	$ 298,944	$ 307,880
8 3/8% debentures, net of discount	182,696	204,658
8 5/8% notes, due May 2011, net of discount	222,234	274,339
Newmont Australia 7 5/8% notes, net of premium	121,027	152,690
Newmont Australia 7 1/2% notes, net of premium	91,400	101,850
NYOL 8 7/8% notes	40,435	237,220
6% convertible subordinated debentures	99,980	99,980
Medium-term notes	17,000	32,000
Newmont Australia infrastructure bonds	116,933	99,680
Prepaid forward sales obligation	145,000	145,000
Revolving credit facility	19,000	
Interest rate swaps	(8,086)	(6,684)
Project financing, capital leases and other	107,025	167,991
	1,453,588	1,816,604
Current maturities	(176,422)	(115,322)
	$ 1,277,166	$ 1,701,282

Scheduled minimum long-term debt repayments are $23.6 million for the remainder of 2003, $177.4 million in 2004, $437.0 million in 2005, $109.8 million in 2006, $74.8 million in 2007 and $631.0 million thereafter.

During the six months ended June 30, 2003, the Company repurchased $23.0 million of 8 3/8% debentures, $52.4 million of 8 5/8% notes due in May 2011, $30.9 million of Newmont Australia 7 5/8% notes and $10.0 million of Newmont Australia 7 1/2% notes for total cash consideration of $135.8 million. As a result of these debt repurchases, the Company recognized a *Loss on extinguishment of debt* of $19.5 million.

In March 2002, Newmont, through an indirect, wholly-owned subsidiary, YBCL, made an offer to repurchase any and all of the outstanding 8 7/8% Senior Notes due 2008 of NYOL. As of the offer date, $300 million principal amount of notes was outstanding. The transaction resulted in redemption of $62.8 million of the outstanding notes at 101% of the principal amount of the notes, plus accrued and unpaid interest as of the repurchase date.

On May 27, 2003, Newmont Mining Corporation initiated an offer through YBCL to acquire all of the outstanding 8 7/8% Senior Notes due April 2008 issued by NYOL (see Note 10, Extinguishment of NYOL Obligations). At June 30, 2003, YBCL had acquired $196.8 million through this offer.

Newmont has extended its offer to acquire the remaining NYOL 8 $^{7}/8$% Senior Notes and acquired amounts subsequent to June 30, 2003. NYOL also entered into Voluntary Administration (VA,   a form of insolvency proceeding in Australia) subsequent to June 30, 2003 (see Note 21, Subsequent Events).

(12) RECLAMATION AND REMEDIATION

The Company s mining and exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

Effective January 1, 2003, the Company adopted SFAS No. 143 Accounting for Asset Retirement Obligations. As a result, *Reclamation and remediation liabilities* increased by $120.7 million for the fair value of the estimated asset retirement obligations, *Other accrued liabilities* increased by $2.3 million for worker participation bonuses in Peru (bonuses required by law at Minera Yanacocha based on net income), *Deferred income tax assets* increased by $6.9 million, *Property, plant and mine development, net* increased by $69.1 million, *Minority interest in subsidiaries* decreased by $16.2 million and a $34.5 million loss was recorded for the *Cumulative effect of a change in accounting principle, net of tax.* At June 30, 2003 and December 31, 2002, $379.8 million and $254.1 million, respectively, were accrued for reclamation obligations relating to currently or recently producing mineral properties.

In addition, the Company is 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 involved. At June 30, 2003 and December 31, 2002, respectively, $62.5 million and $48.1 million were accrued for such obligations These amounts are also included in *Reclamation and remediation liabilities*.

The following is a reconciliation of the total liability for asset retirement obligations (unaudited, in thousands):

Balance December 31, 2002	$ 302,229
Impact of adoption of SFAS No. 143	120,707
Additions to liabilities	21,460
Liabilities settled	(13,396)
Accretion expense	11,320
Revisions	
Balance June 30, 2003	$ 442,320

The current portions of *Reclamation and remediation liabilities* of $20.3 million and $13.7 million at June 30, 2003 and December 31, 2002, respectively, are included in *Other accrued liabilities*.

On a pro forma basis, the liabilities for asset retirement obligations would have been $420.0 million and $422.9 million at January 1, 2002 and December 31, 2002, respectively, if SFAS No. 143 had been applied at the beginning of 2002.

There were no assets that were legally restricted for purposes of settling asset retirement obligations at June 30, 2003.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The table below presents the impact of the accounting change for the three- and six-month periods ended June 30, 2003 and the pro forma effect for the three- and six-month periods ended June 30, 2002 as if the change had been in effect for that period (unaudited, in thousands, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
		(pro forma)		(pro forma)
Increase/(decrease) to net income				
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)				
Gold	$ 4,815	$ 1,752	$ 10,112	$ 1,905
Base metals	89		179	
Depreciation, depletion, and amortization	(3,420)	(3,307)	(6,833)	(6,614)
Income tax (expense) benefit	(519)	544	(1,210)	1,648
Minority interest	(995)	577	(1,953)	1,204
Equity loss of affiliate	(319)	(201)	(799)	(541)
Net loss before cumulative effect of a change in accounting principle	$ (349)	$ (635)	$ (504)	$ (2,398)
Net loss before cumulative effect of a change in accounting principle per common share, basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ (0.01)

The table below presents pro forma net income and earnings per share before cumulative effect of a change in accounting principle for the three- and six-month periods ended June 30, 2002 as if the Company had adopted the SFAS No. 143 as of January 1, 2002 (unaudited, in thousands, except per share data):

	Three months ended June 30, 2002		Six months ended June 30, 2002	
	Net income applicable to common shares	Income per share	Net income applicable to common shares	Income per share
As reported	$ 67,121	0.17	$ 50,753	$ 0.15
Change in accounting method SFAS No. 143	(635)		(2,398)	(0.01)
Pro forma	$ 66,486	$ 0.17	$ 48,355	$ 0.14

(13) SALES CONTRACTS, COMMODITY AND DERIVATIVE INSTRUMENTS

Newmont has a no hedging philosophy and generally sells its gold production at market prices. Newmont has, on a limited basis, entered into derivative contracts to protect the selling price for certain anticipated gold production and to manage risks associated with sales contracts, commodities, interest rates and foreign currency. In addition, at the time of Normandy s acquisition, three of its affiliates had a substantial derivative instrument position. These three affiliates are now known as Newmont Gold Treasury Pty Ltd., Newmont NFM and NYOL. Newmont is not required to place collateral with respect to its commodity instruments and there are no margin calls associated with such contracts. A number of NYOL s hedging positions pertaining to one counterparty are governed by agreements that confer on the relevant counterparties a right to terminate the position prior to its agreed scheduled maturity date. Such a termination would result in an immediate cash settlement of that contract based on the contract s market value on the date of termination. Exercise of termination rights may result in a cash settlement obligation to NYOL hedge counterparties in excess of funds available to NYOL. NYOL obligations, however, are non-recourse to Newmont and its other subsidiaries.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gold Commodity Contracts

The tables below are expressed in thousands of ounces of gold, and prices for contracts denominated in A$ have been translated to US$ at the exchange rate at June 30, 2003 of US$0.67 per A$1.

On May 28, 2003, YBCL offered to acquire all of the gold hedge obligations owed by NYOL from the counterparties (see Note 10, Extinguishment of NYOL Obligations). The offer included two alternatives: the counterparties could elect to receive $0.50 for each dollar of net mark-to-market liability under their individual hedge contracts, as calculated by YBCL as of May 22, 2003; or, in lieu of cash, the counterparties could elect to assign all such contracts with NYOL to YBCL and enter into new hedging contracts with Newmont, such that Newmont would assume obligations equivalent to an undivided 40% of NYOL s existing hedge obligations with such counterparty.

At the close of the offer YBCL had acceptances from six of the seven gold hedge book counterparties. All of the six counterparties elected to receive $0.50 for each dollar of net mark-to-market liability, as calculated by YBCL as of May 22, 2003. This resulted in a total cash payment from YBCL to the counterparties of approximately $77 million. A gain of $76.6 million was recorded in *Gain on extinguishment of NYOL derivatives liability, net* due to the extinguishment of the hedge book liability for the six NYOL hedge counterparties who accepted the offer.

NYOL was placed into VA on July 3, 2003 and deconsolidated from the Newmont group as of that date (see Note 21, Subsequent Events). Accordingly, the Company has reclassified to earnings as of June 30, 2003, $542,000 of *Accumulated other comprehensive income* (OCI) related to hedged forecasted sales designated against NYOL s production scheduled to occur during the period ending September 30, 2003 (the period through which NYOL is expected to remain in VA). No similar reclassification has been made with respect to the amounts in OCI associated with sales expected to occur after September 30, 2003, as the Company believes that it is reasonably possible that those forecasted transactions will occur since the Company expects to regain control of NYOL or its assets by October 1, 2003. Accordingly, the balance deferred in OCI as of June 30, 2003 (a gain of approximately $43.8 million, net of taxes) relating to hedge contracts designated against forecasted sales of NYOL s production beyond September 30, 2003, will continue to be deferred in OCI. The Company will continue to assess the probability of its regaining control of NYOL and making any necessary adjustments to the balance of OCI in future periods, if required.

For the three months ended June 30, 2003 and 2002, gains of $8.1 million and $1.4 million, respectively, were included in income in *Gain (loss) on gold commodity derivative instruments, net* for the ineffective portion of derivative instruments designated as cash flow hedges, and a gain of $8.5 million and a loss of $10.8 million, respectively, for the change in fair value of gold commodity contracts that do not qualify as hedges. For the half year ended June 30, 2003 and 2002, gains of $31.0 million and $5.9 million, respectively, were included in income in *Gain (loss) on gold commodity derivative instruments, net* for the ineffective portion of derivative instruments designated as cash flow hedges, and a gain of $40.6 million and a loss of $9.0 million, respectively, for the change in fair value of gold commodity contracts that do not qualify as hedges. The amount anticipated to be reclassified from *Accumulated other comprehensive income (loss),* to income for derivative instruments during the next 12 months is a gain of approximately $18.7 million. The maximum period over which hedged forecasted transactions are expected to occur is five years.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gold Forward Sales Contracts

Newmont had no gold forward sales contracts outstanding at June 30, 2003 (unaudited), although positions existed at December 31, 2002. The fair values of these contracts at December 31, 2002 were as follows:

Gold Forward Contracts	
(A$ denominated)	**US $ (000)**
Fixed Forwards	$ (138,095)
Floating Rate Forwards	(37,401)
Synthetic Forwards	(34,222)
Total:	$ (209,718)

Gold Put Option Contracts

Newmont had the following gold put option contracts at June 30, 2003 (unaudited):

	Expected Maturity Date or Transaction Date							**Fair Value**	
Put Option Contracts:	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total/ Average**	**June 30, 2003**	**December 31, 2002**
								US$ (000)	
US$ Denominated Fixed Purchased Puts:									
Ounces	105	203	205	100	20		633	$ (7,591)	$ (6,773)
Average price	$ 292	$ 292	$ 292	$ 338	$ 397	$	$ 303		
A$ Denominated Fixed Purchased Puts:									
Ounces								$	$ (3,690)
Average price									
A$ Denominated Floating Forward Purchased Puts:									
Ounces								$	$ (12,140)
Average price									
Total:									

Ounces	105	203	205	100	20		633	$ (7,591)	$ (22,603)
Average price	$ 292	$ 292	$ 292	$ 338	$ 397	$	$ 303		

Note: Through December 31, 2002, the floating forward purchased put option contracts were accounted for as cash flow hedges as they were statistically proven to qualify as highly effective cash flow hedges through that date. However, due to changes in market conditions during the first quarter of 2003, these contracts were no longer considered highly effective cash flow hedges. The effect of this change was gains of $5.3 million and $10.7 million that were recorded in *Gain (loss) on gold commodity derivative instruments, net* in income during the three and six months ended June 30, 2003, respectively.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Convertible Put Options and Other Instruments

Newmont had the following gold convertible put option contracts and other instruments outstanding at June 30, 2003 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value	
Convertible Put Options and Other Instruments	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total/ Average**	**June 30, 2003**	**December 31, 2002**
(A$ denominated)								**US$ (000)**	
Floating Convertible Put Options:									
Ounces								$	$ (102,952)
Average price									
Knock-out/knock-in Contracts:									
Ounces								$	$ (6,794)
Average price									
Indexed Forward Contracts:									
Ounces			33	65	65	32	195	$ (4,937)	$ (15,740)
Average price	$	$	$ 361	$ 361	$ 361	$ 361	$ 361		
Total:									
Ounces			33	65	65	32	195	$ (4,937)	$ (125,486)
Average price	$	$	$ 361	$ 361	$ 361	$ 361	$ 361		

Sold Convertible Put Options

Newmont had no sold convertible put option contracts outstanding at June 30, 2003, although a position did exist at December 31, 2002. The fair value of the position at December 31, 2002 was positive $14.3 million.

Sold Put Options

Newmont had no sold put option contracts outstanding at June 30, 2003 or December 31, 2002. A sold put position was created during the first quarter of 2003 and was closed out as part of the YBCL transaction during the second quarter (see Note 10, Extinguishment of NYOL Obligations).

Price-Capped Sales Contracts

Newmont had the following price-capped forward sales contracts outstanding at June 30, 2003 (unaudited):

Price-capped Contracts:	2003	2004	2005	2006	2007	Thereafter	Total/ Average	Fair Value June 30, 2003	Fair Value December 31, 2002
(US$ Denominated)								**US$ (000)**	
Ounces			500			1,850	2,350	N/A	N/A
Average price	$	$	$ 350	$	$	$ 384	$ 377		

Note: The fair value of the price-capped sales contracts of $53.9 million was recorded as deferred revenue in September 2001 and will be included in sales revenue as delivery occurs in 2005 through 2011. The forward sales contracts are accounted for as normal sales contracts under SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

US$/Gold Swap Contracts

Newmont Australia entered into a US$/gold swap contract whereby principal payments on US$ bonds are swapped into gold-denominated payments of 600,000 ounces in 2008. Newmont Australia also receives US$ fixed interest payments and pays gold lease rates, which are indexed to market rates. This instrument was marked to market at each period end, with the change reflected in income up until the contract was closed out during the YBCL buy back transaction (see Note 10, Extinguishment NYOL Obligations). However, the indexed portion of the transaction was held with the one counterparty who did not take up the offer. As such this portion of the transaction continues to be marked-to-market at each period end, with the change reflected in income. As at June 30, 2003 and December 31, 2002 the instrument had a negative fair value of $6.2 million and $47.8 million, respectively.

Other Sales Contracts, Commodity and Derivative Instruments

Foreign Currency Contracts

Newmont acquired certain currency swap contracts in the Normandy transaction intended to hedge the currency risk on repayment of US$-denominated debt. These contracts were closed out during the quarter ended June 30, 2002 for net proceeds of $50.8 million. The contracts were accounted for on a mark-to-market basis until closed out, resulting in a loss of $10.9 million for the three months ended March 31, 2002.

Newmont also acquired currency swap contracts to receive A$ and pay US$ designated as hedges of A$ denominated debt. The A$-denominated debt was repaid during the quarter ended June 30, 2002 and the contracts are currently undesignated. The contracts are accounted for on a mark-to-market basis. At June 30, 2003 and December 31, 2002 they had a negative fair value of $2.7 million and $21.9 million, respectively.

Interest Rate Swap Contracts

During the last half of 2001, Newmont entered into contracts to hedge the interest rate risk exposure on a portion of its $275 million 8.625% notes and its $200 million 8.375% debentures. Newmont receives fixed-rate interest payments at 8.625% and 8.375% and pays floating-rate interest amounts based on periodic LIBOR settings plus a spread, ranging from 2.60% to 4.25%. The notional principal amount of these transactions (representing the amount of principal tied to floating interest rate exposure) was $200 million at both June 30, 2003 and December 31, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. For the quarters ended June 30, 2003 and June 30, 2002, these transactions resulted in a reduction in interest expense of $1.9 million and $1.4 million, respectively, and $3.6 million ad $2.9 million for the first halves of 2003 and 2002, respectively. These transactions have been designated as fair value hedges and had a fair value of $21.1 million and $13.8 million at June 30, 2003 and December 31, 2002, respectively.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Net income	$ 90,847	$ 68,990	$ 208,102	$ 62,192
Other comprehensive income, net of tax:				
Sale of marketable securities of Lihir, net of tax $17,053 and $10,732, respectively		(29,036)		(18,273)
Unrealized (loss) gain on marketable equity securities, net of tax of $678, $(1,071), $12,655 and $(1,163), respectively	(3,307)	2,499	(49,068)	2,714
Foreign currency translation adjustments	26,146	17,288	32,109	18,125
Changes in fair value of cash flow hedge instruments, net of tax of $1,589, $(16,747), $(20,441) and $(23,631), respectively	(3,709)	39,077	72,546	55,140
Exchange of Echo Bay shares for Kinross shares			4,572	
Total other comprehensive income, net of tax	19,130	29,828	60,159	57,706
Comprehensive income	$ 109,977	$ 98,818	$ 268,261	$ 119,898

(15) DIVIDENDS, INTEREST INCOME, FOREIGN CURRENCY EXCHANGE AND OTHER INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Interest income	$ 2,815	$ 5,102	$ 5,020	$ 7,898
Foreign currency exchange gains (losses)	27,178	6,144	51,884	(1,482)
Gain on sale of exploration properties	189	4,649	1,462	6,402
Other	2,136	(1,052)	5,791	2,440
Total	$ 32,318	$ 14,843	$ 64,157	$ 15,258

(16) ACCOUNTING CHANGES

Depreciation, Depletion and Amortization

During the third quarter of 2002, Newmont changed its accounting policy, retroactive to January 1, 2002, with respect to depreciation, depletion and amortization (DD&A) of Property, plant and mine development to exclude future estimated development costs expected to be incurred for certain underground operations. Previously, the Company had included these costs and associated reserves in its DD&A calculations at certain of its underground mining operations. In addition, the Company further revised its policy such that costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are depreciated, depleted or amortized over the reserves associated with the specific ore area. These changes were made to better match DD&A with the associated ounces of gold sold and to remove the inherent uncertainty in estimating future development costs in arriving at DD&A rates. The cumulative effect of this change in accounting principle through December 31, 2001 increased net income during the six months ended June 30, 2003 by $7.7 million, net of tax of $4.1 million, and earnings per common share, basic and diluted, by $0.02 per share.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reclamation and Remediation

In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, which established uniform methodology for accounting for estimated reclamation and abandonment costs. The statement was adopted as required on January 1, 2003. See Note 12, Reclamation and Remediation, for complete disclosure of the impact of adopting SFAS 143.

(17) SEGMENT INFORMATION

Financial information relating to Newmont s segments is as follows:

Three Months Ended June 30, 2003

(Unaudited, in millions)

	North America			South America			Australia		
	Nevada	**Other North America**	**Total North America**	**Yanacocha**	**Other South America**	**Total South America**	**Pajingo**	**Other Australia**	**Total Australia**
Sales, net	$ 185.6	$ 35.7	$ 221.3	$ 231.7	$ 19.2	$ 250.9	$ 32.7	$ 160.3	$ 193.0
Gain on investments, net	$	$	$	$	$	$	$	$	$
Gain on extinguishment of debt and other obligations, net	$	$	$	$	$	$	$	$	$
Royalties	$	$	$	$	$	$	$	$	$
Interest income	$	$	$	$ 0.1	$	$ 0.1	$	$ 2.3	$ 2.3
Interest expense	$ 0.1	$	$ 0.1	$ 1.0	$ 0.1	$ 1.1	$	$ 5.4	$ 5.4
Exploration and research expense	$ 5.5	$	$ 5.5	$ 3.7	$ 0.1	$ 3.8	$ 1.2	$ 2.1	$ 3.3
Depreciation, depletion and amortization	$ 34.7	$ 8.0	$ 42.7	$ 40.4	$ 1.8	$ 42.2	$ 6.9	$ 20.5	$ 27.4
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	$ 6.3	$ 2.4	$ 8.7	$ 101.0	$ 5.3	$ 106.3	$ 12.0	$ 6.0	$ 18.0
Equity loss and impairment of Australian Magnesium Corporation	$	$	$	$	$	$	$	$	$
Equity income (loss) of affiliates	$	$	$	$	$	$	$	$ (0.7)	$ (0.7)
Cumulative effect of a change in accounting principal, net of tax	$	$	$	$	$	$	$	$	$
Amortization of deferred stripping, net	$ (5.4)	$ (0.2)	$ (5.6)	$	$	$	$	$ 0.1	$ 0.1
Write-down of long-lived assets	$	$	$	$ 1.2	$	$ 1.2	$	$ 0.6	$ 0.6

Capital expenditures	$ 29.6	$ 1.8	$ 31.4	$ 60.6	$ 0.1	$ 60.7	$ 4.8	$ 14.1	$ 18.9
Deferred stripping costs	$ 49.4	$ 6.6	$ 56.0	$	$	$	$	$ 9.2	$ 9.2
Total assets	$ 1,539.2	$ 142.0	$ 1,681.2	$ 1,208.0	$ 27.5	$ 1,235.5	$ 178.4	$ 1,591.1	$ 1,769.5

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Three Months Ended June 30, 2003

(Unaudited, in millions)

	Zarafshan-Newmont, Uzbekistan	Other International Operations	Total Gold	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Sales, net	$ 21.4	$ 37.4	$ 724.0	$ 12.8	$	$	$	$ 736.8
Gain on investments, net	$	$	$	$	$	$	$	$
Gain on extinguishment of debt and other obligations, net	$	$	$	$	$	$ 171.0	$	$ 171.0
Royalties	$	$	$	$	$	$ 10.4	$	$ 10.4
Interest income	$	$	$ 2.4	$	$	$	$ 0.4	$ 2.8
Interest expense	$ 0.2	$	$ 6.8	$	$	$	$ 15.9	$ 22.7
Exploration and research expense	$	$ 2.1	$ 14.7	$ 1.0	$ 8.3	$	$ 6.2	$ 30.2
Depreciation, depletion and amortization	$ 2.9	$ 8.1	$ 123.3	$ 6.7	$ 0.9	$ 5.6	$ 2.8	$ 139.3
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	$ 9.0	$ 4.8	$ 146.8	$ (5.1)	$ (9.7)	$ 175.1	$ (1.4)	$ 305.7
Equity loss and impairment of Australian Magnesium Corporation	$	$	$	$	$	$	$ (107.8)	$ (107.8)
Equity income (loss) of affiliates	$	$	$ (0.7)	$	$	$	$ 18.4	$ 17.7
Cumulative effect of a change in accounting principal, net of tax	$	$	$	$	$	$	$	$
Amortization of deferred stripping, net	$	$ (2.2)	$ (7.7)	$	$	$	$	$ (7.7)
Write-down of long-lived assets	$	$	$ 1.8	$	$	$	$	$ 1.8
Capital expenditures	$ 0.2	$ 6.1	$ 117.3	$ 3.6	$ 8.9	$	$ 4.2	$ 134.0
Deferred stripping costs	$	$ 2.8	$ 68.0	$	$	$	$	$ 68.0
Total assets	$ 101.7	$ 189.9	$ 4,983.1	$ 244.2	$ 1,217.4	$ 2,279.6	$ 1,427.3	$ 10,151.6

Newmont has made corrections for certain misclassifications resulting from clerical errors that existed in the disclosure of *Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect* by segment for the three months ended June 30, 2003; the corrections resulted in an increase of $2.3 million in the Other Australia segment and a decrease of $2.3 million in the Corporate and Other category.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Three Months Ended June 30, 2002

(Unaudited, in millions)

	North America			South America			Australia		
	Nevada	**Other North America**	**Total North America**	**Yanacocha**	**Other South America**	**Total South America**	**Pajingo**	**Other Australia**	**Total Australia**
Sales, net	$ 186.6	$ 40.9	$ 227.5	$ 149.0	$ 23.5	$ 172.5	$ 23.1	$ 129.7	$ 152.8
Gain on investments, net	$	$	$	$	$	$	$	$	$
Royalties	$	$	$	$	$	$	$	$	$
Interest income	$	$	$	$ 0.1	$	$ 0.1	$ 0.2	$ 4.0	$ 4.2
Interest expense	$	$	$	$ 2.5	$ 0.1	$ 2.6	$	$ 10.0	$ 10.0
Exploration and research expense	$ 3.9	$	$ 3.9	$ 2.5	$ 0.2	$ 2.7	$ 0.4	$ 2.5	$ 2.9
Depreciation, depletion and amortization	$ 25.2	$ 9.1	$ 34.3	$ 26.2	$ 3.8	$ 30.0	$ 6.4	$ 23.3	$ 29.7
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	$ (0.1)	$ 7.7	$ 7.6	$ 47.7	$ 8.2	$ 55.9	$ 10.1	$ 7.5	$ 17.6
Equity income (loss) of affiliates	$	$	$	$	$	$	$	$ 3.1	$ 3.1
Amortization of deferred stripping, net	$ 3.2	$ (0.3)	$ 2.9	$	$	$	$	$	$
Write-down of long-lived assets	$ 7.4	$	$ 7.4	$	$	$	$	$ 0.1	$ 0.1
Capital expenditures	$ 12.0	$ 3.7	$ 15.7	$ 43.3	$ 0.4	$ 43.7	$ 3.6	$ 16.3	$ 19.9
Deferred stripping costs	$ 76.6	$ 6.1	$ 82.7	$	$	$	$	$	$
Total assets	$ 1,895.7	$ 175.8	$ 2,071.5	$ 1,089.6	$ 41.4	$ 1,131.0	$ 209.8	$ 2,121.9	$ 2,331.7

	Zarafshan-Newmont, Uzbekistan	**Other International Operations**	**Total Gold**	**Base Metals**	**Exploration**	**Merchant Banking**	**Corporate and Other**	**Consolidated**
Sales, net	$ 22.2	$ 34.6	$ 609.6	$ 22.9	$	$	$	$ 632.5
Gain on investments, net	$	$	$	$	$	$ 47.3	$	$ 47.3
Royalties	$	$	$	$	$	$ 11.2	$	$ 11.2
Interest income	$	$	$ 4.3	$	$	$ 0.3	$ 0.5	$ 5.1
Interest expense	$ 0.2	$	$ 12.8	$	$	$	$ 22.3	$ 35.1
Exploration and research expense	$	$ 0.6	$ 10.1	$ 1.1	$ 4.0	$	$ 3.6	$ 18.8
Depreciation, depletion and amortization	$ 3.1	$ 10.6	$ 107.7	$ 6.7	$ 2.0	$ 6.0	$ 1.2	$ 123.6
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	$ 9.1	$ 6.6	$ 96.8	$ 7.8	$ (5.9)	$ 52.2	$ (50.1)	$ 100.8
Equity income (loss) of affiliates	$	$	$ 3.1	$	$	$ 1.2	$ 13.0	$ 17.3
Amortization of deferred stripping, net	$	$	$ 2.9	$	$	$	$	$ 2.9
Write-down of long-lived assets	$	$	$ 7.5	$ 0.1	$	$	$	$ 7.6
Capital expenditures	$ 0.8	$ 5.1	$ 85.2	$ 2.5	$ 0.0	$ 0.6	$ 0.7	$ 89.0
Deferred stripping costs	$	$	$ 82.7	$	$	$	$	$ 82.7
Total assets	$ 105.1	$ 530.1	$ 6,169.4	$ 488.9	$ 226.6	$ 2,073.9	$ 878.7	$ 9,837.5

Newmont has made corrections for certain misclassifications resulting from clerical errors that existed in the disclosure of *Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect* by segment for the three months ended June 30, 2002; the corrections resulted in a decrease of $47.3 million in the Corporate and Other category and an increase of $47.3 million in the Merchant Banking segment.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Six Months Ended June 30, 2003

(Unaudited, in millions)

	North America			South America			Australia		
	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America	Pajingo	Other Australia	Total Australia
Sales, net	$ 406.6	$ 76.0	$ 482.6	$ 461.2	$ 39.9	$ 501.1	$ 58.5	$ 284.9	$ 343.4
Gain on investments, net	$	$	$	$	$	$	$	$	$
Gain on extinguishment of debt and other obligations, net	$	$	$	$	$	$		$	$
Royalties	$	$	$						