NEWMONT MINING CORP /DE/
Form 10-K/A
October 24, 2003
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

FOR ANNUAL AND TRANSITION REPORTS

PURSUANT TO SECTIONS 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2002

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 Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
1700 Lincoln Street	**80203**
Denver, Colorado	**(Zip Code)**
(Address of Principal Executive Offices)	

Registrant s telephone number, including area code (303) 863-7414

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $1.60 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

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. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes x No ¨

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 28, 2002: $10,263,712,439. There were 353,498,884 shares of common stock outstanding (and 48,434,773 exchangeable shares exchangeable into Newmont Mining Corporation common stock on a one-for-one basis) on March 5, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant s definitive Proxy Statement submitted to the Registrant s stockholders in connection with our 2003 Annual Stockholders Meeting held on May 7, 2003, are incorporated by reference into Part III of this report.

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This document (including information incorporated herein by reference) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve a degree of risk and uncertainty due to various factors affecting Newmont Mining Corporation and our subsidiaries. For a discussion of some of these factors, see the discussion in Item 1A, Risk Factors, of this report commencing on page 11.

Explanatory Note

This Amendment No. 1 on Form 10-K/A (this Amendment) amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed on March 27, 2003. Newmont Mining Corporation has filed this Amendment to provide additional information and to make certain corrections in Note 24, Segment and Related Information, in the Consolidated Financial Statements. Other information contained herein has not been updated. Therefore, you should read this Amendment together with our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003, as amended, as well as the other documents that we have filed since December 31, 2002 with the Securities and Exchange Commission. Information in such reports and documents update and supersede certain information contained in this Amendment.

PART I

ITEM 1. BUSINESS

Introduction

Newmont Mining Corporation s original predecessor corporation was incorporated in 1921 under the laws of Delaware. On February 13, 2002, at a special meeting of the stockholders of Newmont, stockholders approved adoption of an Agreement and Plan of Merger that provided for a restructuring of Newmont to facilitate the February 2002 acquisitions described below and to create a more flexible corporate structure. Newmont merged with an indirect, wholly owned subsidiary, which resulted in Newmont becoming a direct wholly owned subsidiary of a new holding company. The new holding company was renamed Newmont Mining Corporation. There was no impact to the consolidated financial statements of Newmont as a result of this restructuring and former stockholders of Newmont became stockholders of the new holding company. In this report, Newmont , the Company and we refer to Newmont Mining Corporation and/or our affiliates and subsidiaries.

On February 16, 2002, Newmont completed the acquisition of Franco-Nevada Mining Corporation Limited, a Canadian company, pursuant to a Plan of Arrangement. On February 20, 2002, Newmont gained control of Normandy Mining Limited, an Australian company, through an off-market bid for all of the ordinary shares of Normandy. On February 26, 2002, when Newmont s off-market bid for Normandy expired, Newmont had a relevant interest in more than 96% of Normandy s outstanding shares. Newmont exercised compulsory acquisition rights under Australian law to acquire all of the shares of Normandy in April 2002. Normandy was Australia s largest gold company with interests in 16 development-stage or operating mining properties worldwide. Prior to the merger, Franco-Nevada was the world s leading precious minerals royalty company and had interests in other investments in the mining industry. The results of operations of Normandy and Franco-Nevada have been included in this Annual Report and Newmont s financial statements from February 16, 2002 forward. The 10.5 month period of Newmont s ownership of these operations is referred to as the relevant period.

In 2001, Newmont completed a merger with Battle Mountain Gold Company. The merger was accounted for as pooling of interests and, as such, the financial statements in this report include Battle Mountain s financial data as if Battle Mountain had always been a part of Newmont.

As of December 31, 2002, Newmont had gold reserves of 86.9 million equity ounces and an aggregate land position of approximately 63,000 square miles (164,000 square kilometers). We have operations in North America, South America, Australia, New Zealand, Indonesia, Uzbekistan and Turkey. In 2002, we obtained more than 69% of our equity gold production from politically and economically stable countries, namely the United States, Canada and Australia. Newmont is also engaged in the production of, and exploration for, silver, copper and zinc.

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On January 31, 2003, Kinross Gold Corporation, Echo Bay Mines Ltd. and TVX Gold Inc. 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 45.67% interest in Echo Bay and $180 million for its interest in TVX Newmont Americas. After these transactions, Newmont had gold reserves of 83.2 million equity ounces.

During 2002, Newmont reviewed its asset base and operations, with the goal of achieving synergies by consolidating separately-managed assets, consolidating administrative and exploration staffs, achieving purchasing economies and better utilizing existing processing facilities. We also sold or disposed of lower margin or non-core operations or interests. During 2003, we will continue to focus on plans to achieve additional synergies.

Unless explicitly provided otherwise in this report, production, ounces sold, revenue and other financial information with respect to 2001 and prior years do not include the operations or revenues of Normandy or Franco-Nevada.

For the years ended December 31, 2002 and 2001, Newmont had revenues of $2.75 billion and $1.67 billion, respectively. In 2002, Newmont had net income applicable to common shares of $154.3 million, while in 2001, Newmont had a net loss applicable to common shares of $54.1 million.(1)

Newmont s corporate headquarters are in Denver, Colorado, USA.

For additional information, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, commencing on page 49 below.

Products

Gold

Equity Gold Sales. Newmont sold 7.63 million equity ounces of gold in 2002 and 5.47 million equity ounces in 2001. References in this report to equity ounces or equity pounds mean that portion of gold or base metals, respectively, produced, sold, or included in proven and probable reserves, which is attributable to our ownership or economic interest.

Approximately 45% of Newmont s equity gold sales came from North American operations in 2002 and 55% from overseas operations. In 2001, approximately 59% of our gold sales came from North American operations and 41% came from overseas operations. In 2002, 28% of overseas production, or 15% of total production, was attributable to Minera Yanacocha in Peru. At December 31, 2002, approximately 44% of our total long-lived assets were related to operations outside North America, with 8.5% of that total in Indonesia and 10.5% in Peru.

Gold Uses. Gold has two main categories of use product fabrication and investment. Fabricated gold has a variety of end uses, including jewelry, electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold investors buy gold bullion, official coins and high-karat jewelry, in addition to gold equities such as Newmont.

Most of Newmont s revenue comes from the sale of refined gold in the international market. The end product at each of Newmont s gold operations, however, is doré bars. In certain limited circumstances Newmont sells doré directly to a customer, but generally, because doré is an alloy consisting mostly of gold but also

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(1) All references to dollars or $ in this report refer to United States currency unless otherwise specified. References to A$ are to Australian currency.

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containing silver, copper and other metals, doré bars are sent to refiners to produce bullion that meets the required market standard of 99.95% pure gold. Under the terms of refining agreements, the doré bars are refined for a fee, and Newmont s share of the refined gold and the separately-recovered silver are credited to Newmont s account or delivered to buyers, except in the case of the doré produced from Newmont s operation in Uzbekistan. Doré from that operation is refined locally and the refined gold is physically returned to Newmont for sale in international markets. We do not believe that the loss of any of our refiners would have an adverse effect on our business due to the availability of alternative refiners able to supply the necessary services. Additionally, through its acquisition of Normandy, Newmont has an interest in an Australian refining business.

Gold Supply. The worldwide supply of gold consists of a combination of new production from mining and the draw-down of existing stocks of bullion and fabricated gold held by governments, financial institutions, industrial organizations and private individuals. In recent years, mine production has accounted for 60% to 70% of the total annual supply of gold.

Gold Price. The following table presents the annual high, low and average afternoon fixing prices over the past ten years, expressed in U.S. dollars, for gold per ounce on the London Bullion Market.

Year	High	Low	Average
1993	$ 406	$ 326	$ 360
1994	$ 396	$ 370	$ 384
1995	$ 396	$ 372	$ 384
1996	$ 415	$ 367	$ 388
1997	$ 367	$ 283	$ 331
1998	$ 313	$ 273	$ 294
1999	$ 326	$ 253	$ 279
2000	$ 313	$ 264	$ 279
2001	$ 293	$ 256	$ 271
2002	$ 349	$ 278	$ 310
2003 (through March 24)	$ 382	$ 329	$ 354

Source of Data: Kitco and Reuters.

On March 24, 2003, the afternoon fixing price for gold on the London Bullion Market was $329.45 per ounce and the spot market price of gold on the New York Commodity Exchange was $329.80 per ounce.

Newmont s gold and doré sales are generally made at the average price prevailing during the month in which the gold is delivered to the customer plus a contango, which is essentially an interest factor, from the beginning of the month until the date of delivery. Revenue from a sale is recognized when the price is determinable and upon delivery and transfer of title to the customer.

Copper

Copper Production. The Batu Hijau mine in Indonesia, in which Newmont holds a 56.25% economic interest (a 45% equity interest), produced copper/gold concentrates containing 657.7 million pounds of copper (369.9 million equity pounds) and 492,500 ounces of gold (277,000 equity ounces) in 2002. The Batu Hijau concentrates contain about 32% copper and about 0.48 ounce of gold per ton. In addition, the Golden Grove operation in Western Australia, which was acquired as a result of the Normandy acquisition and is 100% owned, produced concentrates containing 61.0 million pounds of copper during the relevant period of 2002.

Copper Uses. Newmont delivers and sells the concentrates from the Batu Hijau mine to smelters in Japan, Korea, Australia and Europe. The majority of Newmont s production is sold under long-term contracts, and the balance on the spot market. Refined copper, the final product from the treatment of concentrates, is incorporated

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into wire and cable products for use in the construction, electric utility, communication and transportation industries. Copper is also used in industrial equipment and machinery, consumer products and a variety of other electrical and electronic applications and is used to make brass. Copper substitutes include aluminum, plastics, stainless steel, and fiber optics. Refined, or cathode, copper is also an internationally traded commodity.

Copper Price. The price of copper is quoted on the London Metal Exchange in terms of dollars per metric ton of high grade copper and on the New York Commodity Exchange (Comex) in terms of dollars per pound of high grade copper. Copper prices tend to be more cyclical than gold prices and are more directly affected by worldwide supply and demand. The volatility of the copper market is illustrated by the following table, which shows the dollar per pound equivalent of the high, low and average prices of high grade copper on the London Metal Exchange in each of the last ten years.

Year	High	Low	Average
1993	$ 1.08	$ 0.72	$ 0.87
1994	$ 1.40	$ 0.78	$ 1.05
1995	$ 1.47	$ 1.23	$ 1.33
1996	$ 1.29	$ 0.83	$ 1.04
1997	$ 1.23	$ 0.77	$ 1.03
1998	$ 0.85	$ 0.65	$ 0.75
1999	$ 0.84	$ 0.61	$ 0.71
2000	$ 0.91	$ 0.73	$ 0.82
2001	$ 0.83	$ 0.60	$ 0.72
2002	$ 0.77	$ 0.64	$ 0.71
2003 (through March 24)	$ 0.78	$ 0.70	$ 0.76

Source of Data: London Metal Exchange

On March 24, 2003, the closing spot price of high grade copper on the London Metal Exchange was equivalent to $0.76 per pound.

Zinc

Zinc Production. Newmont produces zinc, lead and copper concentrates at its Golden Grove operation in Western Australia. Golden Grove produced zinc concentrates containing 114.8 million pounds of zinc during the relevant period of 2002.

Zinc Uses. Newmont delivers and sells its zinc concentrates to major zinc smelters in Japan and Korea. The majority of the concentrates are sold under long-term evergreen contracts. The pricing terms of these contracts are negotiated annually. Refined zinc, the final product from the treatment of the concentrates, is primarily used for galvanizing iron and steel products such as sheet and strip steel, pipes, tubes, wire and wire rope. Other uses include the manufacture of a broad range of die-cast products and the manufacture of brass.

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Zinc Price. The price of zinc is quoted on the London Metal Exchange in terms of dollars per metric ton. The volatility of the zinc market is illustrated by the following table, which shows the dollar per pound equivalent of the high, low and average prices of zinc on the London Metal Exchange in each of the last ten years.

Year	High	Low	Average
1993	$0.50	$0.39	$0.44
1994	$0.54	$0.41	$0.45
1995	$0.55	$0.43	$0.47
1996	$0.50	$0.44	$0.46
1997	$0.80	$0.47	$0.60
1998	$0.52	$0.42	$0.46
1999	$0.56	$0.41	$0.49
2000	$0.58	$0.46	$0.51
2001	$0.48	$0.33	$0.40
2002	$0.38	$0.33	$0.35
2003 (through March 24)	$0.37	$0.34	$0.36

Source of Data: London Metal Exchange

On March 24, 2003, the closing spot price of zinc on the London Metal Exchange was equivalent to $0.36 per pound.

Hedging Activities

Newmont has a no-hedging philosophy and generally sells its production at market prices. Historically, 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. The hedging policy authorized by Newmont s board of directors limits total gold hedging activity to 16 million ounces. Prior to the acquisitions of Normandy and Franco-Nevada, Newmont utilized forward sales contracts for a portion of the gold production from the Minahasa mine in Indonesia and from the Nevada and Canadian operations. No costs were incurred in connection with these forward sales contracts and there were no margin requirements related to these contracts. In December 2001, Newmont entered into offsetting positions to effectively close out combination matched put and call options and flat forward sales contracts associated with Canadian operations. In September 2001, Newmont entered into transactions closing out certain written call options covering 2.35 million ounces of gold. These options were replaced with a series of sales contracts requiring physical delivery of the same quantity of gold from 2005 to 2011. Under the terms of the sales contracts, Newmont will realize the lower of the spot price on the delivery date or the stated capped price ranging from $350 per ounce in 2005 to $392 per ounce in 2011.

At the time of Normandy s acquisition, three of its affiliates had a substantial derivative instrument position. Those affiliates are now known as Newmont Gold Treasury (NGT), Newmont NFM (Normandy NFM Limited trading as Newmont NFM) and Newmont Yandal Operations Limited (NYOL). Normandy s policy was to hedge a minimum of 60% of recoverable reserves (which are generally between 80% and 95% of total reserves). Normandy utilized forward sales contracts with fixed and floating gold lease rates, but did not enter into contracts that required margin calls and had no outstanding long-dated sold call options. A number of NYOL s hedging positions, however, 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 require an immediate cash settlement of that contract based on the market value on the date of termination and could result in a cash settlement obligation to NYOL hedge counterparties in excess of funds available to NYOL. NYOL s obligations, however, are non-recourse to Newmont and its other subsidiaries.

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Following the Normandy acquisition, and in accordance with our no-hedging philosophy, efforts to proactively reduce and simplify the Normandy hedge positions have been undertaken. Accordingly, the Normandy gold hedge books have been reduced by over 3 million ounces from February 16, 2002 to December 31, 2002. Contracts for a further 1.1 million committed ounces will mature or are scheduled to be delivered into during 2003. At December 31, 2002, the Normandy gold hedge positions consisted of the following commodity instruments covering approximately 6.7 million ounces of gold at an average price of $319 per ounce:

Entity	Gold Purchased Put Options	Gold Forward Sales	Combination Options and Other	Total
NGT Ounces (in thousands)	737	2,037		2,774
Mark-to-Market (US$millions)	$(7)	$(115)		$(122)
NFM Ounces (in thousands)		349		349
Mark-to-Market ($millions)		$(23)		$(23)
NYOL Ounces (in thousands)	758	946	1,818	3,522
Mark-to-Market ($millions)	$(16)	$(72)	$(200)	$(288)
TOTAL Ounces (in thousands)	1,495	3,333	1,818	6,646
Mark-to-Market ($millions)	$(23)	$(210)	$(200)	$(433)

At December 31, 2002, the mark-to-market valuation of the Normandy gold hedge positions was a negative $433 million, broken down as follows: NGT, negative $122 million; Newmont NFM, negative $23 million; and NYOL, negative $288 million.

The following table shows the approximate sensitivities of the US$ mark-to-market value of the Normandy gold hedge positions to changes in certain market variables as of December 31, 2002 (assuming all other market variables remain unchanged):

Market Variables	Change in Variable	Change in Mark-to-Market Value (Millions)
A$ Interest Rates	+/-1.0%	-/+$40.0
US$/A$ Exchange Rates	+/-US$0.01	+/-$35.4
Gold Lease Rates	+/-1.0%	+/-$15.2
US$ Interest Rates	+/-1.0%	-/+$10.5
US$ Gold Price/oz.	+/-$1.00	-/+$ 6.6

For more information see Hedging in Item 7A, Quantitative and Qualitative Disclosures about Market Risk, commencing on page 93 below.

Merchant Banking

Newmont has a separate business unit, Newmont Capital Limited, that is responsible for managing new business opportunities and the portfolio management of operating, property and equity interests, as well as managing Newmont s royalty portfolio and its interests in downstream gold businesses.

Newmont Capital offers a unique approach to help Newmont maximize net asset value per share and increase cash flow, earnings and reserves by working with Newmont s exploration, operations and finance teams to prioritize near-term goals within longer-term strategies. In 2002, Newmont Capital concentrated on debt reduction and portfolio optimization. $241 million in asset sales in 15 separate sales transactions closed during 2002 (including sales that occurred prior to the acquisition), and another $180 million of asset sales from five separate transactions were contracted during 2002 and closed in early 2003. Most of the proceeds were used to reduce debt. Newmont participated in the creation of the seventh largest gold company in the world by

contributing its shares in Echo Bay Mines Ltd. and selling its interest in the TVX Newmont Americas joint venture into the newly merged Kinross Gold Corporation.

During 2002, Newmont sold its interests in the Kasese Cobalt Company Limited in Uganda, the Ity gold mine in Cote d Ivoire, and the Tasiast mine in Mauritania, as well as its equity interests in Lihir Gold Limited, Aber Diamond Corporation and Inco Limited. In addition, offers were announced in late 2002 to acquire the minority interest in two remaining public subsidiary companies in Australia and New Zealand, Newmont NFM and Otter Gold Mines. These acquisitions are expected to be completed in the first half of 2003. The full acquisition of Newmont NFM enables Newmont to integrate the Tanami gold operations and exploration district in Australia. The Otter acquisition will give Newmont 100 percent of the Martha mine in New Zealand.

A key aspect of portfolio management is assisting Newmont in extracting district economies of scale with its partners and neighboring mines. Newmont Capital is evaluating district optimization opportunities in Nevada, Australia and Canada, covering a broad range of alternatives, including asset exchanges, unitization, joint ventures, general partnerships, sales, spinouts and buyouts.

Newmont Capital is responsible for managing Newmont s royalty income portfolio. Royalties are a natural hedge against lower gold prices by providing free cash flow from a diversified set of assets with limited operating, capital or environmental risk while still retaining upside exposure to further exploration discoveries and reserve expansions.

In 2002 Newmont had royalty interests in properties that produced approximately 2.9 million ounces of gold and 634,000 ounces of platinum group metals. Newmont has royalty interests in Barrick Gold Corporation s Betze-Post, Meikle and Eskay Creek mines, Placer Dome s Henty, Bald Mountain and Getchell mines and Stillwater Mining s Stillwater and East Boulder palladium-platinum mines. Newmont also has a significant oil and gas royalty portfolio in Western Canada. In 2002, royalty income was $35.7 million from 25 properties around the world.

Newmont Capital identifies properties or exploration targets for divestiture if they are incompatible with our core objectives. In the case of a sale, Newmont Capital could negotiate a return in the form of cash, equity, a royalty and/or future participation rights. Through this process, Newmont intends to continue to benefit from any discoveries made by other operators on lands in which we have a royalty, and to obtain revenues from the properties without incurring operating or capital risk.

During the year, over 30 new royalties were added through property transactions and asset sales. The majority of these were created in Canada as part of a rationalization of Newmont s exploration holdings. A land lease program in Nevada is accelerating exploration of non-core lands with Newmont retaining royalties and future participation rights. A similar program is planned for Australia in 2003.

Newmont is pursuing new downstream business opportunities related to gold refining and product distribution. During 2002, Newmont merged its interest in Australian Gold Refineries with Johnson Matthey s Australian business to create a new company known as AGR Matthey, in which Newmont has a 40% interest. AGR Matthey expects to process more than 9.6 million ounces of gold per year, making it the world s second largest gold refiner and largest distributor of gold into the Asian market. The products division markets wholesale finished jewelry and supplies the jewelry manufacturing industry throughout Australia and Asia.

Exploration

Newmont spent $88.9 million in 2002 and $55.5 million in 2001 for exploration and research. The Exploration Segment is responsible for all activities, regardless of location, associated with the Company s efforts to discover other mineralized material (as defined in Note 2 to the Company s Consolidated Financial Statements) that will advance into proven and probable reserves. Exploration work may be conducted in areas surrounding our existing mines for the purpose of locating additional deposits and determining mine geology and

in other prospective gold regions. Our exploration staff employs state-of-the-art technology, including airborne geophysical data acquisition systems, satellite location devices and field-portable imaging systems, to aid in the location of prospective targets.

In 2002, as a result of exploration activities, Newmont replaced 9.4 million ounces of reserve depletion from production, including reserve additions in all four of our core operating regions in Nevada, Peru, Australia and Indonesia.

In Nevada, exploration efforts in conjunction with optimization work added 3.1 million ounces of new reserves in 2002 on the Carlin Trend and at our other Nevada operations.

In Peru, exploration at Minera Yanacocha focused on defining surface and covered oxide mineralization in the La Quinua basin including the prospective Corimayo deposit, which was brought into reserves in 2002. Exploration work also continued to further define mineralized sulfide material below several oxide deposits. This mineralization was initially intersected during the delineation drilling of the oxide material, and is now being selectively drilled to identify higher-grade zones.

In Australia, major reserve additions in 2002 included 717,000 ounces at Yandal s Jundee mine and 581,000 ounces at Tanami. Exploration activities also added reserves, from pit optimization drilling at the Kalgoorlie Super Pit and at the Pajingo underground mine.

At Batu Hijau, exploration in conjunction with optimization work added 1.3 billion pounds (0.7 billion equity pounds) of copper and 1.4 million ounces (0.8 million equity ounces) of gold to Newmont s 2002 reserves.

In addition to reserve additions at our core operations, exploration efforts in 2002 focused on two greenfields projects in Ghana and resulted in the addition of 1.6 million equity ounces of reserves at our 85% owned Akyem project.

For more information, see Item 2, Properties, Proven and Probable Reserves commencing on page 37 below.

Segment Information, Export Sales, etc.

See Note 24 to the Consolidated Financial Statements, beginning on page 157 below, for information relating to our business segments, our domestic and export sales, and our customers.

Licenses and Concessions

Other than operating licenses for our mining and processing facilities, there are no third party patents, licenses or franchises material to Newmont s business. In many countries, however, we conduct our mining and exploration activities pursuant to concessions granted by, or under contract with, the host government. These countries include, among others, Australia, Bolivia, Ghana, Indonesia, Peru, Mexico and Turkey. The concessions and contracts are subject to the political risks associated with foreign operations. See Item 1A, Risk Factors, Risks Related to Newmont Operations on page 13 below. For a more detailed description of our Indonesian Contracts of Work, see Item 2, Properties, on page 23 below.

Condition of Physical Assets and Insurance

Our business is capital intensive, requiring ongoing capital investment for the replacement, modernization or expansion of equipment and facilities. For more information, see Liquidity and Capital Resources in Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, on page 83 below.

We maintain insurance against property loss and business interruption and insure against risks that are typical in the operation of our business in amounts that we believe to be reasonable. Such insurance, however, contains exclusions and limitations on coverage, particularly with respect to liability for environmental impairment and political risk. There can be no assurance that claims would be paid under such insurance in connection with a particular event. See Item 1A, Risk Factors, Risks Related to Newmont Operations on page 13 below.

Environmental Matters

Newmont s United States mining and exploration activities are subject to various federal and state laws and regulations governing the protection of the environment, including the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Endangered Species Act; the Federal Land Policy and Management Act; the National Environmental Policy Act; the Resource Conservation and Recovery Act; and related state laws. These laws and regulations are continually changing and are generally becoming more restrictive. Newmont s activities outside the United States are also subject to governmental regulations for the protection of the environment. In general, environmental regulations have not had, and are not expected to have, a material adverse impact on Newmont s operations or our competitive position.

We conduct our operations so as to protect the public health and environment and believe our operations are in compliance with all applicable laws and regulations. Newmont has global environmental policies that define the expectations for each site s operating performance. Each operating Newmont mine has a reclamation plan in place that meets all applicable legal and regulatory requirements. We have made, and expect 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. At December 31, 2002, $268.2 million was accrued for reclamation costs relating to currently or recently producing mineral properties.

Reclamation and Remediation of Inactive Sites within the United States

Newmont also 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. We believe that the related environmental obligations associated with these sites are similar in nature with respect to the development of remediation plans, their risk profile and the compliance required to meet general environmental standards. Based upon our best estimate of our liability for these matters, $48.1 million was accrued as of December 31, 2002 for such obligations associated with properties owned or operated by Newmont or our subsidiaries. These amounts are included in *Other Accrued Liabilities* and *Reclamation and Remediation Liabilities.* Depending upon the ultimate resolution of these matters, we believe that it is reasonably possible that the liability for these matters could be as much as 45% greater or 25% lower than the amount accrued at December 31, 2002. The amounts accrued for these matters are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are charged to costs and expenses in the period estimates are revised.

For a discussion of the most significant reclamation and remediation activities, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, commencing on page 49 below, and Note 25 to Consolidated Financial Statements, beginning on page 161 below.

Employees

There were 13,200 people employed by Newmont and our affiliates worldwide at December 31, 2002, and 10,600 people employed by Newmont and our affiliates worldwide at December 31, 2001. At December 31, 2001, Franco-Nevada employed 25 people and Normandy employed 2,900 people.

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Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided for under these sections. Our forward-looking statements include, without limitation:

- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- estimates of future mineral production and sales for specific operations and on a consolidated basis;
- estimates of future production costs and other expenses, for specific operations and on a consolidated basis;
- estimates of future cash flows and the sensitivity of cash flows to gold and other metal prices;
- estimates of future capital expenditures and other cash needs for specific operations and on a consolidated basis and expectations as to the funding thereof;
- statements as to the projected development of certain ore deposits, including estimates of development and other capital costs, financing plans for these deposits, and expected production commencement dates;
- estimates of future costs and other liabilities for certain environmental matters;
- estimates of reserves, and statements regarding future exploration results and reserve replacement;
- statements regarding modifications to Newmont s hedge positions;
- statements regarding future transactions relating to portfolio management or rationalization efforts; and
- projected synergies and costs associated with acquisitions and related matters.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements. Such risks include, but are not limited to, the price of gold and copper; currency fluctuations; geological and metallurgical assumptions; operating performance of equipment, processes and facilities; labor relations; timing of receipt of necessary governmental permits or approvals; domestic and foreign laws or regulations, particularly relating to the environment and mining; domestic and international economic and political conditions; the ability of Newmont to obtain or maintain necessary financing; and other risks and hazards associated with mining operations. More detailed information regarding these factors is included in Item 1, Business, Item 1A, Risk Factors, and elsewhere throughout this report, as well as in other filings with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

All subsequent written and oral forward-looking statements attributable to Newmont or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements. Newmont disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Available Information

Newmont maintains an internet web site at www.newmont.com. Newmont makes available, free of charge, through the Investor Information section of its web site, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. Newmont has provided same day access to such reports through its web site since November 15, 2002. Newmont s Corporate Governance Guidelines and the charters of its key committees are also available on the web site.

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ITEM 1A. RISK FACTORS

Every investor or potential investor in Newmont should carefully consider the following risks, which have been separated into two groups:

- risks related to the gold mining industry generally; and
- risks related to Newmont s operations.

Risks Related to the Gold Mining Industry Generally

A Substantial or Extended Decline in Gold Prices Would Have a Material Adverse Effect on Newmont

Newmont s business is extremely dependent on the price of gold, which is affected by numerous factors beyond Newmont s control. Factors tending to put downward pressure on the price of gold include:

- sales or leasing of gold by governments and central banks;
- a low rate of inflation and a strong U.S. dollar;
- global and regional recession or reduced economic activity;
- speculative trading;
- decreased perception of geopolitical or economic risk;
- decreased demand for gold for industrial uses, use in jewelry, and investment;
- high supply of gold from production, disinvestment, and scrap and hedging;
- sales by gold producers in forward transactions and other hedging transactions; and
- devaluing local currencies (relative to gold priced in U.S. Dollars) leading to lower production costs and higher production in certain major gold-producing regions.

Any drop in the price of gold adversely impacts our revenues, profits and cash flows, particularly in light of our no-hedging philosophy. Newmont has recorded asset writedowns in recent years as a result of a sustained period of low gold prices. Newmont may experience additional asset impairment as a result of low gold prices in the future.

In addition, sustained low gold prices can:

- reduce revenues further by production cutbacks due to cessation of the mining of deposits or portions of deposits that have become uneconomic at the then-prevailing gold price;
- halt or delay the development of new projects;
- reduce funds available for exploration, with the result that depleted reserves are not replaced; and
- reduce existing reserves, by removing ores from reserves that cannot be economically mined or treated at prevailing prices.

Also see the discussion in Item 1, Gold Price, commencing on page 3 above.

Gold Producers Must Continually Obtain Additional Reserves

Gold producers must continually replace gold reserves depleted by production. Depleted reserves must be replaced by expanding known ore bodies or by locating new deposits in order for gold producers to maintain production levels over the long term. Gold exploration is highly speculative in nature, involves many risks and frequently is unproductive. No assurances can be given that any of our new or ongoing exploration programs will

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result in new mineral producing operations. Once mineralization is discovered, it may take many years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. As a result, reserves may decline as gold is produced if they are not adequately replaced.

Estimates of Proven and Probable Reserves are Uncertain

Estimates of proven and probable reserves are subject to considerable uncertainty. Such estimates are, to a large extent, based on interpretations of geologic data obtained from drill holes and other sampling techniques. Gold producers use feasibility studies to derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore body, expected recovery rates of metals from the ore, comparable facility, equipment, and operating costs, and other factors. Actual cash operating costs and economic returns on projects may differ significantly from original estimates. Further, it may take many years from the initial phase of drilling before production is possible and, during that time, the economic feasibility of exploiting a discovery may change.

Increased Costs Could Affect Profitability

The total cash costs at any particular mining location are frequently subject to great variation from one year to the next due to a number of factors, such as changing ore grade, metallurgy and mining activities in response to the physical shape and location of the ore body. In addition, cash costs are affected by the price of commodities such as fuel and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in costs at any one location could have a significant effect on Newmont s profitability.

Mining Accidents or Other Adverse Events at a Mining Location Could Reduce Our Production Levels

At any of Newmont s operations, production may fall below historic or estimated levels as a result of mining accidents such as a pit wall failure in an open pit mine, or cave-ins or flooding at underground mines. In addition, production may be unexpectedly reduced at a location if, during the course of mining, unfavorable ground conditions or seismic activity are encountered; ore grades are lower than expected; the physical or metallurgical characteristics of the ore are less amenable to mining or treatment than expected; or our equipment, processes or facilities fail to operate properly or as expected.

The Use of Hedging Instruments May Prevent Gains Being Realized from Subsequent Price Increases

Consistent with Newmont s no-hedging philosophy, Newmont does not intend to enter into new material gold hedging positions and intends to decrease its hedge positions over time by opportunistically delivering gold into our existing hedge contracts, and by seeking to unwind our hedge position when economically attractive. Nonetheless, Newmont currently has gold hedging positions. If the gold price rises above the price at which future production has been committed under these hedge instruments, Newmont will have an opportunity loss. However, if the gold price falls below that committed price, Newmont s revenues will be protected to the extent of such committed production. In addition, we may experience losses if a hedge counterparty defaults under a contract when the contract price exceeds the gold price.

For a more detailed description of the Newmont hedge positions, see the discussion in Hedging in Item 7A, Quantitative and Qualitative Disclosures About Market Risk, beginning on page 93 below.

Currency Fluctuations May Affect the Costs that Newmont Incurs

Currency fluctuations may affect the costs that we incur at our operations. Gold is sold throughout the world based principally on the U.S. dollar price, but a portion of Newmont s operating expenses are incurred in local

currencies. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the costs of gold production in U.S. dollar terms at mines located outside the United States, making such mines less profitable. The currencies which primarily impact Newmont s results of operations are the Canadian and Australian dollars.

During 2002, the Canadian and Australian dollars strengthened by an average of 1% and 5%, respectively, against the U.S. dollar. This increased U.S. dollar reported operating costs in Canada and Australia by approximately $1.0 million and $18.3 million, respectively.

For a more detailed description of how currency exchange rates may affect costs, see discussion in Foreign Currency in Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Gold Mining Companies are Subject to Extensive Environmental Laws and Regulations

Newmont s exploration, mining and processing operations are regulated in all countries in which we operate under various federal, state, provincial and local laws relating to the protection of the environment, which generally includes air and water quality, hazardous waste management and reclamation. Delays in obtaining or failure to obtain government permits and approvals may adversely impact our operations. The regulatory environment in which Newmont operates could change in ways that would substantially increase costs to achieve compliance. In addition, significant changes in regulation could have a material adverse effect on Newmont s operations or financial position. For a more detailed discussion of potential environmental liabilities, see the discussion in Environmental Matters, Note 25 to the Consolidated Financial Statements, beginning on page 161 below.

Risks Related to Newmont Operations

Our Operations Outside North America and Australia are Subject to the Risks of Doing Business Abroad

Exploration, development and production activities outside of North America and Australia are potentially subject to political and economic risks, including:

- cancellation or renegotiation of contracts;
- disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act;
- changes in foreign laws or regulations;
- changes in tax laws;

royalty and tax increases or claims by governmental entities, including retroactive claims;

expropriation or nationalization of property;

currency fluctuations (particularly in countries with high inflation);

foreign exchange controls;

restrictions on the ability of local operating companies to sell gold offshore for U.S. dollars, and on the ability of such companies to hold U.S. dollars or other foreign currencies in offshore bank accounts;

import and export regulations, including restrictions on the export of gold;

restrictions on the ability to pay dividends offshore;

environmental controls;

risks of loss due to civil strife, acts of war, guerrilla activities, insurrection and terrorism; and

other risks arising out of foreign sovereignty over the areas in which our operations are conducted.

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Consequently, Newmont s exploration, development, and production activities outside of North America and Australia may be substantially affected by factors beyond Newmont s control, any of which could materially adversely affect Newmont s financial position or results of operations. Furthermore, in the event of a dispute arising from such activities, Newmont may be subject to the exclusive jurisdiction of courts outside North America or Australia or may not be successful in subjecting persons to the jurisdiction of the courts in North America or Australia, which could adversely affect the outcome of a dispute.

Newmont has substantial investments in Indonesia, a nation that since 1997 has undergone financial crises and devaluation of its currency, outbreaks of political and religious violence, changes in national leadership, and the secession of East Timor, one of its former provinces. Despite democratic elections in 1999, a change in government occurred in late July 2001, and civil unrest, independence movements, and tensions between the civilian government and the military continue. These problems heighten the risk of abrupt changes in the national policy toward foreign investors, which in turn could result in unilateral modification of concessions or contracts, increased taxation, or expropriation of assets. If this were to occur with respect to Newmont s Contracts of Work, Newmont s financial condition and results of operations could be materially adversely affected.

During the last two years, Minera Yanacocha, of which Newmont owns a 51.35% interest, has been the target of numerous local political protests, including ones that blocked the road between the Yanacocha mine complex and the city of Cajamarca in Peru. We cannot predict whether these incidents will continue, nor can we predict the government s continuing positions on foreign investment, mining concessions, land tenure, environmental regulation or taxation. The continuation or intensification of protests or a change in prior governmental positions could adversely affect our operations in Peru.

Recent violence reportedly committed by radical elements in Indonesia and other countries, and the presence of U.S. forces in Iraq and Afghanistan may increase the risk that operations owned by U.S. companies will be the target of further violence. If any of Newmont s operations were so targeted it could have an adverse effect on our business.

Remediation Costs for Federal Superfund Law Liabilities May Exceed the Provisions We Have Made

Newmont has conducted extensive work at one inactive site in Australia and two inactive sites in the United States. At one of these sites, remediation requirements have not been finally determined, and, therefore, the final cost cannot be estimated. At a third site in the U.S., an inactive uranium mine and mill formerly operated by a subsidiary of Newmont, remediation work at the mill is ongoing, but remediation at the mine is subject to dispute and has not yet commenced. The environmental standards that may ultimately be imposed at this site as a whole remain uncertain and there is a risk that the costs of remediation may exceed the provision Newmont s subsidiary has made for such remediation by a material amount.

Whenever a previously unrecognized remediation liability becomes known or a previously estimated cost is increased, the amount of that liability or additional cost is expensed and this can materially reduce net income in that period.

We Face Risks Related To Our Investment In Australian Magnesium Corporation (AMC)

AMC is an Australian company based in Queensland whose primary focus is the development of its Stanwell magnesium project. As a result of its acquisition of Normandy, Newmont is a substantial holder of AMC securities with a 27.8% voting interest in AMC. Newmont also is a

guarantor of certain AMC obligations.

If AMC is unable to perform its obligations, there is a risk that Newmont, as guarantor, may incur liabilities under those arrangements.

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Additionally, there are a number of significant risks related to investments in AMC, including:

- risks related to the project, which has not been completed and has no operating history;
- AMC s substantial dependence on the project;
- risks related to the magnesium market; and
- AMC s need for additional financial and operational support from third-parties.

For additional information on AMC, see the discussion in Item 2, Investment Interests, Australian Magnesium Corporation, beginning on page 36 below.

Our Level of Indebtedness May Affect Our Business

As a result of our acquisitions, our level of indebtedness has increased, although net indebtedness is a smaller percentage of our total capitalization than it was prior to the acquisitions. From December 31, 2001 to December 31, 2002, Newmont s debt increased from $1.4 billion to $1.8 billion. This level of indebtedness could have important consequences for our operations, including:

- Newmont may need to use a large portion of its cash flow to repay principal and pay interest on our debt, which will reduce the amount of funds available to finance our operations and other business activities;
- Newmont s debt level may make us vulnerable to economic downturns and adverse developments in Newmont s businesses and markets; and
- Newmont s debt level may limit our ability to pursue other business opportunities, borrow money for operations or capital expenditures in the future or implement our business strategy.

Newmont expects to obtain the funds to pay our expenses and to pay principal and interest on our debt by utilizing cash flow from operations. Newmont s ability to meet these payment obligations will depend on our future financial performance, which will be affected by financial, business, economic and other factors. Newmont will not be able to control many of these factors, such as economic conditions in the markets in which Newmont operates. Newmont cannot be certain that our future cash flow from operations will be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. If cash flow from operations is insufficient, we may be required to refinance all or part of our existing debt, sell assets, borrow more money or issue additional equity. We cannot be sure that we will be able to do so on commercially reasonable terms, if at all.

We Face Risks Related to Newmont Yandal Operations Limited

Newmont Yandal Operations Limited (NYOL), the Newmont subsidiary that owns the Yandal operations, has a substantial derivatives position. At December 31, 2002, NYOL s hedge positions exceeded NYOL s forecasted sales and had a mark-to-market valuation of negative $288 million. A number of NYOL s hedge positions 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 require an immediate cash settlement of that contract based on the market value on the date of termination and could result in a cash settlement obligation to NYOL hedge counterparties in excess of available funds. NYOL also has outstanding $300 million (of which Newmont owns $62.8 million) of ten year 8 $^{7}/8$% senior unsecured notes due in 2008. NYOL s liabilities represent a significant challenge to NYOL, and while these liabilities are non-recourse to Newmont and its other subsidiaries, should NYOL become bankrupt or insolvent there could be a loss or liquidation of NYOL s assets including the Bronzewing, Jundee and Wiluna mines, which had proven and probable reserves of 2.1 million ounces as of December 31, 2002.

For a more detailed description of the Newmont hedge positions, see the discussion in Hedging in Item 7A, Quantitative and Qualitative Disclosures About Market Risk, beginning on page 93 below.

Occurrence of Events for Which We are Not Insured May Affect Our Cash Flow and Overall Profitability

We maintain insurance to protect ourselves against certain risks related to our operations. This insurance is maintained in amounts that we believe to be reasonable depending upon the circumstances surrounding each identified risk. However, Newmont may elect not to have insurance for certain risks because of the high premiums associated with insuring those risks or for various other reasons; in other cases, insurance may not be available for certain risks. Some concern always exists with respect to investments in parts of the world where civil unrest, war, nationalist movements, political violence or economic crisis are possible. These countries may also pose heightened risks of expropriation of assets, business interruption, increased taxation and a unilateral modification of concessions and contracts. Newmont does not maintain insurance against political risk. Occurrence of events for which Newmont is not insured may affect its cash flow and overall profitability.

Our Business Depends on Good Relations with Our Employees

Newmont may experience difficulties in integrating labor policies, practices, and strategies with our acquired subsidiaries. In addition, problems with or changes affecting employees of one subsidiary may affect relations with employees of other subsidiaries. The process of integrating our acquired subsidiaries increases the risk of labor disputes, work stoppages or other disruptions in production that could adversely affect us.

At December 31, 2002, unions represented approximately 37% of our worldwide work force. On that date, Newmont had 958 employees at its Carlin, Nevada operations, 244 employees in Canada at its Golden Giant operation, 3,446 employees in Indonesia at its Batu Hijau operations, 47 employees in New Zealand at its Martha operation, 351 employees in Bolivia at its Kori Kollo operation, and 494 employees in Australia at its Golden Grove, Pajingo, Tanami and Yandal operations combined, working under a collective bargaining agreement or similar labor agreement.

Currently there are labor agreements in effect for all hourly workers except those in Carlin, Nevada. The Operating Engineers Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO is the bargaining agent for these employees. The Carlin labor agreement expired on September 30, 2002. Newmont is currently in negotiations with the union to reach an acceptable contract, but also has developed contingency plans in case of a work stoppage or strike. Newmont cannot predict when or if it will reach an agreement with the union. If no such agreement is reached or if the negotiations take an excessive amount of time, there may be a heightened risk of a prolonged work stoppage.

Our Earnings also Could be Affected by the Prices for Other Commodities

The revenues and earnings of Newmont also could be affected by the prices of other commodities such as copper and zinc, although to a lesser extent than by the price of gold. The prices of copper and zinc are affected by numerous factors beyond Newmont s control. For more information, see Item 1, Copper and Zinc, commencing on page 3 above, and Item 2, Properties, commencing below.

Title to Some of Our Properties May Be Defective or Challenged

Although we have conducted title reviews of our properties, title review does not necessarily preclude third parties from challenging our title. While Newmont believes that it has satisfactory title to its properties, some risk exists that some titles may be defective or subject to challenge. In addition, certain of our Australian properties could be subject to native title or traditional landowner claims, but such claims would not deprive us of the properties. For information regarding native title or traditional landowner claims, see the discussion under the Australia section of Item 2, Properties, on page 21 below.

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We Compete With Other Mining Companies

We compete with other mining companies to attract and retain key executives and other employees with technical skills and experience in the mining industry. We also compete with other mining companies for rights to mine properties containing gold and other minerals. There can be no assurance that Newmont will continue to attract and retain skilled and experience employees, or to acquire additional rights to mine properties.

Newmont s Anti-Takeover Provisions Could Limit Amounts Offered in a Takeover

Article Ninth of our certificate of incorporation and our rights agreement may make it more difficult for various corporations, entities or persons to acquire control of us or to remove management. Article Ninth of our certificate of incorporation requires us to obtain the approval of holders of 80% of all classes of our capital stock who are entitled to vote in the election of directors, voting together as one class, to enter into certain types of transactions generally associated with takeovers, unless our Board of Directors approves the transaction before the other corporation, entity or person acquires 10% or more of our outstanding shares. In addition, the Board has declared a dividend of one preferred share purchase right for each outstanding share of our common stock under a rights agreement, dated as of February 13, 2002, between Newmont and Mellon Investor Services LLC, as the rights agent. The rights agreement, in effect, imposes a significant penalty upon any person or group that acquires 15% or more of our outstanding common stock without the approval of the Board. While the anti-takeover provisions protect stockholders from coercive or otherwise unfair takeover tactics, they may also limit the premium over market price available to holders of common stock in a takeover situation.

Certain Factors Outside of Our Control May Affect Our Ability to Support the Carrying Value of Goodwill

At December 31, 2002, the carrying value of our goodwill was approximately $3.0 billion or 30% of our total assets. Such goodwill has been assigned to our Merchant Banking ($1.6 billion) and Exploration Segments ($1.1 billion), and to various mine site reporting units ($300 million in the aggregate). As further described in Note 3 to the Consolidated Financial Statements, this goodwill arose in connection with our February 15, 2002 acquisition of Normandy and Franco-Nevada, and it represents the excess of the aggregate purchase price over the fair value of the identifiable net assets of Normandy and Franco-Nevada. Such goodwill was assigned to reporting units based on independent appraisals performed by Behre Dolbear and Company, Inc., a mineral industry consulting firm (Behre Dolbear). We evaluate, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. This evaluation involves a comparison of the fair value of our reporting units to their carrying values. The fair values of the applicable reporting units are based in part on certain factors that may be partially or completely outside of our control, such as the investing environment, the discovery of proven and probable reserves, commodity prices and other factors. In addition, certain of the assumptions underlying the Merchant Banking and Exploration Segment February 15, 2002 appraisals may not be easily replicated by the Company, even though such assumptions were based on historical experience and the Company considers such assumptions to be reasonable under the circumstances. With respect to the Merchant Banking Segment, such assumptions included (i) an initial investment of $300 million; (ii) additional annual investments of $50 million commencing in year two of a seven-year time horizon; (iii) an average long-term after-tax return of 37.3%; (iv) the immediate reinvestment of average annual returns; and (v) discount rates ranging from 8% to 9%. With respect to the Exploration Segment, such assumptions included (i) 1.6 million recoverable ounces of additions to proven and probable reserves through new discoveries in the first year following the acquisition; (ii) an annual growth rate for such reserve additions of 23.1% over a ten-year period; (iii) a fair value for each recoverable ounce of reserve additions of approximately $58; and (iv) a discount rate of 15%. In the absence of any mitigating valuation factors, the Company s failure to achieve one or more of the February 15, 2002 appraisal assumptions will over time result in an impairment charge. Accordingly, no assurance can be given that significant non-cash impairment losses will not be recorded in the future due to possible declines in the fair values of our reporting units. For a more detailed description of the estimates and assumptions involved in

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assessing the recoverability of the carrying value of goodwill, see Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations Critical Accounting Policies.

ITEM 2. PROPERTIES

Gold Processing Methods

Gold is extracted from naturally-oxidized ores by either heap leaching or milling, depending on the amount of gold contained in the ore and the amenability of the ore to treatment. Gold contained in ores that are not naturally oxidized can be directly milled if the gold is amenable to cyanidization, generally known as free milling ores. Ores that are not amenable to cyanidization, known as refractory ores, require more costly and complex processing techniques than oxide or free milling ore. Higher-grade refractory ores are processed through either roasters or autoclaves. Roasters heat finely ground ore with air and oxygen to a high temperature, burn off the carbon and oxidize the sulfide minerals that prevent efficient leaching. Autoclaves use heat, oxygen and pressure to remove sulfide minerals from the ore.

Some gold-bearing sulfide ores may be processed through a flotation plant or by bio-milling. In flotation, ore is finely ground, turned into slurry, then placed in a tank known as a flotation cell. Chemicals are added to the slurry causing the gold-containing sulfides to float in air bubbles to the top of the tank, where they can be separated from waste particles that sink to the bottom. The sulfides are removed from the cell and converted into a concentrate that can then be processed in an autoclave or roaster to recover the gold. Bio-milling incorporates patented technology that involves inoculation of suitable crushed ore on a leach pad with naturally occurring bacteria strains, which oxidize the sulfides over a period of time. The ore is then processed through an oxide mill.

Free-milled ores and high grade oxide ores are processed through mills, where the ore is ground into a fine powder and mixed with water in slurry, which then passes through a cyanide leaching circuit. Other ores are processed using heap leaching. The ore is crushed and stacked on impermeable pads, where weak cyanide solution is applied to the top surface of the heaps to dissolve the gold. In both cases, the gold-bearing solution is then collected and pumped to facilities to remove the gold by collection on carbon or by zinc precipitation directly from leach solutions.

Production Properties

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Set forth below is a description of the properties of Newmont and its subsidiaries. Total cash costs and total production costs for each operation are presented in a table beginning on page 26. Total cash costs and total production costs represent measures of performance that are not calculated in accordance with generally accepted accounting principles (GAAP). Management uses these non-GAAP financial measures to analyze the cash generating capacities and performance of Newmont s mining operations. For a reconciliation of these non-GAAP measures to *Costs Applicable to Sales* as calculated and presented under GAAP, see Item 2, Properties, Operating Statistics on page 31.

North America

Nevada. Newmont has been mining gold in Nevada since 1965. Newmont s Nevada operations include Carlin, located west of Elko on the geological feature known as the Carlin Trend, and the Winnemucca Region, located 80 miles (129 kilometers) to the west of Carlin. The Carlin Trend is the largest gold district discovered in North America in the last 50 years. The Winnemucca Region includes the Twin Creeks mine located near Winnemucca, the Lone Tree Complex located near Battle Mountain, and the Battle Mountain Complex, near Battle Mountain, where there are no currently active mining operations but where optimization work is ongoing with respect to a large gold/copper deposit known as Phoenix. Our Nevada operations also include the Midas underground mine, acquired in February 2002.

In 2002, ore was mined from 14 open-pit deposits and five underground mines, including Midas. Gold sales from Newmont s Nevada operations totaled approximately 2.7 million equity ounces for 2002.

Underground production will continue to grow at Carlin, as underground mine development is expected to continue in 2003 at Leeville. Additionally, for the first time, underground mining occurred from the Gold Quarry open pit mine, where development of a small deposit, Chukar, began in January 2002.

Newmont s operations in Nevada have a number of different ore types and processing techniques. Newmont has developed a linear programming model to determine the best mix of ore types for each processing facility in order to obtain the maximum ounces of gold at the lowest cost from the ores. Approximately 66.4% of Newmont s 2002 year-end proven and probable gold reserves in Nevada were refractory and the balance were oxide. Nevada s production has increasingly come from higher grade, but higher cost refractory ores from both deep open pits and underground mines, as near-surface oxide ores have been depleted. Refractory ore treatment facilities are expected to generate approximately 70% of Nevada s gold production in 2003, compared with 66% in 2002, 65% in 2001, and 68% in 2000.

Higher-grade oxide ores are processed at one oxide mill at Carlin, two at Twin Creeks and one at Lone Tree. Lower-grade oxide ores are processed using heap leaching. Higher-grade refractory ores are processed through either a roaster at Carlin or through autoclaves at Twin Creeks or Lone Tree. Lower grade sulfide ores are processed through a flotation plant at Lone Tree. Ore from the Midas mine is processed at an on-site treatment plant using a conventional crushing, grinding and gravity circuit and cyanide leaching process.

Gold-bearing activated carbon from Carlin s milling and leaching facilities is processed on-site at a central carbon processing plant and adjacent smelting facilities. Separate carbon processing facilities are located in the North and South Areas at Twin Creeks with one refinery in the North Area. Material from two carbon processing facilities located at Lone Tree is refined at Carlin or Twin Creeks. Gold-bearing solutions from Midas are processed through a Merrill Crowe plant and adjacent smelting facility.

Analytical laboratories, maintenance facilities and administrative offices are located at Carlin, Twin Creeks and the Lone Tree Complex. Newmont also has an advanced metallurgical research laboratory in Denver, Colorado.

Newmont owns, or controls through long-term mining leases and unpatented mining claims, all of the minerals and surface area within the boundaries of the present Carlin, Winnemucca Region and Midas mining operations. The long-term leases extend for at least the anticipated mine life of those deposits. With respect to a significant portion of the Gold Quarry mine at Carlin, Newmont owns a 10% undivided interest in the mineral rights and leases the remaining 90%, on which Newmont pays a royalty equivalent to 18% of the mineral production. The remainder of the Gold Quarry mineral rights are wholly owned or controlled by Newmont, in some cases subject to additional royalties. With respect to certain smaller deposits in the Winnemucca Region, Newmont is obligated to pay royalties on production to third parties that vary from 3% to 5% of production.

California. Newmont has one mine in California, Mesquite. Mining operations at Mesquite ceased in the second quarter of 2001, with the depletion of the main ore body. Mesquite operations have transitioned to temporary shutdown and reclamation, and declining amounts of gold will be recovered from the inventory of ores on the heap leach pads. Production from residual heap leaching resulted in gold sales of 57,100 ounces in 2002. The permitting process for an expansion at Mesquite was completed in 2002, but such expansion is dependent on higher gold prices. Final gold production from inventory on the existing heap leach pads is expected in 2004.

Canada. Newmont s Canadian operations include two underground mines. The Golden Giant mine (100% owned) is located approximately 25 miles (40 kilometers) east of Marathon in Ontario, Canada, and has been in production since 1985. The Holloway mine is located approximately 35 miles (56 kilometers) east of Matheson in Ontario, and about 400 miles (644 kilometers) northeast of Golden Giant, and has been in production since 1996. The Holloway mine is owned by a joint venture in which Newmont has an 84.65% interest. The remaining 15.35% interest is held by Teddy Bear Valley Mines. In 2002, the Golden Giant mine sold 281,500 equity ounces of gold, and the Holloway mine sold 97,700 equity ounces of gold.

Also see the TVX Newmont Americas description on page 25 below for information on other Newmont property interests in Canada owned in 2002. Newmont sold its interest in TVX Newmont Americas on January 31, 2003.

Mexico. Newmont has a 44% interest in La Herradura, which is located 250 miles (400 kilometers) southeast of Mesquite in Mexico s Sonora desert. La Herradura is operated by Industriales Peñoles, Mexico s largest silver producer. The mine is an open pit operation with a two-stage crushing circuit and heap-leach recovery. Mine sales were 145,900 ounces (64,200 equity ounces) of gold in 2002.

South America

Peru. The properties of Minera Yanacocha S.R.L. are located approximately 375 miles (604 kilometers) north of Lima and 30 miles (48 kilometers) north of the city of Cajamarca. Since the discovery of gold in 1986, the area has become the largest gold district in South America. Minera Yanacocha began production in 1993. Newmont holds a 51.35% interest in Minera Yanacocha. The remaining interests are held by Compañia de Minas Buenaventura, S.A.A. (43.65%) and the International Finance Corporation (5%).

Minera Yanacocha has mining rights with respect to a large land position that includes multiple deposits as well as other prospects. Minera Yanacocha s mining rights were acquired through assignments of concessions granted by the Peruvian government to a related entity. The assignments have a term of 20 years, beginning in the early 1990s, renewable at the option of Minera Yanacocha for another 20 years. In October 2000, Newmont and Buenaventura consolidated their land holdings in northern Peru, folding them into Minera Yanacocha. The consolidation increased Minera Yanacocha s land position from 100 to 535 square miles.

Five open-pit mines, four leach pads, and two processing plants are in operation at Minera Yanacocha. Gold sales for 2002 totaled 2.29 million ounces (1.2 million equity ounces).

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Bolivia. The Kori Kollo open pit mine is on a high plain in northwestern Bolivia near Oruro, on government mining concessions issued to a Bolivian corporation, Empresa Minera Inti Raymi S.A., in which Newmont has an 88% interest. The remaining 12% is owned by Mrs. Beatriz Rocabado. Inti Raymi owns and operates the mine. In 2002, the mine sold 283,400 ounces (249,400 equity ounces) of gold. Because higher grade ores have been exhausted at Kori Kollo, it is expected that mining will cease in 2003, with leach production to continue until stockpiles are depleted.

Brazil and Chile. In 2002, Newmont had interests in two operating mines in Brazil and one in Chile. See the TVX Newmont Americas discussion on page 25 below for more details.

Australia

Prior to the acquisition of Normandy, Newmont owned a 50% interest in the Pajingo (Vera/Nancy) mine discussed below. The remaining 50% interest in Pajingo, and all other Australian properties described in this report, were acquired as part of the acquisition of Normandy. With the exception of Pajingo, information related to Australian operations for 2002 reflects activity from February 16, 2002.

In Australia, mineral exploration and mining titles are granted by the individual states or territories. Mineral titles may also be subject to native title legislation. In 1992, the High Court of Australia held that Aboriginal people who have maintained a continuing connection with their land according to their traditions and customs may hold native title. Since the High Court s decision, Australia has passed legislation providing for the protection of native title and established procedures for Aboriginal people to claim these rights. The fact that native title is claimed with respect to an area, however, does not necessarily mean that native title exists, and disputes may be resolved by the courts.

Generally, under native title legislation, all mining titles granted before January 1, 1994 are valid. Titles granted between January 1, 1994 and December 23, 1996, however, are subject to invalidation if they were not obtained in compliance with applicable legislative procedures, though subsequent legislation has validated some of these titles. After December 23, 1996, mining titles over areas where native title is claimed to exist became subject to legislative processes that generally give native title claimants the right to negotiate with the title applicant for compensation and other conditions. Native title holders do not have a veto over the granting of mining titles, but if agreement cannot be reached, the matter will be referred to the National Native Title Tribunal for decision.

Newmont does not expect that native title claims will have a material adverse effect on any of its operations in Australia. The High Court of Australia determined in an August 2002 decision that native title does not extend to minerals in Western Australia and that the rights granted under a mining title would, to the extent inconsistent with asserted native title rights, operate to extinguish those native title rights. Generally, native title is only an issue for Newmont with respect to obtaining new mineral titles or moving from one form of title to another, for example, from an exploration title to a mining title. In these cases, the requirements for negotiation and the possibility of paying compensation may result in delay and increased costs for mining in the affected areas. Similarly, the process of conducting Aboriginal heritage surveys to identify and locate areas or sites of Aboriginal cultural significance can result in delay in gaining access to land for exploration and mining-related activities.

In Australia, various ad valorum royalties are paid to state and territorial governments and to traditional land owners, typically based on a percentage of gross revenues.

Pajingo (Vera/Nancy). The Pajingo gold mine is an underground mine located approximately 93 miles (150 kilometers) southwest of Townsville, Queensland and 45 miles (72 kilometers) south of the local township of Charters Towers. Prior to the Normandy acquisition, Newmont owned a 50% interest in Pajingo. Following the Normandy acquisition, Newmont owns 100% of Pajingo. In 2002, Pajingo sold 296,400 equity ounces of gold.

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Kalgoorlie. The Kalgoorlie operations comprise the Fimiston open pit (commonly referred to as the Super Pit) and Mt. Charlotte underground mine at Kalgoorlie-Boulder, 373 miles (600 kilometers) east of Perth. The mines are managed by Kalgoorlie Consolidated Gold Mines Pty Ltd for the joint venture owners, Newmont and Barrick Gold Corporation, each of which holds a 50% interest. The Super Pit is Australia s largest gold mine, in terms of both gold production and total annual mining volume. During the relevant period in 2002, the Kalgoorlie operations sold 324,700 equity ounces.

Yandal. Newmont owns a 100% interest in Newmont Yandal Operations Limited, which owns and operates the Bronzewing, Jundee and Wiluna mines situated approximately 435 miles (700 kilometers) northeast of Perth in Western Australia. The three operations collectively sold 611,100 ounces of gold in the relevant period of 2002. The Wiluna mine was the subject of a sales contract that contained certain conditions that were not satisfied as of March 14, 2003, resulting in termination of the sales contract. See Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, at page 49 for more details.

Tanami. The Tanami operations include The Granites treatment plant and associated mining operations, which are located in the Northern Territory approximately 342 miles (550 kilometers) northwest of Alice Springs, adjacent to the Tanami highway, and the Dead Bullock Soak mining operations, approximately 25 miles (40 kilometers) west of The Granites. The Tanami operations are owned by Newmont NFM a publicly listed company of which Newmont owns approximately 85.9%.

The operations are predominantly focused on the Callie underground mine at Dead Bullock Soak, with mill feed supplemented by production from the Dead Bullock Soak open pit and the Bunkers and Quorn pits at The Granites. Ore from all of these operations is processed through The Granites plant. The Tanami operations also include the Groundrush deposit. Ore from Groundrush is processed through the Tanami plant rather than The Granites plant.

During the relevant period of 2002, the Tanami operations sold 526,800 ounces (452,400 equity ounces) of gold.

In November 2002, Newmont and Newmont NFM announced a proposal that, if approved by Newmont NFM shareholders and the Federal Court of Australia, would result in Newmont NFM becoming a wholly owned subsidiary of Newmont. The proposal involves a scheme of arrangement and buy-back offer which, if successful, would result in Newmont having 100% ownership of the Tanami operations in April 2003. See Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, at page 49 for more details.

Boddington. Boddington is located 81 miles (130 kilometers) southeast of Perth in Western Australia. Boddington is owned by Newmont (44.4%), AngloGold Limited (33.3%) and Newcrest Mining Limited (22.2%). Mining operations ceased in November 2001. A proposed expansion project is being optimized, and restructuring of current management arrangements is underway.

Golden Grove. Newmont owns 100% of the Golden Grove operation in Western Australia, approximately 217 miles (350 kilometers) north of Perth. The principal products are zinc and copper concentrates. A high precious metal lead concentrate is also produced. Golden Grove has two underground mines at the Scuddles and Gossan Hill deposits. Golden Grove sold 45.7 million pounds of copper and 148.0 million pounds of zinc during the relevant period of 2002.

New Zealand

Newmont acquired an interest in the Martha gold mine as part of the Normandy acquisition. This mine is located within the town of Waihi, located approximately 68 miles (110 kilometers) southeast of Auckland, New Zealand. It is owned by Newmont and Otter Gold Mines Limited.

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The operation sold 116,400 ounces of gold (107,800 equity ounces) in the relevant period of 2002. The Martha mine does not currently pay royalties. Under new royalty arrangements, Martha will be required to pay a royalty on new discoveries such as Favona. The royalty rate is the greater of 1% of gross revenues from silver and gold sales or 5% of accounting profit.

In December 2002, Newmont NFM announced a takeover offer for all of the shares and options in Otter Gold Mines Limited that Newmont NFM did not already own, and it now owns 100% of Otter Gold Mines Limited. Newmont owns 67.06% of the Martha gold mine and Newmont NFM, of which Newmont owns approximately 85.9%, owns 32.94% of Martha. If the Newmont and Newmont NFM arrangement mentioned under the Tanami section above is approved, Newmont will own 100% of the Martha mine.

Indonesia

Newmont has two operating properties in Indonesia, Minahasa, a gold operation, and Batu Hijau, a producer of copper/gold concentrates. Newmont owns 80% of Minahasa. The remaining 20% interest is a carried interest held by P.T. Tanjung Serapung, an unrelated Indonesian company. Prior to November 2001, 100% of Minahasa s gold production was attributed to Newmont. Since then, 94% has been attributed to Newmont as we have recouped some of our investment in accordance with existing loan agreements. Newmont has a 45% equity interest in Batu Hijau through a partnership with an affiliate of Sumitomo Corporation, which holds a 35% interest. The remaining 20% is a carried interest held by P.T. Pukuafu Indah, an unrelated Indonesian company. We account for our investment in Batu Hijau as an equity investment due to each partner s significant participating rights in the business. 56.25% of production is attributed to Newmont until we recover the bulk of our investment, including interest.

Minahasa, on the island of Sulawesi, approximately 1,500 miles (2,414 kilometers) northeast of Jakarta, was a Newmont discovery and consisted of a multi-deposit operation. Production began in 1996 and mining was completed in late 2001. However, processing of stockpiled ore from this mine will continue until the fourth quarter of 2003. In 2002, Minahasa sold 147,200 equity ounces of gold.

Batu Hijau is located on the island of Sumbawa, approximately 950 miles (1,529 kilometers) east of Jakarta. Batu Hijau is a large porphyry copper/gold deposit, which Newmont discovered in 1990. Development and construction activities began in 1997 and start-up took place in late 1999. In 2002, copper sales were 362.3 million equity pounds, while gold sales, treated as by-product credits, were 278,000 equity ounces.

In Indonesia, rights are granted to foreign investors to explore for and to develop mineral resources within defined areas through Contracts of Work entered into with the Indonesian government. In 1986, Newmont entered into separate Contracts of Work with the government covering Minahasa and Batu Hijau, under which Newmont was granted the exclusive right to explore in the contract area, construct any required facilities, extract and process the mineralized materials, and sell and export the minerals produced, subject to certain requirements including Indonesian government approvals and payment of royalties to the government. Under the Contracts of Work, Newmont has the right to continue operating the projects for 30 years from operational start-up, or longer if approved by the Indonesian government.

Under Newmont s Minahasa and Batu Hijau Contracts of Work, beginning in the sixth year after mining operations commenced (and continuing through the tenth year), a portion of each project not already owned by Indonesian nationals must be offered for sale to the Indonesian government or to Indonesian nationals, thereby potentially reducing Newmont s (and, in the case of Batu Hijau, Newmont s and Sumitomo s) ownership in each project to 49% by the end of the tenth year. The price at which such interest must be offered for sale to the Indonesian parties is the highest of the then-current replacement cost, the price at which shares of the project company would be accepted for listing on the Jakarta Stock Exchange, or the fair market value of such interest in the project company as a going concern. In accordance with its Contract of Work, Newmont made an offer of a 3% interest in Minahasa in 2002, but received no interest in the offer due in large part, we believe, to the imminent

closure of the operation.

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Uzbekistan

Newmont has a 50% interest in the Zarafshan-Newmont Joint Venture in Uzbekistan. Ownership of the remaining 50% interest is divided between the State Committee for Geology and Mineral Resources and Navoi Mining and Metallurgical Combine, each a state entity of Uzbekistan. The joint venture produces gold by crushing and leaching ore from existing stockpiles of low-grade oxide ore from the nearby government-owned Muruntau mine, located in the Kyzylkum Desert. The gold produced by Zarafshan-Newmont is sold in international markets for U.S. dollars. Zarafshan-Newmont sold 511,600 ounces (255,800 of equity ounces) of gold in 2002.

The State Committee and Navoi furnish ore to Zarafshan-Newmont under an ore supply agreement. Under the agreement, the State Committee and Navoi are obligated to deliver 220 million metric tons of ore to Zarafshan-Newmont. As of December 31, 2002, approximately 98.1 million metric tons of ore have been delivered, leaving a balance of 121.9 million metric tons. Initially, ore was to be delivered regardless of the gold price and the price of the ore was dependent on the grade of ore delivered. In 2000, however, the ore supply agreement was amended to modify the required grades and pricing structure. Under the 2000 amendment, the grade of ore that the State Committee and Navoi are obligated to provide is dependent on the forecasted gold price as determined by the board of directors of Zarafshan-Newmont, and the price is dependent on the average gold price during the period the ore is processed. Thus, at higher gold prices, the State Committee and Navoi may deliver lower grade ore, but receive a higher price. In October 2002, the parties reached tentative agreement to further amend the ore supply agreement. Under the new amendment, the pricing terms for approximately 99.5 million metric tons of the remaining 121.9 million metric tons will be determined by a formula whereby the amount paid for ore is dependent on the average grade of ore and the average gold price during the period which the ore is processed. At certain combinations of ore grade and gold price, the computed price may result in a credit to Zarafshan-Newmont, which will be offset against future ore purchase payments or free cash flow distributions to Navoi and the State Committee.

Turkey

The wholly owned Ovacik mine, located in western Turkey 12 miles (19 kilometers) from the Aegean Sea and 66 miles (106 kilometers) north of the city of Izmir, commenced production in May 2001. Ovacik sold 125,700 ounces of gold during the relevant period of 2002. Newmont acquired the Ovacik mine as part of the Normandy acquisition.

Africa

Newmont has two advanced exploration projects located in southwestern Ghana. The Ahafo (formerly Yamfo-Sefwi) project, in which Newmont holds an 85.6% equity interest, had reserves of 3.3 million equity ounces of gold at December 31, 2002. The remaining interest in Ahafo is held by Moydow Mines International Inc. On March 24, 2003, Moydow and Newmont announced the signing of a letter of intent for Newmont to acquire Moydow s interest in Ahafo. Newmont also has an 85% interest in the Akyem project, which had 1.6 million equity ounces of gold reserves at year-end. The remaining interest in Akyem is held by Kenbert Mines Limited. Newmont will continue to study the development and optimization of both projects in 2003. At the time a production decision is reached for a project in Ghana, the Ghanaian government becomes entitled to receive a 10% free carried interest in the project, which entitles the government to 10% of the dividends payable from corporate surplus cash flow after Newmont has recouped its investment.

Newmont also had an interest in the Ity gold mine located in Cote d Ivoire, in West Africa. Prior to being acquired by Newmont, however, Normandy accepted an offer for the sale of its interest in the Ity mine. The sale was finalized on March 7, 2002, for $10.8 million paid at closing and a net smelter return royalty.

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TVX Newmont Americas Joint Venture

Through the Normandy acquisition, Newmont acquired an equity interest in TVX Newmont Americas, a joint venture between Normandy and TVX Gold. The venture, subsequently renamed TVX Newmont Americas, was 49.9% owned by Newmont and 50.1% owned by TVX Gold. TVX Newmont Americas sold 368,000 gold equivalent ounces (183,500 equity ounces) in 2002. On January 31, 2003, TVX Gold acquired Newmont s 49.9% interest in TVX Newmont Americas. Under the terms of the acquisition, Newmont received $180 million for its interest.

The principal assets of TVX Newmont Americas were interests in the following operating gold mines in South America and Canada:

Paracatu (51% Rio Tinto Limited; 49% economic interest TVX Newmont Americas)

Rio Tinto is the operator of the mine, which is located in Brazil, 149 miles (240 kilometers) southeast of

Brasilia. In 2002, Paracatu produced 193,400 ounces of gold.

Crixas (50% AngloGold; 50% economic interest TVX Newmont Americas)

AngloGold is the operator of the mine, which is located in Brazil, 218 miles (350 kilometers) northwest

of Brasilia. In 2002, Crixas produced 164,000 ounces of gold.

La Coipa (50% Placer Dome; 50% TVX Newmont Americas)

Placer Dome is the operator of the mine, which is located in northern Chile. In 2002, La Coipa s gold

equivalent production was 171,000 ounces.

Musselwhite (68.1% Placer Dome; 31.9% TVX Newmont Americas)

Placer Dome is the operator of the mine, which is located 311 miles (500 kilometers) north of Thunder

Bay in northwestern Ontario, Canada. In 2002, Musselwhite produced 178,900 ounces of gold.

New Britannia (50% High River Gold; 50% TVX Newmont Americas)

TVX is the operator of the mine, which is located in Snow Lake, Canada, 436 miles

(700 kilometers) north of Winnipeg in central Manitoba. In 2002, New Britannia produced

96,300 ounces of gold.

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Newmont Mining Corporation Operating Statistics

Gold Production and Sales

North American Operations

	North America					
	Nevada			Other North America		
Year Ended December 31,	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**
Tons Mined (000 dry short tons):						
Open-Pit	139,985	139,000	200,228	11,774	19,030	36,465
Underground	1,538	1,123	943	1,621	1,607	1,762
Tons Milled/Processed (000):						
Oxide	5,164	5,395	5,739	1,628	1,605	1,720
Refractory	9,201	8,844	8,548	n/a	n/a	n/a
Leach	15,027	24,448	25,490	3,981	7,861	16,078
Average Ore Grade:						
Oxide	0.119	0.108	0.086	0.230	0.236	0.259
Refractory	0.224	0.218	0.276	n/a	n/a	n/a
Leach	0.031	0.033	0.036	0.026	0.028	0.018
Average Mill Recovery Rate:						
Oxide	74.4%	70.5%	81.0%	95.0%	95.2%	95.6%
Refractory	88.6%	88.9%	90.4%	n/a	n/a	n/a

	North America								
	Nevada			Other North America			Total North America		
Year Ended December 31,	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**
Ounces Produced (000)	2,718.1	2,696.9	3,044.0	485.8	496.0	607.8	3,203.9	3,192.9	3,651.8
Equity Ounces Produced (000):									
Oxide	474.8	433.2	400.2	364.5	348.7	426.9	839.3	781.9	827.1
Refractory	1,805.7	1,749.3	2,072.6	n/a	n/a	n/a	1,805.7	1,749.3	2072.6
Leach	437.6	514.4	571.2	121.3	147.3	180.9	558.9	661.7	752.1
Total	2,718.1	2,696.9	3,044.0	485.8	496.0	607.8	3,203.9	3,192.9	3,651.8
Equity Ounces Sold (000)	2,723.5	2,703.2	3,047.9	500.5	520.4	670.8	3,224.0	3,223.6	3,718.7
Production Costs Per Ounce:									
Direct mining and production costs	$ 207	$ 207	$ 192	$ 192	$ 187	$ 172	$ 205	$ 204	$ 188
Deferred stripping and other costs	11	11	7	(1)		(8)	9	9	4

Cash operating costs	218	218	199	191	187	164	214	213	192
Royalties and production taxes	7	4	4	2	5	6	6	4	5
Total cash costs	225	222	203	193	192	170	220	217	197
Reclamation and mine closure costs	2	4	3	4	8	5	2	5	3
Total costs applicable to sales	227	226	206	197	200	175	222	222	200
Depreciation, depletion and amortization	44	43	41	73	68	71	49	47	47
Total production costs	$ 271	$ 269	$ 247	$ 270	$ 268	$ 246	$ 271	$ 269	$ 247

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Overseas Operations

	South America					
	Yanacocha, Peru			Other South America		
Year Ended December 31,	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**
Tons Mined (000 dry short tons):						
Open-Pit	203,720	155,707	131,916	18,676	18,444	18,616
Underground	n/a	n/a	n/a	n/a	n/a	n/a
Tons Milled/Processed (000):						
Oxide	n/a	n/a	n/a	n/a	n/a	n/a
Refractory	n/a	n/a	n/a	7,675	7,582	7,753
Leach	148,297	84,738	83,024	6,479	3,853	n/a
Average Ore Grade:						
Oxide	n/a	n/a	n/a	n/a	n/a	n/a
Refractory	n/a	n/a	n/a	0.047	0.059	0.055
Leach	0.023	0.030	0.031	0.018	0.021	n/a
Average Mill Recovery Rate:						
Oxide	n/a	n/a	n/a	n/a	n/a	n/a
Refractory	n/a	n/a	n/a	60.7%	61.8%	62.4%

	South America								
	Yanacocha, Peru			Other South America			Total South America		
Year Ended December 31,	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**
Ounces Produced (000)	2,285.6	1,902.5	1,795.4	284.1	305.6	273.9	2,569.7	2,208.1	2,069.3
Equity Ounces Produced (000):									
Oxide	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Refractory	n/a	n/a	n/a	195.9	247.4	241.0	195.9	247.4	241.0
Leach	1,173.6	976.9	921.9	54.1	21.6	n/a	1,227.7	998.5	921.9
Total	1,173.6	976.9	921.9	250.0	269.0	241.0	1,423.6	1,245.9	1,162.9
Equity Ounces Sold (000)	1,176.9	983.1	901.2	249.4	274.8	247.7	1,426.3	1,257.9	1,148.9
Production Costs Per Ounce:									
Direct mining and production costs	$ 123	$ 113	$ 85	$ 163	$ 163	$ 212	$ 130	$ 124	$ 112
Deferred stripping and other costs	(2)	(1)	(2)	(7)	(5)	(12)	(3)	(2)	(4)
Cash operating costs	121	112	83	156	158	200	127	122	108
Royalties and production taxes	4	3	4				4	3	3
Total cash costs	125	115	87	156	158	200	131	125	111
Reclamation and mine closure costs	3	3	3	7	5	15	3	3	6
Total costs applicable to sales	128	118	90	163	163	215	134	128	117

Depreciation, depletion and amortization	57	48	45	48	62	85	55	51	54
Total production costs	$ 185	$ 166	$ 135	$ 211	$ 225	$ 300	$ 189	$ 179	$ 171

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Newmont Mining Corporation Operating Statistics

	Australia					
	Pajingo			Other Australia		
Year Ended December 31,	2002	2001	2000	2002	2001	2000
Tons Mined (000 dry short tons):						
Open-Pit	n/a	n/a	n/a	66,328	n/a	n/a
Underground	656	368	325	4,975	n/a	n/a
Tons Milled/Processed (000):						
Oxide	738	361	341	7,898	n/a	n/a
Refractory	n/a	n/a	n/a	7,056	n/a	n/a
Leach	n/a	n/a	n/a	n/a	n/a	n/a
Average Ore Grade:						
Oxide	0.397	0.351	0.350	0.137	n/a	n/a
Refractory	n/a	n/a	n/a	0.069	n/a	n/a
Leach	n/a	n/a	n/a	n/a	n/a	n/a
Average Mill Recovery Rate:						
Oxide	96.8%	96.9%	96.8%	96.0%	n/a	n/a
Refractory	n/a	n/a	n/a	82.2%	n/a	n/a

	Australia								
	Pajingo			Other Australia			Total Australia		
Year Ended December 31,	2002	2001	2000	2002	2001	2000	2002	2001	2000
Ounces Produced (000)	290.7	123.8	115.7	1,457.3	n/a	n/a	1,748.0	123.8	115.7
Equity Ounces Produced (000):									
Oxide	290.7	123.8	115.7	957.0	n/a	n/a	1,247.7	123.8	115.7
Refractory	n/a	n/a	n/a	426.2	n/a	n/a	426.2	n/a	n/a
Leach	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	290.7	123.8	115.7	1,383.2	n/a	n/a	1,673.9	123.8	115.7
Equity Ounces Sold (000)	296.4	126.0	112.1	1,388.2	n/a	n/a	1,684.6	126.0	112.1
Production Costs Per Ounce:									
Direct mining and production costs	$ 90	$ 97	$ 93	$ 207			$ 186	$ 97	$ 93
Deferred stripping and other costs	(4)	1		(7)			(6)	1	
Cash operating costs	86	98	93	200			180	98	93
Royalties and production taxes	9	7	6	12			11	7	6

Total cash costs	95	105	99	212			191	105	99
Reclamation and mine closure costs	4	1	1	5			6	1	1
Total costs applicable to sales	99	106	100	217			197	106	100
Depreciation, depletion and amortization	72	34	38	68			68	34	38
Total production costs	$ 171	$ 140	$ 138	$ 285			$ 265	$ 140	$ 138

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	Zarafshan-Newmont Uzbekistan			Other International Operations		
Year Ended December 31,	2002	2001	2000	2002	2001	2000
Tons Mined (000 dry short tons):						
Open-Pit	n/a	n/a	n/a	10,345	5,586	6,766
Underground	n/a	n/a	n/a	n/a	n/a	n/a
Tons Milled/Processed (000):						
Oxide	n/a	n/a	n/a	1,514	n/a	n/a
Refractory	n/a	n/a	n/a	717	716	753
Leach	7,867	7,677	7,770	n/a	1,572	1,732
Average Ore Grade:						
Oxide	n/a	n/a	n/a	0.164	n/a	n/a
Refractory	n/a	n/a	n/a	0.213	0.387	0.439
Leach	0.053	0.044	0.046	n/a	0.080	0.086
Average Mill Recovery Rate:						
Oxide	n/a	n/a	n/a	91.7%	n/a	n/a
Refractory	n/a	n/a	n/a	90.9%	91.4%	92.4%

	Zarafshan Newmont Uzbekistan			Other International Operations			Total Gold		
Year Ended December 31,	2002	2001	2000	2002	2001	2000	2002	2001	2000
Ounces Produced (000)	259.0	216.7	249.4	384.4	326.0	364.3	8,165.0	6,067.5	6,450.5
Equity Ounces Produced (000):									
Oxide	n/a	n/a	n/a	230.3	n/a	n/a	2,317.3	905.7	942.8
Refractory	n/a	n/a	n/a	130.5	251.6	311.1	2,558.3	2,248.3	2,624.7
Leach	259.0	216.7	249.4	14.4	72.1	53.2	2,060.0	1,949.0	1,976.6
Total	259.0	216.7	249.4	375.2	323.7	364.3	6,935.6	5,103.0	5,544.1
Equity Ounces Sold (000)	255.8	222.0	251.4	380.7	341.5	354.2	6,971.4	5,171.0	5,585.3
Production Costs Per Ounce:									
Direct mining and production costs	$ 132	$ 133	$ 126	$ 177	$ 125	$ 111	$ 179	$ 173	$ 163
Deferred stripping and other costs	2	3	3	(13)	14	19	2	7	3
Cash operating costs	134	136	129	164	139	130	181	180	166
Royalties and production taxes				5	3	3	8	4	4
Total cash costs	134	136	129	169	142	133	189	184	170
Reclamation and mine closure costs	(1)	1	1	9	3	2	3	3	3
Total costs applicable to sales	133	137	130	178	145	135	192	187	173
Depreciation, depletion and amortization	40	54	56	99	66	75	58	50	51
Total production costs	$ 173	$ 191	$ 186	$ 277	$ 211	$ 210	$ 250	$ 237	$ 224

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Batu Hijau Copper Production

Twelve months ended December 31,	2002	2001	2000
Dry tons processed (000)	51,754	48,358	42,131
Average copper grade	0.72%	0.75%	0.72%
Average recovery rate	89.0%	89.2%	87.5%
Copper pounds produced (000)	657,664	656,954	520,781
Equity copper pounds produced (000)	369,936	369,537	292,939
Equity copper pounds sold (000)	362,253	359,955	294,182

Twelve months ended December 31, 2002	By-Product Method	Co-Product Method		
		Copper	Gold	Total
Revenue	$ 260,670	$ 260,670	$ 85,840	$ 346,510
Cash production costs	200,619	150,920	$ 49,699	200,619
By-product credits	(89,548)	(2,789)	(919)	(3,708)
Total Cash Costs	111,071	148,131	48,780	196,911
Noncash costs	66,650	50,139	16,511	66,650
Total Production Costs	$ 177,721	$ 198,270	$ 65,291	$ 263,561
Pounds of copper sold (000)	362,253			
Ounces of gold sold (000)	278.0			
Reported cash cost per lb./oz.	**$ 0.31**	**$0.41**	**$175**	
Reported noncash cost per lb./oz.	0.18	0.14	60	
Total costs per lb./oz.	**$ 0.49**	**$0.55**	**$235**	

Golden Grove Copper and Zinc Production

Twelve months ended December 31,	2002
Dry tons processed	1,273,222
Average copper grade	4.7%
Average zinc grade	13.9%
Copper pounds produced (000)	60,973
Copper pounds sold (000)	45,662
Zinc pounds produced (000)	114,806
Zinc pounds sold (000)	147,985
Copper cash cost per pound	$0.56
Zinc cash cost per pound	$0.18

For all periods presented, total cash costs include charges for mining ore and waste associated with current period production, processing ore through milling and leaching facilities, by-product credits, production taxes, royalties and other cash costs. Certain gold mines produce silver as a by-product, and Batu Hijau produces gold as a by-product. Proceeds from the sale of by-products are reflected as credits to total cash costs. With the exception of Nevada, Golden Grove and Batu Hijau, such by-product sales have not been significant to the economics or profitability of the Company s mining operations. See Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations. All of these charges and by-product credits are included in *Costs applicable to sales.* Charges for reclamation are also included in *Costs applicable to sales,* but are not included in total cash costs. Reclamation charges are included in total production costs, together with total cash costs and *Depreciation, depletion and amortization.* A reconciliation of total cash costs to *Costs applicable to sales* in total and by segment is provided below. Total production costs provide an indication of earnings before interest expense and taxes for Newmont s share of mining properties, when taking into account the average realized price received for production sold, as this measure combines *Costs applicable to sales* plus *Depreciation, depletion and amortization,* net of minority interest.

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The total cash costs per ounce is a measure intended to provide investors with information about the cash generating capacities of these mining operations. Newmont s management uses this measure for the same purpose and for monitoring the performance of its mining operations. This information differs from measures of performance determined in accordance with GAAP and should not be considered in isolation or as a substitute for measures of performance determined in accordance with GAAP. This measure was developed in conjunction with gold mining companies associated with the Gold Institute, a non-profit industry group, in an effort to provide a level of comparability; however, Newmont s measures may not be comparable to similarly titled measures of other companies.

Reconciliation of *Costs applicable to sales* to total cash costs and total production costs per ounce (unaudited):

For the Year Ended December 31, 2002	Nevada	Mesquite	La Herradura	Golden Giant	Holloway	Total North America
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 657.1	$ 10.1	$ 11.5	$ 57.1	$ 20.4	$ 756.2
Minority interest						
Write-downs of stockpiles, ore on leach pads and inventories	(37.0)			(0.3)		(37.3)
Reclamation and other	(6.9)		(0.2)	(1.7)	(0.5)	(9.3)
Non-cash inventory adjustment	(1.5)					(1.5)
Other	(0.1)					(0.1)
Total cash costs for per ounce calculation	611.6	10.1	11.3	55.1	19.9	708.0
Reclamation and other	8.4		0.2	1.6	0.5	10.7
Depreciation, depletion and amortization	118.2	6.3	3.1	20.5	6.7	154.8
Minority interest and other						
Total production cost for per ounce calculation	$ 738.1	$ 16.4	$ 14.6	$ 77.2	$ 27.1	$ 873.4
Equity ounces sold (000)	2,723.5	57.1	64.2	281.5	97.7	3,224.0
Equity cash cost per ounce sold	$ 225	$ 177	$ 176	$ 196	$ 204	$ 220
Equity production cost per ounce sold	$ 271	$ 287	$ 227	$ 274	$ 277	$ 271

For the Year Ended December 31, 2002	Yanacocha	Kori Kollo	Total South America	Pajingo	Kalgoorlie	Yandal
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 302.0	$ 46.6	$ 348.6	$ 30.5	$ 85.0	$ 136.4
Minority interest	(152.3)	(5.6)	(157.9)			
Write-downs of stockpiles, ore on leach pads and inventories		(0.5)	(0.5)			(1.6)
Reclamation and other	(3.0)	(1.6)	(4.6)	(1.2)	(1.7)	(3.2)
Non-cash inventory adjustment				(1.0)	(13.6)	(0.1)
Other	0.7		0.7			
Total cash costs for per ounce calculation	147.4	38.9	186.3	28.3	69.7	131.5
Reclamation and other	3.0	1.6	4.6	1.8	15.3	3.1
Depreciation, depletion and amortization	121.5	13.8	135.3	20.6	9.0	43.5

Minority interest and other	(54.6)	(1.7)	(56.3)			
Total production cost for per ounce calculation	$ 217.3	$ 52.6	$ 269.9	$ 50.7	$ 94.0	$ 178.1
Equity ounces sold (000)	1,176.9	249.4	1,426.3	296.4	324.7	611.1
Equity cash cost per ounce sold	$ 125	$ 156	$ 131	$ 95	$ 215	$ 215
Equity production cost per ounce sold	$ 185	$ 211	$ 189	$ 171	$ 289	$ 292

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For the Year Ended December 31, 2002	NFM Tanami	Total Australia	Zarafshan-Newmont	Minahasa	Martha	Ovacik
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 112.3	$ 364.2	$ 34.0	$ 41.2	$ 19.6	$ 17.5
Minority interest	(15.8)	(15.8)				
Write-downs of stockpiles, ore on leach pads and inventories		(1.6)		(4.6)		
Reclamation and other	(2.6)	(8.7)	0.3	(2.4)	(0.7)	(0.7)
Non-cash inventory adjustment	(0.9)	(15.6)			(2.1)	(1.5)
Other				(2.1)		
Total cash costs for per ounce calculation	93.0	322.5	34.3	32.1	16.8	15.3
Reclamation and other	2.7	22.9	(0.3)	2.4	2.6	2.0
Depreciation, depletion and amortization	32.5	105.6	10.3	9.5	13.9	11.5
Minority interest and other	(4.5)	(4.5)		(0.6)		
Total production cost for per ounce calculation	$ 123.7	$ 446.5	$ 44.3	$ 43.4	$ 33.3	$ 28.8
Equity ounces sold (000)	452.4	1,684.6	255.8	147.2	107.8	125.7
Equity cash cost per ounce sold	$ 205	$ 191	$ 134	$ 218	$ 156	$ 122
Equity production cost per ounce sold	$ 273	$ 265	$ 173	$ 294	$ 309	$ 229

For the Year Ended December 31, 2002	Total Other International	Total Gold	Golden Grove	Kasese	Other Non-Gold	Consolidated
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 112.3	$ 1,581.3	$ 27.7	$ 7.8	$ (0.4)	$ 1,616.4
Minority interest		(173.7)				(173.7)
Write-downs of stockpiles, ore on leach pads and inventories	(4.6)	(44.0)	(0.4)			(44.4)
Reclamation and other	(3.5)	(26.1)				(26.1)
Non-cash inventory adjustment	(3.6)	(20.7)				(20.7)
Other	(2.1)	(1.5)	(27.3)	(7.8)	0.4	(36.2)
Total cash costs for per ounce calculation	98.5	1,315.3				1,315.3
Reclamation and other	6.7	44.9	(1.7)		3.7	46.9
Depreciation, depletion and amortization	45.2	440.9	22.9		41.8	505.6
Minority interest and other	(0.6)	(61.4)	(21.2)		(45.4)	(128.0)
Total production cost for per ounce calculation	$ 149.8	$ 1,739.7	$	$	$	$ 1,739.7
Equity ounces sold (000)	636.5	6,971.4	n/a	n/a	n/a	6,971.4
Equity cash cost per ounce sold	$ 155	$ 189	n/a	n/a	n/a	$ 189
Equity production cost per ounce sold	$ 235	$ 250	n/a	n/a	n/a	$ 250

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For the Year Ended December 31, 2001	Nevada	Mesquite	La Herradura	Golden Giant	Holloway	Total North America
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 627.1	$ 20.4	$ 9.6	$ 55.0	$ 19.1	$ 731.2
Minority interest						
Write-downs of stockpiles, ore on leach pads and inventories	(16.2)			(0.2)		(16.4)
Reclamation	(10.3)	(1.5)	(0.2)	(1.7)	(0.4)	(14.1)
Other						
Total cash costs for per ounce calculation	600.6	18.9	9.4	53.1	18.7	700.7
Reclamation	10.3	1.5	0.2	1.7	0.4	14.1
Depreciation, depletion and amortization	117.4	7.5	3.2	18.3	6.5	152.9
Minority interest and other						
Total production cost for per ounce calculation	$ 728.3	$ 27.9	$ 12.8	$ 73.1	$ 25.6	$ 867.7
Equity ounces sold (000)	2,703.2	92.6	54.7	283.7	89.4	3,223.6
Equity cash cost per ounce sold	$ 222	$ 205	$ 173	$ 187	$ 209	$ 217
Equity production cost per ounce sold	$ 269	$ 301	$ 233	$ 257	$ 288	$ 269

For the Year Ended December 31, 2001	Yanacocha	Kori Kollo	Total South America	Pajingo	Zarafshan-Newmont	Minahasa
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 238.0	$ 50.9	$ 288.9	$ 13.4	$ 30.9	$ 53.7
Minority interest	(117.6)	(6.1)	(123.7)			
Write-downs of stockpiles, ore on leach pads and inventories	(4.1)	(0.1)	(4.2)		(0.5)	(4.0)
Reclamation	(2.9)	(1.4)	(4.3)	(0.2)	(0.2)	(1.0)
Other						
Total cash costs for per ounce calculation	113.4	43.3	156.7	13.2	30.2	48.7
Reclamation	2.9	1.4	4.3	0.2	0.2	1.0
Depreciation, depletion and amortization	82.3	19.5	101.8	4.3	11.9	22.8
Minority interest and other	(35.7)	(2.3)	(38.0)			
Total production cost for per ounce calculation	$ 162.9	$ 61.9	$ 224.8	$ 17.7	$ 42.3	$ 72.5
Equity ounces sold (000)	983.1	274.8	1,257.9	126.0	222.0	341.5
Equity cash cost per ounce sold	$ 115	$ 158	$ 125	$ 105	$ 136	$ 142
Equity production cost per ounce sold	$ 166	$ 225	$ 179	$ 140	$ 191	$ 211

For the Year Ended	Consolidated

December 31, 2001	Corporate and Other	
	(dollars in millions except per ounce amounts)	
Costs applicable to sales per financial statements	$ (0.2)	$ 1,117.9
Minority interest		(123.7)
Write-downs of stockpiles, ore on leach pads and inventories		(25.1)
Reclamation		(19.8)
Other	0.2	0.2
Total cash costs for per ounce calculation	$	$ 949.5
Reclamation		19.8
Depreciation, depletion and amortization	7.9	301.6
Minority interest and other	(7.9)	(45.9)
Total production cost for per ounce calculation	$	$ 1,225.0
Equity ounces sold (000)	n/a	5,171.0
Equity cash cost per ounce sold	n/a	$ 184
Equity production cost per ounce sold	n/a	$ 237

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For the Year Ended December 31, 2000	Nevada	Mesquite	La Herradura	Golden Giant	Holloway	Total North America
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 639.2	$ 39.1	$ 6.8	$ 61.8	$ 19.4	$ 766.3
Minority interest						
Write-downs of stockpiles, ore on leach pads and inventories	(13.6)	(9.7)				(23.3)
Reclamation	(7.6)	(0.5)	(0.2)	(2.5)	(0.3)	(11.1)
Other	(0.1)					(0.1)
Total cash costs for per ounce calculation	617.9	28.9	6.6	59.3	19.1	731.8
Reclamation	7.6	0.5	0.2	2.5	0.3	11.1
Depreciation, depletion and amortization	126.4	9.1	2.6	25.8	10.6	174.5
Minority interest and other						
Total production cost for per ounce calculation	$ 751.9	$ 38.5	$ 9.4	$ 87.6	$ 30.0	$ 917.4
Equity ounces sold (000)	3,047.9	130.3	50.5	406.6	83.4	3,718.7
Equity cash cost per ounce sold	$ 203	$ 221	$ 131	$ 146	$ 229	$ 197
Equity production cost per ounce sold	$ 247	$ 294	$ 186	$ 216	$ 360	$ 247

For the Year Ended December 31, 2000	Yanacocha	Kori Kollo	Total South America	Pajingo	Zarafshan-Newmont	Minahasa
	(dollars in millions except per ounce amounts)					
Costs applicable to sales per financial statements	$ 165.4	$ 72.1	$ 237.5	$ 11.6	$ 32.8	$ 51.4
Minority interest	(84.7)	(7.2)	(91.9)			
Write-downs of stockpiles, ore on leach pads and inventories		(5.0)	(5.0)			(3.8)
Reclamation	(2.7)	(3.8)	(6.5)	(0.1)	(0.3)	(0.7)
Other	0.5	(6.6)	(6.1)	(0.4)		
Total cash costs for per ounce calculation	78.5	49.5	128.0	11.1	32.5	46.9
Reclamation	2.7	3.8	6.5	0.1	0.3	0.7
Depreciation, depletion and amortization	68.8	23.9	92.7	4.3	14.0	26.7
Minority interest and other	(28.3)	(2.9)	(31.2)			
Total production cost for per ounce calculation	$ 121.7	$ 74.3	$ 196.0	$ 15.5	$ 46.8	$ 74.3
Equity ounces sold (000)	901.2	247.7	1,148.9	112.1	251.4	354.2
Equity cash cost per ounce sold	$ 87	$ 200	$ 111	$ 99	$ 129	$ 133
Equity production cost per ounce sold	$ 135	$ 300	$ 171	$ 137	$ 186	$ 211

For the Year Ended December 31, 2000	Corporate	Consolidated

	and Other	
	(dollars in millions except per ounce amounts)	
Costs applicable to sales per financial statements	$ (1.6)	$ 1,098.0
Minority interest		(91.9)
Write-downs of stockpiles, ore on leach pads and inventories		(32.1)
Reclamation		(18.7)
Other	1.6	(5.0)
Total cash costs for per ounce calculation		950.3
Reclamation		18.7
Depreciation, depletion and amortization	8.5	320.7
Minority interest and other	(8.5)	(39.7)
Total production cost for per ounce calculation	n/a	$ 1,250.0
Equity ounces sold (000)	n/a	5,585.3
Equity cash cost per ounce sold	n/a	$ 170
Equity production cost per ounce sold	n/a	$ 224

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Reconciliation of PTNNT *Costs applicable to sales* to total cash costs and total production costs per pound or ounce, as applicable (unaudited):

For the Year Ended December 31, 2002	By-Product	Copper	Gold
	(dollars in millions except per ounce amounts)		
Costs applicable to sales per financial statements	$ 107,355	$ 80,760	$ 26,595
Smelting and refining	103,727	78,031	25,696
Gold by-product credits		64,575	21,265
Minority interest	(96,923)	(72,912)	(24,011)
Reclamation	(5,536)	(4,165)	(1,371)
Other	2,448	1,842	606
Total cash costs for per pound or ounce calculation	111,071	148,131	48,780
Reclamation	3,088	2,323	765
Depreciation, depletion and amortization	63,562	47,816	15,746
Total production cost for per pound or ounce calculation	$ 177,721	$ 198,270	$ 65,291
Equity copper pounds sold (000)	362,253	362,253	n/a
Equity gold pounds sold (000)	n/a	n/a	n/a
Equity cash cost per pound or ounce	$ 0.31	$ 0.37	$ 175
Equity total production cost per pound	$ 0.49	$ 0.55	$ 235

Reconciliation of Golden Grove *Costs applicable to sales* (CAS) to total copper and zinc cash costs per pound (unaudited):

For the Year Ended December 31, 2002	Total	Copper	Zinc
	(dollars in thousands except per ounce amounts)		
Costs applicable to sales per financial statements	$ 27,673	$ 18,367	$ 9,306
Write-downs of stockpiles, ore on leach pads and inventories	(418)	(253)	(165)
Refining	24,744	7,512	17,232
Total cash costs for per pound calculation	$ 51,999	$ 25,626	$ 26,373
Equity pounds sold (000)	n/a	45,662	147,985
Equity cash cost per pound sold	n/a	$ 0.56	$ 0.18

Royalty Properties

The following is a description of Newmont s principal royalty interests, all of which were acquired as a result of the Franco-Nevada acquisition. Newmont s royalty interests are generally in the form of a net smelter return (NSR) royalty, which provides for the payment either in cash or physical metal (in kind) of a specified percentage of production, less certain specified transportation and refining costs. In some cases, Newmont owns a net profit interest (NPI) pursuant to which Newmont is entitled to a specified percentage of the net profits, as defined in each case, from a particular mining operation. The majority of NSR royalty revenue and NPI revenue can be received in kind (generally in the form of gold bullion) at the option of Newmont. In 2002, Newmont s royalty revenues were $35.7 million ($14.3 million of which was received in kind).

North America

Nevada-Goldstrike. Newmont holds various NSR and NPI royalties at the Goldstrike properties (Betze-Post and Meikle mines) located in the Carlin Trend gold mining area of northern Nevada. The Betze-Post and Meikle mines are owned and operated by a subsidiary of Barrick Gold Corporation.

The Betze-Post mine is a conventional open pit operation. The Betze-Post property consists of various claim blocks and Newmont s royalty interest in each claim block is different, ranging from 0% to 4% for the NSRs and 0% to 6% for the NPIs.

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The Meikle mine is an underground operation comprising the Meikle, Rodeo, and Griffin deposits, located one mile north of the Betze-Post mine, with which it shares the Goldstrike processing facilities. Newmont holds a 4% NSR and a 5% NPI over 1,280 acres of the claims that cover the Meikle, Rodeo, and Griffin deposits. Newmont is not obligated to fund any portion of the cost associated with the Betze-Post or the Meikle mines.

Barrick s mining sequence from various claim areas will cause fluctuations in Newmont s royalty receipts. The NSR royalties are based upon gross production from the mine reduced only by ancillary smelter charges and transportation costs of about $2 per ounce. The determinants of the revenue received from the NSRs covering the Betze-Post and Meikle mines are the number of ounces of gold produced, the spot price of gold, and the cost of shipping and smelting. The Betze-Post Goldstrike NPI began paying in October 1993, the month that the cumulative net profit from the Betze-Post and Goldstrike claims exceeded capital invested in those claims. The Meikle mine NPI began paying in the fourth quarter of 1996. Net profits are calculated as proceeds less costs. Proceeds equal the number of ounces of gold produced from the Betze-Post and Goldstrike claims and the Meikle mine, multiplied by the spot price of gold on the date gold is credited to Barrick s account at the refinery. Costs include operating and capital costs as incurred.

Montana-Stillwater. Newmont holds a 5% NSR royalty on a portion of the Stillwater mine and all of the East Boulder mine, both located near Nye, Montana. The Stillwater and East Boulder mines are owned and operated by Stillwater Mining Company. Stillwater produces palladium, platinum, and associated metals (platinum group metals or PGMs) from a geological formation known as the J-M Reef. Stillwater is the only significant producer of PGMs outside of South Africa and Russia. The J-M Reef is an extensive mineralized zone containing PGMs, which has been traced over a strike length of approximately 28 miles.

Newmont s royalty covers more than 80% of the combined reserves and mineralized material of the deposit, but does not cover a portion of the deposit at the Stillwater mine. The majority of production to date has been from the Stillwater mine. For that reason, the percentage of ore mined from the royalty lands has been lower than the 80% reserve percentage. For the year 2002, 52.48% of total production came from lands subject to Newmont s royalty. The percentage of future production from the royalty lands will vary from year to year.

The royalty encompasses all of the reserves at the East Boulder mine, which commenced production during 2001 and is located approximately thirteen miles to the west of the Stillwater mine. On February 18, 2003, Stillwater announced that in 2003, it expects PGM production to total approximately 615,000 ounces, 450,000 ounces from the Stillwater Mine and 165,000 ounces from the East Boulder Mine.

Canada-Oil and Gas Interests. Newmont s oil and gas royalty portfolio covers 1.8 million gross acres of producing and non-producing lands located in western Canada and the Canadian Arctic. The average royalty on these lands is 6%.

Investment Interests

Echo Bay Mines Ltd.

On January 31, 2003, Kinross Gold Corporation, Echo Bay Mines Ltd. and TVX Gold Inc. 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 45.67% interest in Echo Bay, and $180 million for its interest in TVX Newmont Americas.

Australian Magnesium Corporation

As of December 31, 2002, Newmont had a 22.8% voting interest in Australian Magnesium Corporation (AMC). Since then, AMC has raised additional equity to support the development of the Stanwell Magnesium Project, a proprietary chemical and dehydration process for producing anhydrous magnesium chloride as feed for

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an electrolytic cell to produce molten magnesium metal and magnesium alloys. Northerly Equities Pty Ltd, a wholly owned subsidiary of Newmont Australia Limited (NAL), contributed A$100 million (approximately $56 million) in equity to AMC on January 3, 2003, increasing our ownership percentage to 40.9%. However, due to additional equity contributions by third-party shareholders, our voting interest decreased to 27.8% on January 31, 2003. NAL and its wholly owned subsidiary, Nottacar Investments Pty Ltd, had also provided to AMC a A$90 million (approximately $51 million) contingent equity commitment in the event the project does not achieve certain specified production and operating criteria by December 2006. Subsequent to year-end, however, this contingent equity commitment was renegotiated to require instead that NAL and Nottacar Investments provide AMC with an A$75 million (approximately $42 million) contingent convertible debt and equity facility.

NAL has also guaranteed a $30 million obligation payable by AMC to Ford Motor Company in the event the project does not meet certain specified production and operating criteria by November 2005. AMC has indemnified NAL for this obligation, but the indemnity is unsecured.

NAL and certain of its wholly owned subsidiaries are also guarantors of an A$71 million (approximately $40 million) amortizing loan facility of AMC s subsidiary, QMC Finance Pty Ltd. (QMC), of which A$69.8 million (approximately $39 million) was outstanding as of December 31, 2002. The QMC loan facility expires in November 2006.

QMC also is a party to a series of foreign exchange hedging contracts. All obligations related to these contracts have been guaranteed by NAL and certain of its wholly owned subsidiaries. The contracts include a series of foreign exchange forward contracts and bought put options, the last of which expire in June 2006. As of December 31, 2002, the fair value of these contracts was a negative A$12.7 million (approximately $7 million).

The Ford guarantee and the guarantees under the QMC loan and hedging facilities arose in connection with NAL s support of the project as an investor in AMC and its predecessor entities. The guarantees under the QMC loan facility and hedging contracts could be called in the event of a default by QMC. NAL s liability under the QMC loan facility guarantee is limited to the total amount of outstanding borrowings under the facility at the time the guarantee is called. NAL 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 exercised. The principal lender and counterparty under the QMC loan and hedging facilities also has a fixed and floating charge over certain assets of AMC. In the event the guarantees are called, NAL would have a right of subrogation to the lender under Australian law.

We face risks related to our investment in AMC. See the discussion in Item 1A, Risk Factors on page 14 above, and the discussion in Item 7, Management s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, Australian Magnesium Corporation (AMC), on page 88 below.

Lihir Gold

Until April 2002, Newmont owned 111.3 million shares of Lihir Gold, representing a 9.74% interest and reflected in marketable securities of Lihir as a cost investment available for sale. Lihir Gold operates a gold mine in Papua New Guinea. Newmont sold its investment in Lihir Gold on April 12, 2002 to Macquarie Equity Capital Markets Limited in Australia for approximately $84 million. See Note 4 to Consolidated Financial Statements beginning on page 121 below.

Proven and Probable Reserves

Newmont has a significant reserve base, having steadily increased its reserves over the past decade through a combination of exploration success, acquisitions, and lower production costs. With the acquisition in 2002 of Normandy Mining Limited, Newmont had worldwide equity gold reserves (inclusive of Newmont s equity

interests in TVX Newmont Americas and Echo Bay Mines Ltd) of 86.9 million equity ounces as of December 31, 2002. For more information on TVX Newmont Americas and Echo Bay, see Note 28 to the Consolidated Financial Statements, beginning at page 178. Excluding its interests in TVX Newmont Americas and Echo Bay, Newmont had reserves of 83.2 million equity ounces.

As in 2001, gold reserves were calculated at a gold price of $300 per ounce, except at the Phoenix project and Boddington, where gold reserves were calculated using a gold price of $250 per ounce and A$425 per ounce, respectively. Newmont s 2002 reserves (not including TVX Newmont Americas and Echo Bay) would decline approximately 10%, or 8.4 million ounces, if calculated at a $275 per ounce gold price, while an increase in the gold price to $325 per ounce would increase reserves approximately 7% or 6.1 million ounces.

At year-end 2002, Newmont s North American equity gold reserves were 32.8 million ounces (including 30.7 million ounces in Nevada, and excluding TVX Newmont Americas and Echo Bay). Overseas, year-end equity gold reserves (excluding TVX Newmont Americas) were 50.4 million ounces, including 17.2 million equity ounces in Australia and 16.7 million equity ounces in Peru.

Newmont s equity copper reserves at year-end 2002 were 7.6 billion pounds. Except at Newmont s Phoenix project, copper reserves were calculated at a price of $0.75 per pound.

Under Newmont s current mining plans, all reserves are located on fee property or will be depleted during the terms of existing mining licenses or concessions, or where applicable, any assured renewal or extension periods for the licenses or concessions.

Proven and probable reserves are based on extensive drilling, sampling, mine modeling and metallurgical testing from which economic feasibility has been determined. The price sensitivity of reserves depends upon several factors including grade, waste-to-ore ratio, and ore type. The reserves are estimated based on information available at the time of calculation. Recovery rates vary depending on the metallurgical properties of each deposit and the production process used. The reserve tables list the average recovery rate for each deposit, which takes into account the several different processing methods to be used. The cutoff grade, or lowest grade of mineralized material considered economic to process, varies with material type, metallurgical recoveries, and operating costs.

The proven and probable reserve figures presented herein are estimates, and no assurance can be given that the indicated levels of recovery of gold and copper will be realized. Ounces of gold or pounds of copper or zinc in the proven and probable reserves are prior to any losses during metallurgical treatment. Reserve estimates may require revision based on actual production experience. Market price fluctuations of gold and copper, as well as increased production costs or reduced recovery rates, could render proven and probable reserves containing relatively lower grades of mineralization uneconomic to exploit and might result in a reduction of reserves.

Reserves are published once each year and will be recalculated as of December 31, 2003, for the entire company, taking into account depletion as well as any additions to reserves based on results of exploration, mine optimization and development work performed during 2003.

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Newmont Mining Corporation

Gold Proven and Probable Reserves[1]

Reflects Reserves owned by

Newmont Mining Corporation on December 31, 2002 and December 31, 2001 (pro forma)[2]

		December 31, 2002									
		Proven Reserves			Probable Reserves			Proven and Probable Reserves			
Deposits/Districts	Newmont Share (%)	Tonnage[3] (000 tons)	Grade (oz/ton)	Ounces[4] (000)	Tonnage[3] (000 tons)	Grade (oz/ton)	Ounces[4] (000)	Tonnage[3] (000 tons)	Grade (oz/ton)	Ounces[4] (000)	Metallurgical Recovery
North America											
Nevada[5]											
Carlin Open Pit[6]	100.00%	20,200	0.059	1,180	161,600	0.040	6,430	181,800	0.042	7,610	73 %
Twin Creeks	100.00%	3,600	0.092	340	44,000	0.081	3,540	47,600	0.081	3,880	86%
Lone Tree Complex	100.00%	2,800	0.080	230	18,200	0.067	1,220	21,000	0.069	1,450	76%
Phoenix[7]	100.00%				174,200	0.034	5,990	174,200	0.034	5,990	82%
Carlin Underground[8]	100.00%	3,600	0.69	2,520	6,400	0.50	3,200	10,000	0.57	5,720	94%
Midas[9]	100.00%	200	0.70	110	3,200	0.65	2,050	3,400	0.65	2,160	97%
Stockpiles and In-Process	100.00%	67,600	0.057	3,860	1,000	0.039	40	68,600	0.057	3,900	77%
Total Nevada[10]		98,000	0.084	8,240	408,600	0.055	22,470	506,600	0.061	30,710	
Other North America											
Mesquite, California[11]	100.00%	5,200	0.014	70				5,200	0.014	70	71%
Golden Giant, Ontario[12]	100.00%	600	0.251	160	1,700	0.297	510	2,300	0.285	670	96%
Holloway, Ontario[13]	90.62%	900	0.184	170	1,900	0.191	370	2,800	0.189	540	94%
La Herradura, Mexico[14]	44.00%	11,800	0.029	340	16,400	0.029	470	28,200	0.029	810	71%
Total Other North America		18,500	0.040	740	20,000	0.067	1,350	38,500	0.054	2,090	
Total North America		**116,500**	**0.077**	**8,980**	**428,600**	**0.056**	**23,820**	**545,100**	**0.060**	**32,800**	
South America											
Minera Yanacocha, Peru[15]	51.35%	96,800	0.028	2,710	467,600	0.030	14,030	564,400	0.030	16,740	73%
Kori Kollo, Bolivia[16]	88.00%	8,000	0.023	180	14,600	0.025	360	22,600	0.024	540	65%
Total South America		**104,800**	**0.028**	**2,890**	**482,200**	**0.030**	**14,390**	**587,000**	**0.029**	**17,280**	
Australia/Oceana[17]											
Boddington, Western Australia	44.44%	61,000	0.027	1,670	129,900	0.025	3,180	190,900	0.025	4,850	82%
Golden Grove, Western Australia[18]	100.00%	2,600	0.036	90	2,600	0.037	100	5,200	0.036	190	59%
Kalgoorlie, Western Australia[19]	50.00%	34,600	0.052	1,790	62,300	0.06	3,760	96,900	0.057	5,550	86%
Pajingo, Queensland[20]	100.00%	200	0.48	110	2,500	0.35	850	2,700	0.36	960	97%
	85.86%	7,100	0.18	1,270	12,600	0.11	1,450	19,700	0.14	2,720	96%

Tanami, Northern Territory[21]											
Yandal, Western Australia[22]	100.00%	5,800	0.07	420	10,200	0.17	1,700	16,000	0.13	2,120	90%
Martha, New Zealand[23]	92.28%				6,100	0.13	790	6,100	0.13	790	92%
Total Australia/Oceana		**111,300**	**0.048**	**5,350**	**226,200**	**0.052**	**11,830**	**337,500**	**0.051**	**17,180**	
Asia and Europe											
Batu Hijau, Indonesia-Gold[24]	56.25%	175,300	0.012	2,130	394,800	0.012	4,790	570,100	0.012	6,920	78%
Minahasa, Indonesia[25]	94.00%	900	0.14	130				900	0.14	130	89%
Ovacik, Turkey[26]	100.00%	500	0.47	230	300	0.38	110	800	0.44	340	95%
Perama, Greece[27]	80.00%				9,700	0.11	1,050	9,700	0.11	1,050	90%
Zarafshan-Newmont, Uzbekistan[28]	50.00%	69,300	0.037	2,600				69,300	0.037	2,600	57%
Total Asia and Europe		**246,000**	**0.021**	**5,090**	**404,800**	**0.015**	**5,950**	**650,800**	**0.017**	**11,040**	
Africa											
Akyem, Ghana[29]	85.00%				25,800	0.061	1,570	25,800	0.061	1,570	89%
Ahafo (Yamfo-Sefwi), Ghana[30]	85.60%				44,900	0.074	3,330	44,900	0.074	3,330	90%
Total Africa					**70,700**	**0.070**	**4,900**	**70,700**	**0.070**	**4,900**	
Total Newmont Worldwide Gold		**578,600**	**0.039**	**22,310**	**1,612,500**	**0.038**	**60,890**	**2,191,100**	**0.038**	**83,200**	
Equity Interests[31]											
TVX Newmont Americas	49.9%	94,100	0.018	1,740	16,600	0.027	440	110,700	0.020	2,180	
Echo Bay Mines Ltd.	45.3%	21,800	0.021	460	30,200	0.036	1,080	52,000	0.030	1,540	
Total Equity Interests		**115,900**	**0.019**	**2,200**	**46,800**	**0.033**	**1,520**	**162,700**	**0.023**	**3,720**	
Total Newmont Reportable		**694,500**	**0.035**	**24,510**	**1,659,300**	**0.038**	**62,410**	**2,353,800**	**0.037**	**86,920**	

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Newmont Mining Corporation

Gold Proven and Probable Reserves[1]

Reflects Reserves owned by

Newmont Mining Corporation on December 31, 2002 and December 31, 2001 (pro forma)[2]

(continued)

		December 31, 2001		
		Proven and Probable Gold Reserves		
Deposits/Districts	Newmont Share(%)	Tonnage[3] (000 tons)	Grade (oz/ton)	Ounces[4] (000)
North America				
Nevada[5]				
Carlin Open Pit[6]	100.00%	107,400	0.052	5,600
Twin Creeks	100.00%	57,400	0.089	5,090
Lone Tree Complex	100.00%	29,200	0.065	1,890
Phoenix[7]	100.00%	174,200	0.034	5,990
Carlin Underground[8]	100.00%	11,200	0.56	6,240
Midas[9]	100.00%	3,400	0.67	2,250
Stockpiles and In-Process	100.00%	75,400	0.055	4,140
Total Nevada[10]		458,200	0.068	31,200
Other North America				
Mesquite, California[11]	100.00%	8,400	0.014	120
Golden Giant, Ontario[12]	100.00%	3,600	0.293	1,040
Holloway, Ontario[13]	89.35%	3,400	0.190	640
La Herradura, Mexico[14]	44.00%	20,800	0.030	630
Total Other North America		36,200	0.067	2,430
Total North America		**494,400**	**0.068**	**33,630**
South America				
Minera Yanacocha, Peru[15]	51.35%	625,500	0.028	17,550
Kori Kollo, Bolivia[16]	88.00%	19,100	0.032	610
Total South America		**644,600**	**0.028**	**18,160**
Australia/Oceana				
Boddington, Western Australia	44.44%	190,900	0.025	4,850
Golden Grove, Western Australia[18]	100.00%	1,400	0.044	60
Kalgoorlie, Western Australia[19]	50.00%	93,600	0.061	5,720
Pajingo, Queensland[20]	100.00%	2,400	0.38	920
Tanami, Northern Territory[21]	86.49%	18,600	0.14	2,650
Yandal, Western Australia[22]	100.00%	20,200	0.11	2,210
Martha, New Zealand[23]	82.22%	5,800	0.10	560

Total Australia/Oceana		**332,900**	**0.051**	**16,970**
Asia and Europe				
Batu Hijau, Indonesia-Gold(24)	56.25%	562,600	0.011	6,140
Minahasa, Indonesia(25)	94.00%	1,500	0.15	220
Ovacik, Turkey(26)	100.00%	1,200	0.35	430
Perama, Greece(27)	80.00%	9,700	0.11	1,050
Zarafshan-Newmont, Uzbekistan(28)	50.00%	77,500	0.042	3,260
Total Asia and Europe		**652,500**	**0.017**	**11,100**
Africa				
Aykem, Ghana(29)	85.00%			
Ahafo (Yamfo-Sefwi), Ghana(30)	85.60%	44,900	0.074	3,330
Total Africa		**44,900**	**0.074**	**3,330**
Total Newmont Worldwide Gold		2,169,300	0.038	83,190
Equity Interests(31)				
TVX Newmont Americas	49.90%	115,200	0.020	2,340
Echo Bay Mines Ltd.	45.30%	72,900	0.024	1,730
Total Equity Interests		**188,100**	**0.022**	**4,070**
Total Newmont Reportable		2,357,400	0.037	87,260

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(1) The term reserve means that part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserve determination.

The term economically, as used in the definition of reserve, implies that profitable extraction or production has been established or analytically demonstrated in a full feasibility study to be viable and justifiable under reasonable investment and market assumptions.

The term legally, as used in the definition of reserve, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for a reserve to exist, the Company must have a justifiable expectation, based on applicable laws and regulations, that issuance of permits or resolution of legal issues necessary for mining and processing at a particular deposit will be accomplished in the ordinary course and in a timeframe consistent with the Company s current mine plans.

The term proven reserves means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the results of detailed sampling; and (c) the sites for inspection, sampling and measurements are spaced so closely and the geologic character is sufficiently defined that size, shape, depth and mineral content of reserves are well established.

The term probable reserves means reserves for which quantity and grade are computed from information similar to that used for proven reserves, but the sites for sampling are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Proven and probable reserves were calculated using different cutoff grades depending on each deposit s properties. The term cut-off grade means the lowest grade of mineralized rock that can be included in the reserves in a given deposit. Cut-off grades vary between deposits depending upon prevailing economic conditions, mineability of the deposit, amenability of the ore to gold extraction, and milling or leaching facilities available.

Reserves were calculated at a US$300 per ounce gold price unless otherwise noted.

(2) The tables for gold and base metal reserves as of December 31, 2001 present pro forma information assuming that Newmont Mining Corporation had acquired both Normandy Mining Limited and Franco-Nevada Mining Corporation Limited, and that Franco-Nevada had acquired its 45.3% interest in Echo Bay Mines Ltd., in each case as of December 31, 2001. With respect to the pro forma reserve information for properties owned by Normandy, the reserves reported by Normandy as of June 30, 2001 have been adjusted to reflect (a) depletion during the period between July 1, 2001 and December 31, 2001; (b) additional technical data collected by Normandy during that period; and (c) a gold price of $300/oz. (except for Kalgoorlie and Boddington, where Normandy s price assumptions have been retained).

(3) Tonnages are after allowances for losses resulting from mining methods.

(4) Ounces or pounds are estimates of metal contained in ore tonnages and are before allowances for processing losses. Estimated losses from processing are expressed as metallurgical recovery rates and represent the estimated amount of metal to be recovered through metallurgical extraction processes.

(5) Cut-off grades utilized in 2002 were as follows: oxide leach material not less than 0.005 ounce per ton; oxide mill material not less than 0.108 ounce per ton; refractory leach material not less than 0.055 ounce per ton; refractory mill material not less than 0.105 ounce per ton.

(6) Includes currently undeveloped reserves at the Pete, Castle Reef, Crow and Emigrant deposits for a combined total undeveloped reserve of 1,970,000 ounces.

(7) Reserve based on $250/oz. gold price pit design and $0.95/lb copper price. Deposit is currently undeveloped.

(8) Includes undeveloped reserves at Leeville, containing a total reserve of 2,740,000 ounces.

(9) Reserves also include over 26 million ounces of silver with a metallurgical recovery rate of 93%.

(10) These reserves are approximately 66.4% refractory in nature, which are not amenable to the direct cyanidation recovery processes currently used for oxide material. Such ore must be oxidized before it is subjected to the normal recovery processes or concentrated for shipment to smelters.

(11) Mining completed in 2001. Remaining reserves are in-process on the leach pad.

(12) Cut-off grade utilized in 2002 of not less than 0.088 ounce per ton.

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(13) Cut-off grade utilized in 2002 of not less than 0.088 ounce per ton. Percentage reflects Newmont s weighted equity interest from 84.65% interest in Holloway Joint Venture and 100% interest in remaining reserves. Property includes currently undeveloped reserves at the Blacktop deposit of 100,000 ounces.

(14) Cut-off grade utilized in 2002 of 0.010 ounce per ton. All ore is oxidized.

(15) Calculated in 2002 using variable cut-off grades not less than 0.005 ounce per ton. The cut-off grade is a function of both gold and silver content. Reserves include currently undeveloped deposits at Corimayo, Cerro Quilish and Cerro Negro, for combined total undeveloped reserves of 2,840,000 equity ounces.

(16) Cut-off grade utilized in 2002 of not less than 0.010 ounce per ton. Includes undeveloped reserves at Kori Chaca of 300,000 equity ounces.

(17) Reserves for 2002 were calculated at an A$545 per ounce gold price and an A$0.55 per US$1 exchange rate, except for Boddington, which was calculated at A$425 per ounce, and Martha, which was calculated at 665 New Zealand dollars per ounce and 0.45 New Zealand dollars per US$1 exchange rate. The Boddington deposit is currently undeveloped.

(18) Gold reported in reserves is that contained within zinc orebodies only.

(19) Cut-off grade utilized in 2002 of 0.026 ounce per ton.

(20) Cut-off grade utilized in 2002 of not less than 0.073 ounce per ton.

(21) Cut-off grade utilized in 2002 of not less than 0.020 ounce per ton. Percentage reflects Newmont s equity interest in Newmont NFM s remaining reserves. In December 2001 this pro forma percentage was 86.49%.

(22) Cut-off grade utilized in 2002 of not less than 0.020 ounce per ton.

(23) Cut-off grade utilized in 2002 of not less than 0.022 ounce per ton. Percentage reflects Newmont s equity interest in remaining reserves. In December 2001 this pro forma percentage was 82.22%. Includes currently undeveloped reserves at the Favona deposit containing 300,000 equity ounces.

(24) Production is in the form of a copper-gold concentrate. Cut-off grade and recoveries vary depending on the gold and copper content. The cut-off grade used for reserve reporting is equivalent to 0.33% copper. Percentage reflects Newmont s economic interest in remaining reserves, unchanged from 2001.

(25) Percentage reflects Newmont s economic interest in remaining reserves. Mining was completed in 2001 and remaining reserves are primarily from stockpiles at the process facility.

(26) Calculated in 2002 using a cut-off grade of not less than 0.080 ounce per ton.

(27) Deposit is currently undeveloped.

(28) Material available to Zarafshan-Newmont for processing from designated stockpiles or from other specified sources. Tonnage and gold content of material available to Zarafshan-Newmont for processing from such designated stockpiles or from other specified sources are guaranteed by state entities of Uzbekistan.

(29) Deposit is currently undeveloped.

(30) Percentage reflects Newmont s weighted equity interest of 50% in Ntotoroso and 100% in remaining reserves. Deposit is currently undeveloped.

(31) Interests in Echo Bay and TVX Newmont Americas were sold/exchanged as of January 31, 2003. Reserves as shown are estimates provided by Kinross Gold Corporation; final results may vary.

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Newmont Mining Corporation

Base Metal Proven and Probable Reserves[1]

Reflects Reserves owned by

Newmont Mining Corporation on December 31, 2002 and December 31, 2001 (pro forma)[2]

		December 31, 2002									
		Proven Reserves			Probable Reserves			Proven and Probable Reserves			
Deposits/Districts	Newmont Share (%)	Tonnage[3] (000 tons)	Grade (%)	Millions of Pounds[4]	Tonnage[3] (000 tons)	Grade (%)	Millions of Pounds[4]	Tonnage[3] (000 tons)	Grade (%)	Millions of Pounds[4]	Metallurgical Recovery
Copper											
Phoenix, Nevada[5]	100.00%				156,300	0.16	520	156,300	0.16	520	85 %
Batu Hijau, Indonesia[6]	56.25%	175,300	0.54	1,890	394,800	0.55	4,330	570,100	0.55	6,220	93 %
Boddington, Western Australia[7]	44.44%	61,000	0.12	140	129,700	0.13	330	190,700	0.12	470	84 %
Golden Grove, Western Australia[8]	100.00%	2,500	2.0	100	5,500	2.8	300	8,000	2.5	400	88 %
Total Newmont Copper		**238,800**	**0.45**	**2,130**	**686,300**	**0.40**	**5,480**	**925,100**	**0.41**	**7,610**	
Zinc											
Golden Grove, Western Australia[8]	100.00%	1,700	11.6	390	1,000	15.4	300	2,700	13.0	690	91 %
Total Newmont Zinc		**1,700**	**11.6**	**390**	**1,000**	**15.4**	**300**	**2,700**	**13.0**	**690**	

		December 31, 2001		
		Proven and Probable Reserves		
Deposits/Districts	Newmont Share (%)	Tonnage[3] (000 tons)	Grade (%)	Millions of Pounds[4]
Copper				
Phoenix, Nevada[5]	100.00%	156,300	0.16	520
Batu Hijau, Indonesia[6]	56.25%	562,600	0.49	5,480
Boddington, Western Australia[7]	44.44%	190,900	0.12	460
Golden Grove, Western Australia[8]	100.00%	4,000	4.1	330
Total Newmont Copper		**913,800**	**0.37**	**6,790**
Zinc				

Golden Grove, Western Australia[8]	100.00%	1,400	13.3	380
Total Newmont Zinc		**1,400**	**13.3**	**380**

(1) See footnote (1) to the Gold Proven and Probable Reserves Tables on page 41 above.
(2) See footnote (2) to the Gold Proven and Probable Reserves Tables on page 41 above.
(3) See footnote (3) to the Gold Proven and Probable Reserves Tables on page 41 above.
(4) See footnote (4) to the Gold Proven and Probable Reserves Tables on page 41 above.
(5) Reserve based on $250/oz. gold price pit shell and a 0.95/oz. copper price. Deposit is currently undeveloped.
(6) Percentage reflects Newmont s economic interest in remaining reserves, unchanged from 2001. Copper reserves calculated at $0.75/lb. copper price.
(7) Reserve based on A$425/oz. gold price and A$1.25/lb. copper price. Deposit is currently undeveloped.
(8) Copper reserves based on $0.75/lb. copper price. Zinc reserves based on $0.47/lb. zinc price.

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Reconciliation of December 2001 and December 2002 Gold Reserves

	Newmont Equity Contained Ounces
	(in millions)
December 2001 (Newmont and pro-forma Normandy)[1]	83.2
Depletion[2]	(9.4)
Revisions and Additions[3]	9.4
December 2002[1]	83.2

(1) Does not include TVX Newmont Americas or Echo Bay equity interests.
(2) Depletion represents 2001 reserves processed in 2002.
(3) Revisions and additions due to reserve conversions, optimizations, model updates and updated unit costs and recoveries. Of the total revisions and additions, 9.3 million ounces were internally generated and 0.1 million ounces were acquired during 2002.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 25 to the Consolidated Financial Statements beginning on page 161 below.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended December 31, 2002.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Newmont s executive officers as of March 5, 2003 were:

Name	Age	Office
Wayne W. Murdy	58	Chairman and Chief Executive Officer
Pierre Lassonde	55	President
John A. S. Dow	57	Executive Vice President and Managing Director, Newmont Australia Limited
David H. Francisco	53	Executive Vice President, Operations
Bruce D. Hansen	45	Senior Vice President and Chief Financial Officer
Britt D. Banks	41	Vice President, General Counsel and Secretary

Thomas L. Enos	51	Vice President, International Operations
David Harquail	46	President and Managing Director, Newmont Capital Limited
Donald G. Karras	49	Vice President, Taxes
Thomas P. Mahoney	48	Vice President and Treasurer
David W. Peat	50	Vice President and Global Controller
Richard M. Perry	44	Vice President and Managing Director, Newmont USA Limited
Carlos Santa Cruz	47	Vice President and Managing Director, Newmont Peru Limited

There are no family relationships by blood, marriage, or adoption among any of the above executive officers of Newmont. All executive officers are elected annually by the Board of Directors of Newmont to serve for one year or until his or her respective successor is elected and qualified. The Arrangement Agreement between Newmont and Franco-Nevada provided that Mr. Lassonde would become the President of Newmont upon our acquisition of Franco-Nevada. There is no arrangement or understanding between any of the above executive officers and any other person pursuant to which he was selected as an executive officer.

Mr. Murdy has been Chairman of the Board of Newmont since January 2002 and Chief Executive Officer thereof since January 2001. Mr. Murdy was President of Newmont from July 1999 to February 16, 2002. He was Executive Vice President and Chief Financial Officer thereof from July 1996 to July 1999, and Senior Vice

President and Chief Financial Officer thereof from December 1992 to July 1996. Mr. Murdy was elected to the Board of Directors of Newmont in September 1999.

Mr. Lassonde became President of Newmont in February 2002 and was elected a director in March 2002. Previously he served as President and Co-Chief Executive Officer of Franco-Nevada from September 1999 to February 2002 and as President of Franco-Nevada from October 1982 to February 2002. He also served as President and Chief Executive Officer of Euro-Nevada Mining Corporation from 1985 to September 1999, when it amalgamated with Franco-Nevada. He has served as a director of Franco-Nevada since October 1982 and was a director of Normandy Mining Limited from May 2001 to March 2002.

Mr. Dow was elected Executive Vice President of Newmont and Managing Director, Newmont Australia Limited in March 2002. Previously he served as Executive Vice President and Group Executive, Latin America of Newmont from January 2001 to March 2002. He served as Executive Vice President, Exploration from July 1999 to January 2001, as Senior Vice President, Exploration from July 1996 to July 1999, and Vice President, Exploration from April 1992 to July 1996.

Mr. Francisco was elected Executive Vice President, Operations of Newmont in July 1999. He served as Senior Vice President, International Operations from May 1997 to July 1999. Previously, he served as Vice President, International Operations from July 1995 to May 1997.

Mr. Hansen was elected Senior Vice President and Chief Financial Officer of Newmont in July 1999. He served as Vice President, Project Development from May 1997 to July 1999. Previously, he served as Senior Vice President, Corporate Development of Santa Fe Pacific Gold Corporation from April 1994 to May 1997.

Mr. Banks was elected Vice President and General Counsel in May 2001. He was elected Secretary in April 2001. He served as Associate General Counsel of Newmont from July 1996 to May 2001.

Mr. Enos was elected Vice President, International Operations of Newmont in December 2002. He has served as President Commissioner of PT Newmont Nusa Tenggara since June 2002 and President Commissioner of PT Newmont Minahasa Raya since June 2000. Previously, he served as Vice President and Managing Director of Newmont Indonesia from May 2002 to November 2002. He served as Vice President, Indonesian Operations from July 1998 to May 2002. He served as Vice President and General Manager of Newmont s Carlin operations from May 1996 to July 1998.

Mr. Harquail was elected President and Managing Director of Newmont Capital Limited in May 2002. Previously, he served as Senior Vice President of Franco-Nevada Mining Corporation Limited from May 1998 to February 2002. Prior to May 1998, Mr. Harquail was a Vice President of Franco-Nevada.

Mr. Karras has served as Vice President, Taxes of Newmont since November 1992.

Mr. Mahoney was elected Vice President and Treasurer of Newmont in May 2002. He served as Treasurer of Newmont from May 2001 to May 2002. Previously, he served as Assistant Treasurer from March 1997 to May 2001. He served as Assistant Treasurer, International from April 1994 to March 1997.

Mr. Peat was elected Vice President and Global Controller of Newmont in May 2002. He served as Vice President, Finance and Chief Financial Officer for Homestake Mining Company from 1999 to 2002, and as Vice President and Controller of Homestake from 1996 to 1998.

Mr. Perry was elected Vice President of Newmont and Managing Director of Newmont USA Limited in May 2002. Previously, he served as Vice President, North American Operations of Newmont from April 2001 to May 2002. He served as General Manager of Newmont s Batu Hijau copper and gold mine in Sumbawa, Indonesia from October 1998 to April 2001.

Mr. Santa Cruz was elected Vice President of Newmont and Managing Director of Newmont Peru Limited in May 2002. Previously, he served as Vice President, Peruvian Operations of Newmont from August 2001 to May 2002. He served as General Manager of Minera Yanacocha S.R.L. from 1997 to 2001, and as Assistant General Manager thereof from 1995 to 1997.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Newmont s common stock is listed and principally traded on the New York Stock Exchange (under the symbol NEM) and is also listed in the form of CHESS Depositary Interests (CDIs) (under the symbol NEM) on the Australian Stock Exchange (ASX). In Australia, Newmont is referred to as Newmont Mining Corporation ARBN 099 065 997 organized in Delaware with limited liability. Since July 1, 2002, Newmont CDIs have traded on the ASX as a Foreign Exempt Listing granted by the ASX, which provides only an ancillary trading facility to Newmont s primary listing on NYSE. Newmont s Canadian exchangeable shares are listed on the Toronto Stock Exchange (under the symbol NMC). The exchangeable shares were issued in connection with the acquisition of Franco-Nevada. The following table sets forth, for the periods indicated, the high and low sales prices per share of Newmont s common stock as reported on the New York Stock Exchange Composite Tape.

	2002		2001	
	High	Low	High	Low
First quarter	$ 28.24	$ 18.70	$ 18.85	$ 14.09
Second quarter	$ 32.00	$ 26.33	$ 24.05	$ 15.38
Third quarter	$ 29.87	$ 22.21	$ 23.90	$ 18.24
Fourth quarter	$ 29.98	$ 23.10	$ 24.83	$ 18.90

On March 5, 2003, there were outstanding 353,498,884 shares of Newmont s common stock (including shares represented by CDIs), which were held by approximately 25,093 stockholders of record. A dividend of $0.03 per share of common stock outstanding was declared in each quarter of 2002 and 2001 or a total of $0.12 per share per year.

On March 5, 2003, there were outstanding 48,434,773 Canadian exchangeable shares, which were held by approximately 54 holders of record. The exchangeable shares are exchangeable at the option of the holders into Newmont common stock. Holders of exchangeable shares are therefore entitled to receive dividends equivalent to those that Newmont declares on its common stock.

The determination of the amount of future dividends will be made by Newmont s Board of Directors from time to time and will depend on Newmont s future earnings, capital requirements, financial condition and other relevant factors.

Equity Compensation Plan Information

The following table sets forth certain information as of December 31, 2002 concerning shares of Newmont s common stock that may be issued upon the exercise of options, warrants and rights under all of Newmont s existing equity compensation plans approved by stockholders and equity compensation plans not approved by stockholders, including the 1996 Employees Stock Plan, 1999 Employees Stock Plan and the 2000 Non-Employee Directors Stock Plan:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights[5] [6] (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[4] [5] (c)
Equity compensation plans approved by Stockholders:			
Stock Plan[1]	5,863,673[2]	$ 27.32	7,639,902
Director Stock Plan[3]	5,592	$ 26.82	361,527
Equity compensation plans not approved by Stockholders:			
Stock Plan[5]	3,848,371	$ 22.18	987,515
TOTAL	9,717,636	$ 25.28	8,988,944

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(1) The 1996 Employees Stock Plan provides that the maximum number of shares under the Plan is automatically increased on January 1 by an additional number of shares equal to one-percent of the number of shares of Newmont common stock outstanding on December 31 of each year.

(2) Represents shares of common stock issuable upon exercise of outstanding options granted under Newmont s 1996 Employees Stock Plan. This number does not include 2,127,970 shares of common stock issuable upon exercise of outstanding options granted under plans assumed by Newmont in acquisitions. The weighted average exercise price of outstanding options granted under plans assumed in acquisitions as of December 31, 2002 was $25.49. Newmont cannot grant any additional options under these assumed plans.

(3) Under the new director compensation plan, approved by the Board of Directors in January 2003 to be effective May 7, 2003, directors will not be entitled to receive stock options in place of other compensation.

(4) Pursuant to Newmont s Intermediate Term Incentive Compensation Plan, approved by the Board of Directors as of January 1, 2002, key employees may receive restricted shares of common stock as determined by the Compensation and Management Development Committee. Such shares are issued from the shares available to grant under the 1999 Employees Stock Plan or the 1996 Employees Stock Plan. The restricted stock vests over two years and transferability restrictions expire upon vesting. Holders of restricted shares are entitled to vote the shares and to receive any dividends declared on the shares. Restricted shares of common stock previously granted under Newmont s Intermediate Term Incentive Compensation Plan are not listed in the table because such shares of common stock are currently issued and outstanding.

(5) Both the 1999 Employees Stock Plan and the 1996 Employees Stock Plan permit the grant of restricted stock, stock units, deferred stock, performance shares and other types of stock-based awards. A total of 987,515 shares of common stock remain available for future issuance under the 1999 Employees Stock Plan as of January 1, 2003 and a total of 7,639,902 shares of common stock were available for future issuance under the 1996 Employees Stock Plan as of January 1, 2003. The terms and provisions of the 1999 Employees Stock Plan and the 1996 Employees Stock Plan are identical, except that no incentive stock options may be granted under the 1999 Employees Stock Plan, and that the maximum number of shares under the 1999 Plan cannot be increased.

(6) Deferred stock grants can also be granted from the common stock available for future issuance under the 1996 Employees Stock Plan. Upon the vesting of a deferred stock award, the holder is entitled to the issuance of the number of shares of common stock specified in the award, less applicable taxes, without the payment of any consideration by the employee.

Equity Compensation Plan Not Approved by Stockholders 1999 Employees Stock Plan

In March 1999, the Board of Directors adopted the 1999 Employees Stock Plan (the 1999 Plan). The 1999 Plan has not been approved by the Stockholders.

Shares Subject to the Plan. As of December 31, 2002, 3,848,371 shares of the Newmont s common stock were subject to outstanding options granted and 987,515 shares remained available for future grants. If any option granted pursuant to the 1999 Plan expires or terminates for any reason without being exercised in full, the unexercised option released will again be available for granting. The number of shares available for future grants and previously granted but unexercised options are subject to adjustment for any future stock dividends, splits, combinations, or other changes in capitalization as described in the 1999 Plan.

Eligibility. Employees of Newmont and subsidiaries designated by the Compensation and Management Development Committee are eligible to receive awards under the 1999 Plan.

Stock Option Awards. The Compensation and Management Development Committee may grant non-qualified stock options to eligible employees. The exercise price of options granted under the 1999 Plan cannot be less than 100% of the fair market value of a share of common stock on the day of grant. Options are exercisable within the times and upon the events determined by the Committee as set forth in the optionee s option agreement. Options are exercisable over such period as may be determined by the Committee, so long as the option term does not exceed 10 years. The 1999 Plan provides for the payment of the exercise price of options by any method permitted by applicable law and approved by the Committee at the time of grant, including payment in accordance with a cashless exercise program established by the Committee.

Other Equity Compensation Awards. The 1999 Plan provides for the grant of other types of equity-based awards, including stock appreciation rights, restricted stock awards and other types of stock-based awards,

including deferred stock, performance shares, performance units and convertible debentures. The Committee may also authorize the grant of shares of common stock under the 1999 Plan as bonuses under other incentive performance arrangements established by Newmont.

Mergers, Consolidations, Change of Control. In the event of a change of control of Newmont, unless the applicable award agreement specifies otherwise, all restrictions with respect to restricted stock are immediately cancelled and the time of exercise of options, stock appreciation rights and other stock-based awards are accelerated so that such awards become immediately exercisable in full. In the event of a change of control, the Committee in its discretion may provide for the assumption or substitution of outstanding awards by the successor corporation to the Company or may provide for the conversion of outstanding awards into a right to receive cash based on the greater of (a) the highest value of the consideration to be received in connection with such transaction for one share of common stock and (b) the highest market trading price of a share of common stock during the 30 consecutive trading days prior to the date of the change of control, less any applicable per share exercise price of such award, multiplied by the number of shares of common stock subject to the award.

ITEM 6. SELECTED FINANCIAL DATA

	For the Years Ended December 31,				
	2002	2001	2000	1999	1998(2)
	(in millions, except per share)				
Sales	$ 2,622.2	$ 1,666.1	$ 1,819.0	$ 1,627.1	$ 1,730.5
Income (loss) before cumulative effect of a change in accounting principle, net of preferred stock dividend	$ 146.6	$ (54.1)	$ (84.6)	$ (119.3)	$ (598.3)
Net income (loss) applicable to common shares[1]	$ 154.3	$ (54.1)	$ (97.2)	$ (119.3)	$ (631.2)
Basic income (loss) per common share:					
Before cumulative effect of a change in accounting principle	$ 0.40	$ (0.28)	$ (0.45)	$ (0.62)	$ (3.26)
Net income (loss)[1]	$ 0.42	$ (0.28)	$ (0.51)	$ (0.62)	$ (3.44)
Diluted income (loss) per common share:					
Before cumulative effect of a change in accounting principle	0.39	(0.28)	(0.45)	(0.62)	(3.26)
Net income (loss)[1]	0.41	(0.28)	(0.51)	(0.62)	(3.44)
Dividends declared per common share	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12
At December 31,					
Total assets	$ 10,154.5	$ 4,141.7	$ 4,024.2	$ 4,043.2(2)	$ 4,112.1
Long-term debt, including current portion	$ 1,816.6	$ 1,426.9	$ 1,354.8	$ 1,391.8(2)	$ 1,489.8
Stockholders equity	$ 5,419.2	$ 1,499.8	$ 1,540.7	$ 1,605.8(2)	$ 1,740.0

(1) Net income (loss) includes the cumulative effect of a change in accounting principle related to depreciation of property, plant and mine development of $7.7 million ($0.02 per share), net of tax, in 2002, for revenue recognition of $12.6 million ($0.06 per share), net of tax in 2000, and for start-up costs of $32.9 million ($0.18 per share), net of tax, in 1998.

(2) The Company s Consolidated Financial Statements as of and for the years ended December 31, 1999 and 1998 were originally audited by Arthur Andersen, LLP. The Company subsequently restated its Consolidated Financial Statements for these periods, and Arthur Andersen LLP has not reissued an audit opinion on the financial statements for these periods. Although the Company s restated Statements of Consolidated Operations and Comprehensive Income (Loss), Changes in Stockholders Equity and Cash Flows for the year ended December 31, 1999 have been audited by the Company s current independent accountants, the Company s restated Consolidated Financial Statements as of and for the year ended December 31, 1998, and the Company s restated Consolidated Balance Sheet as of December 31, 1999, have not been audited. As a result, information included in the accompanying table for such periods is derived from unaudited Consolidated Financial Statements.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company). The discussion should be read in conjunction with the Consolidated Financial Statements and accompanying Notes. References to A$ refer to Australian currency, CDN$ to Canadian currency and US$ or $ to United States Currency.

Accounting Changes

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 Equipment 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 year ended December 31, 2002 by $7.7 million, net of tax of $4.1 million, and increased net income per share by $0.02. The effect of the change in 2002 was to increase DD&A expense by $1.3 million and decrease net income by $0.8 million for the year. If the change had been in effect for 2001 and 2000, the pro forma effect of the change would have reduced DD&A expense by $2.0 million and $0.9 million for the years ended December 31, 2001 and 2000, respectively, and would have decreased the net loss by $1.3 million and $0.6 million for the same periods. There was no pro forma impact to earnings per share in either 2001 or 2000.

Restructuring

On February 13, 2002, Newmont stockholders approved adoption of an Agreement and Plan of Merger that provided for a restructuring of Newmont to facilitate the February 2002 acquisitions described below and to create a flexible corporate structure. Newmont merged with an indirect, wholly-owned subsidiary that resulted in Newmont (or Old Newmont) becoming a direct, wholly-owned subsidiary of a newly formed holding company. The new holding company, previously a direct, wholly-owned subsidiary of Old Newmont, was renamed Newmont Mining Corporation. There was no impact to the Consolidated Financial Statements of Newmont as a result of this restructuring and former stockholders of Old Newmont became stockholders of the new holding company. Old Newmont was subsequently renamed Newmont USA Limited.

Mergers and Acquisitions

Normandy Mining Limited and Franco-Nevada Mining Corporation Limited

On February 16, 2002, pursuant to a Canadian Plan of Arrangement, Newmont acquired 100% of Franco-Nevada Mining Corporation Limited (Franco-Nevada) in a stock-for-stock transaction in which Franco-Nevada common stockholders received 0.8 of a share of Newmont common stock, or 0.8 of a Canadian exchangeable share (exchangeable for Newmont common), for each common share of Franco-Nevada. The exchangeable shares are substantially equivalent to Newmont common shares. On February 20, 2002, Newmont obtained control of Normandy

Mining Limited (Normandy) through a tender offer for all of the ordinary shares of Normandy. For accounting purposes, the effective date of the Normandy acquisition was the close of business on February 15, 2002, when Newmont received an irrevocable tender from shareholders for more than 50% of the outstanding shares of Normandy. Accordingly, the results of operations of Normandy and Franco-Nevada have been included in the accompanying financial statements from February 16, 2002 forward. On February 26, 2002, when the tender offer for Normandy expired, Newmont controlled more than 96% of Normandy s outstanding shares. Newmont exercised its rights to acquire the remaining shares of Normandy in April 2002. Consideration

paid for Normandy included 3.85 shares of Newmont common stock for every 100 ordinary shares of Normandy (including ordinary shares represented by American depository receipts) plus A$0.50 per Normandy share, or the U.S. dollar equivalent of that amount for Normandy stockholders outside Australia.

Normandy was Australia s largest gold company with interests in 16 development-stage or operating mining properties worldwide. Franco-Nevada was the world s leading precious minerals royalty company and had interests in other investments in the mining industry. Following the February 2002 acquisitions, Normandy was renamed Newmont Australia Limited (NAL) and Franco-Nevada was renamed Newmont Mining Corporation of Canada Limited.

The purchase price for these acquisitions totaled $4.3 billion, composed of 197.0 million Newmont shares (or share equivalents), $461.7 million in cash and approximately $90.3 million of direct costs. The value of Newmont shares (or share equivalents) was $19.01 per share based on the average market price of the shares over the two-day period before and after January 2, 2002, the last trading day before the final and revised terms for the Normandy and Franco-Nevada acquisitions were announced.

The combination of Newmont, Normandy and Franco-Nevada was designed to create a platform for growth and for delivering superior returns to shareholders. With a larger global operating base, a broad and balanced portfolio of development projects and a stable income stream from mineral royalties and investments, the combined company will have opportunities to optimize returns, realize synergies through rationalization of corporate overhead and exploration programs, realize operating efficiencies, reduce operating and procurement costs and reduce interest expense and income taxes. The acquisitions resulted in approximately $3.0 billion of goodwill primarily related to the merchant banking business, the combined global exploration programs and expertise, and the synergies discussed above.

The acquisitions were accounted for using the purchase method of accounting whereby assets acquired and liabilities assumed were recorded at their fair market values as of the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill. In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, goodwill was assigned to specific reporting units. Goodwill and other identifiable intangibles not subject to amortization will be reviewed for possible impairment at least annually or more frequently when an event or change in circumstances indicates that a reporting unit s carrying amount is greater than its fair value. In conjunction with the preparation of the Consolidated Financial Statements for 2002, the Company finalized the purchase price allocation for the Normandy and Franco-Nevada acquisitions. The final purchase price allocation resulted in an increase in goodwill from approximately $2.6 billion to approximately $3.0 billion.

The Company anticipates synergies from its business combination with Normandy and Franco-Nevada to approximate $75 million annually commencing in 2003. More than half of such synergies are expected to come from tax and interest savings, and the remainder is expected to come from the rationalization of corporate overhead and exploration and development budgets, as well as operating and procurement efficiencies. From February 15, 2002 through December 31, 2002, the Company realized more than half of the expected annual synergy amount.

Battle Mountain Gold Company

On January 10, 2001, Newmont completed a merger with Battle Mountain Gold Company (Battle Mountain) pursuant to an agreement and plan of merger, dated June 21, 2000, under which each share of common stock of Battle Mountain and each exchangeable share of Battle Mountain Canada Ltd. (a wholly-owned subsidiary of Battle Mountain) was converted into the right to receive 0.105 share of Newmont, or approximately 24.1 million shares. Newmont also exchanged 2.3 million shares of newly issued $3.25 convertible preferred stock for all outstanding shares of Battle Mountain $3.25 convertible preferred stock. The merger was accounted for as a pooling of interests, and as such, the Consolidated

Financial Statements include Battle Mountain s financial data as if Battle Mountain had always been part of Newmont.

During 2001, Newmont successfully integrated the former Battle Mountain operations in Canada and Bolivia, the Phoenix development project in Nevada, and its interest in the Pajingo joint venture operation in

Australia. Synergies in excess of the estimated $25 million, pre-tax, were achieved during 2001 from consolidation of administrative and exploration staffs, purchasing economies and application of Gold Medal Performance, Newmont s internal process improvement program. The Phoenix project will provide an opportunity for additional synergies in future years from utilization of existing nearby processing facilities.

Critical Accounting Policies

Listed below are the accounting policies that the Company believes are critical to its financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported**.**

Carrying Value of Goodwill. At December 31, 2002, the carrying value of the Company s goodwill was approximately $3.0 billion. Such goodwill has been assigned to the Company s Merchant Banking (approximately $1.6 billion) and Exploration (approximately $1.1 billion) Segments and to various mine site reporting units (approximately $300 million in the aggregate). As further described in Note 3 to the Consolidated Financial Statements, this goodwill arose in connection with the Company s February 15, 2002 acquisition of Normandy and Franco-Nevada, and it represents the excess of the aggregate purchase price over the fair value of the identifiable net assets of Normandy and Franco-Nevada. Such goodwill was assigned to reporting units in a reasonable, supportable and consistent manner based on independent valuations performed by Behre Dolbear. In this regard, the Company s approach to allocating goodwill was to identify those reporting units of the Company that the Company believed had contributed to such excess purchase price. The Company then engaged Behre Dolbear to perform valuations to measure the incremental increases in the fair values of such reporting units, which were attributable to the acquisitions, and which were not already captured in the fair values assigned to such units identifiable net assets. In the case of the Merchant Banking and Exploration Segments, these valuations were based on each reporting unit s potential for future growth, and in the case of the mine site reporting units, the valuation was based on the synergies that were expected to be realized by each mine site reporting unit. The Company evaluates, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To accomplish this, the Company compares the fair value of its reporting units to their carrying amounts. If the carrying value of a reporting unit was to exceed its fair value, the Company would perform the second step of the impairment test. In the second step, the Company would compare the implied fair value of the reporting unit s goodwill to its carrying amount and any excess would be charged to operations. Assumptions underlying fair value estimates are subject to risks and uncertainties. The specific application of the Company s goodwill impairment policy with respect to the Merchant Banking Segment, Exploration Segment and mine site reporting units are separately discussed below.

Merchant Banking Segment Goodwill*.* The assignment of goodwill to the Merchant Banking Segment was based on the assumption that, following the acquisition, the Merchant Banking Segment would continue to earn long-term investment returns consistent with the historical returns on capital earned by Franco-Nevada during the eleven years prior to the acquisition. It was further assumed that the Merchant Banking Segment, which is led by former senior executives of Franco-Nevada, would seek to earn such returns from various transactions such as mergers, acquisitions, joint ventures, investments in royalty interests, the disposal of interests in mining projects and other investing and financing related transactions. The amount of goodwill assigned to the Merchant Banking Segment as of the acquisition date was intended to represent the incremental increase in the value of the Merchant Banking Segment as a result of the acquisition, and was based on a discounted cash flow analysis that assumed (i) an initial investment of $300 million; (ii) additional annual investments of $50 million commencing in year two of a seven-year time horizon; (iii) an average long-term after-tax return of 37.3%; (iv) the immediate reinvestment of average annual returns; and (v) discount rates ranging from 8% to 9%. The assumed initial and additional investments were based on Franco-Nevada s historical asset base and investing experience, and management s judgment as to what investment levels could be expected to continue in the future. While the Company expects the actual investments of the Merchant Banking Segment to be made on a sporadic basis as investment opportunities present themselves, the Company assumed an additional annual investment level of $50 million for valuation modeling purposes. The Company believes that the $50 million additional annual investment level assumed for modeling purposes is reasonable given the

equivalent probability of investing more or less than that average amount in any given period based upon timing of attractive investment opportunities. The February 15, 2002 valuation model assumes that the investments and related returns thereon will ultimately increase to a value of approximately $3.8 billion at the end of the seven-year period. Such value would have represented 37% of the Company s total assets at December 31, 2002. Asset growth of this magnitude is consistent with Franco-Nevada s historical experience. The 37.3% long-term after-tax return assumed for this analysis represented the average return on capital deployed by the merchant banking unit of Franco-Nevada during the eleven years prior to its acquisition by the Company. For purposes of this return calculation, the denominator excluded capital associated with Franco-Nevada s cash and gold bullion balances and the numerator excluded the interest income generated by such cash balances due to the fact that Franco-Nevada s cash and gold bullion balances did not represent amounts invested by Franco-Nevada s merchant banking unit. Throughout this eleven-year historical period, Franco-Nevada s cash and gold bullion balances represented a significant portion of Franco-Nevada s total assets. Accordingly, if cash and gold bullion balances and interest income had been included, the calculated return would have been 15%, a significantly lower return than the 37.3% return that was in fact used to value the goodwill of the Merchant Banking Segment. In order to assess future returns in relation to the 37.3% return assumed for goodwill allocation purposes, the Company will track annualized returns on investments, on an individual and aggregate basis, based upon realized and unrealized value changes from inception of each investment.

The Company expects to fund investments as opportunities arise and therefore it is likely that investments in the Merchant Banking Segment will fall short of or exceed the assumed annual investment level of $50 million in any given year. To the extent that the Merchant Banking Segment falls short of the assumed annual additional investment of $50 million per year or the Company otherwise falls short of the targeted portfolio value, the Company would need to achieve increases in its future investment levels, returns and/or other factors impacting the valuation sufficient to fully offset any such shortfalls in invested capital and returns thereon in order to replicate the value assigned to the Merchant Banking Segment goodwill on February 15, 2002. In this regard, the Company would need to invest an average of approximately $82 million annually in years three through seven if the Company were not to make any new investments in year two (i.e., 2003) assuming all other valuation assumptions were held constant. Similarly, to the extent that the Company does not realize and reinvest investment returns that are at least equal to the 37.3% annual returns assumed for purposes of the February 15, 2002 valuation, the Company would need to achieve increases in future returns, investment levels and/or other factors impacting the valuation in order to replicate the value assigned to the Merchant Banking Segment goodwill on February 15, 2002. For example, if the Company had decreased its return assumption by one percentage point to 36.3% or by 10 percentage points to 27.3% in the February 15, 2002 valuation, the $1.625 billion value assigned to the Merchant Banking Segment goodwill at February 15, 2002 would have decreased by approximately $96 million or $805 million, respectively, from the value determined in the February 15, 2002 valuation, assuming all other valuation assumptions were held constant. Moreover, as the expected period between the initial investment and the ultimate realization of a return by the Merchant Banking Segment is generally greater than one year, and given that the February 15, 2002 model assumes that returns are realized and reinvested on an annual basis, the Merchant Banking Segment will likely need to achieve returns in excess of the assumed 37.3% return in order to replicate the value assigned to the Merchant Banking Segment goodwill on February 15, 2002 assuming all other valuation assumptions are held constant. Although the Company believes that February 15, 2002 valuation provided a reasonable and supportable basis for the allocation of goodwill to the Merchant Banking Segment, the Company recognizes that, due to the opportunistic nature of the Merchant Banking Segment s business, future returns and investment levels are not easily predicted. Accordingly, future results may vary significantly from the investments and returns assumed for purposes of this discounted cash flow analysis.

For purposes of performing its annual goodwill impairment test, the Company will perform an analysis to determine the fair value of the Merchant Banking Segment. The fair value derived from this valuation process, together with the fair value of the identifiable net assets of the Merchant Banking Segment, will be considered by the Company in the first step of its impairment test, which test requires the Company to compare the aggregate carrying value of the identifiable net assets and goodwill of the Merchant Banking Segment to the aggregate fair

value of such identifiable net assets and goodwill. At December 31, 2002, the $1.625 billion carrying value of the Merchant Banking Segment goodwill represented 74% of the carrying value of the total assets of the Merchant Banking Segment. At December 31, 2002, the fair value of the portfolio of investments/assets that fell within the Merchant Banking Segment s responsibilities was $310 million. From February 15, 2002 through December 31, 2002, the Merchant Banking Segment did not make any additional investments in this portfolio as the focus of the Merchant Banking Segment during this period was on asset rationalization and dispositions of the Company s non-core assets. Given that the February 15, 2002 discounted cash flow analysis did not assume that a $50 million investment would be made in year one (i.e., 2002), and that the Company fully expects the level of new investments attributable to the Merchant Banking Segment to vary from year to year based on available opportunities**,** the Company does not view the lack of investment in 2002 as an indication that the Company s new investments in the Merchant Banking Segment s portfolio will not average at least $50 million over the assumed seven-year time horizon. Notwithstanding the fact that no investments were made, and no significant returns were realized, by the Merchant Banking Segment during 2002, the Company concluded that the goodwill of the Merchant Banking Segment was not impaired as of December 31, 2002 based on its review of the continued validity of the assumptions underlying the February 15, 2002 valuation model and its assessment of the fair values of the other assets and liabilities of the Merchant Banking Segment. Most notably, the Company concluded that (i) the 37.3% return assumed for purposes of the February 15, 2002 valuation was valid at December 31, 2002 because the value of the Company s investment in Echo Bay had appreciated by approximately 40.7% (34% on an estimated after-tax basis) from February 15, 2002 through December 31, 2002 consistent with the 37.3% assumed return with such appreciation being substantially realized in January 2003 as a result of the merger of Kinross, Echo Bay and TVX Gold; (ii) the assumed investment levels continued to be valid in light of the Company s commitment to fund Merchant Banking Segment investments and other activities, and its expectation that investments will occur sporadically as opportunities arise; and (iii) the aggregate fair value of the other assets and liabilities of the Merchant Banking Segment exceeded their carrying value at December 31, 2002. In light of the foregoing, the Company concluded that the fair value of the Merchant Banking Segment exceeded its carrying value at December 31, 2002, and accordingly that the Merchant Banking Segment goodwill was not impaired as of that date.

For purposes of valuing the Merchant Banking Segment at December 31, 2003 and at future fiscal year ends, the Company expects that the valuation model will be reevaluated and enhanced to acknowledge the evolving activities and objectives of the Merchant Banking Segment. In this regard, the key drivers of such future valuations are expected to include (i) expected future long-term investment returns, adjusted for Company specific and market driven factors, (ii) expected economic value to be added by the Merchant Banking Segment in addition to such investment returns, (iii) the level of capital accessible by the Merchant Banking Segment, and (iv) other relevant facts and circumstances. To determine the appropriate returns, investment levels and other assumptions for purposes of this analysis, the Company will (i) review the expected or actual returns from transactions that were initiated and/or completed since the last impairment test, (ii) assess the actual economic values added by other Merchant Banking Segment activities since the last impairment test, and (iii) assess the ongoing appropriateness of all assumptions impacting the valuation based on then current conditions and expectations. The Company believes that any model used to value the Merchant Banking Segment will need to take into account the relatively long time horizon required to evaluate the investment returns and other economic value added activities of the Merchant Banking Segment. As such, in the absence of any mitigating valuation factors or triggering events, which are described below, the Company believes that a sustained period of approximately three years in which the Merchant Banking Segment s actual investment levels, returns or economic values added fall significantly below those levels necessary to support the carrying value of the Merchant Banking Segment would likely result in a reduction of the value assigned to the Merchant Banking Segment s growth potential and, in the absence of any offsetting increase in the aggregate fair value of the Merchant Banking Segment s other net assets, an impairment of the Merchant Banking Segment goodwill.

A high degree of judgment is involved in determining the assumptions and estimates that are used to determine the fair value of the Merchant Banking Segment. Accordingly, no assurance can be given that actual results will not differ significantly from the corresponding assumptions and estimates. For every 10% reduction

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in the valuation of goodwill below the amount assigned to the Merchant Banking Segment at the acquisition date, the Company would expect to record a non-cash goodwill impairment charge of approximately $162.5 million. If a triggering event were to occur that could reasonably be expected to result in an impairment of the carrying value of the Merchant Banking Segment, the Company would be required to test the goodwill assigned to the Merchant Banking Segment as of the end of the reporting period in which any such event occurred. The Company believes that triggering events with respect to the Merchant Banking Segment could include, but are not limited to, (i) the Company s partial or complete withdrawal of financial support for the Merchant Banking Segment; (ii) a significant reduction in management s long-term expectation of the price of gold given the adverse effect such a development could have on the fair values of the Merchant Banking Segment s investment and royalty interest portfolios and the Merchant Banking Segment s prospects for future growth; (iii) the divestiture of a significant portion of the Merchant Banking Segment s investment portfolio together with management s determination to not fund the replenishment of such portfolio for the foreseeable future; and (iv) any other event that might adversely affect the ability of the Merchant Banking Segment to consummate transactions that create value for the Company. The Company currently has no plans to withdraw financial support for the Merchant Banking Segment. For a discussion of the results of operations of the Merchant Banking Segment, see Results of Operations, Merchant Banking Segment below.

Exploration Segment Goodwill*.* The Exploration Segment s primary responsibilities are to (i) discover new gold deposits globally and regionally outside of the vicinity of any of the Company s existing mining operations or development projects, (ii) discover new deposits in an existing operating district or project development area, and (iii) provide exploration advice for the purpose of optimizing reserve extensions in areas surrounding existing mines and advancing non-reserve mineralization into economically mineable reserves**.** The assignment of goodwill to the Exploration Segment was based on the assumption that, following the acquisition, the Exploration Segment would continue Normandy s historical level of increasing proven and probable reserves through new discoveries by combining Normandy s exploration culture, philosophy, expertise and methodologies with those of Newmont. The amount of goodwill assigned to the Exploration Segment as of the acquisition date was intended to represent the incremental increase in the value of the Exploration Segment as a result of the acquisition, and was based on a discounted cash flow analysis that assumed (i) 1.6 million recoverable ounces of additions to proven and probable reserves through new discoveries in the first year following the acquisition; (ii) an annual growth rate for such reserve additions of 23.1% over a ten-year period; (iii) a fair value for each recoverable ounce of reserve additions of approximately $58; and (iv) a discount rate of 15%. The assumed additions to reserves in the first year and the growth rate were based on Normandy s annual reserve additions and its average 33% historical growth rate in reserve additions during the 11-year period prior to the acquisition, and management s expectation of the growth rate and levels of reserve additions that could be expected to continue in the future as a result of the Normandy acquisition. In this regard, the February 15, 2002 valuation assumes that a total of approximately 49 million ounces would be added to proven and probable reserves during the ten-year period following the acquisition. This compares to 20 million and 56 million ounces added to proven and probable reserves by Normandy and Newmont, respectively, during the ten years prior to the acquisition**.** Assuming exploration costs of $13 per ounce, the Company would need to spend approximately $637 million over the next ten years to discover the 49 million ounces that the February 15, 2002 valuation assumed would be added to proven and probable reserves. Subject to any significant adverse change in the Company s long-term view of gold prices, the Company has both the ability and intent to provide at least $637 million of funding to the Exploration Segment over the next ten years. The fair value of the reserve additions was based in part on an assumed gold price of $300 per ounce, which represented Newmont s assessment of the long-term price of gold as of the acquisition date. Although the Company believes that this discounted cash flow analysis provides a reasonable and supportable basis for the allocation of goodwill to the Exploration Segment, the Company recognizes that, due to the nature of the Exploration Segment s business, the timing, quantity and value of future reserve additions are not easily predicted. In this regard, decreasing the assumed 23.1% growth rate for reserve additions by one percentage point to 22.1% and by 10 percentage points to 13.1% would result in a decrease of approximately $45 million and $365 million, respectively, in the value determined by the February 15, 2002 valuation assuming all other valuation assumptions were held constant. In addition, decreasing the long-term gold price assumption from $300 by one percentage point to $297 and by 10% to $270 would result in a decrease

of approximately $45 million and $444 million, respectively, in the value determined by the February 15, 2002 valuation assuming all other valuation assumptions were held constant. Changes to other valuation assumptions, such as annual reserve additions, discount rates, tax rates, operating costs, capital expenditures and the time horizon would have impacted the value determined by the February 15, 2002 valuation. Accordingly, future results may vary significantly from the reserve additions, values and other assumptions underlying the February 15, 2002 valuation.

For purposes of performing its annual goodwill impairment test, the Company will perform an analysis to determine the fair value of the Exploration Segment. In this regard, the Company will review the Exploration Segment s actual performance in generating additions to proven and probable reserves to assess the ongoing appropriateness of all assumptions impacting the valuation, including assumptions affecting the fair value of such reserve additions (taking into account, among other factors, the impact of changes in gold prices and U.S. dollar costs) based on then current conditions and expectations. In this regard, all internally generated proven and probable reserve additions are attributed to the Exploration Segment to the extent that such additions are derived from (i) a discovery made by the Company or Normandy, or (ii) previously acquired properties as a result of exploration efforts conducted subsequent to the acquisition date. All known reserves are assigned to operating mines and/or development stage properties and as such are excluded from the valuation of the Exploration Segment. In addition, the value of expected reserve additions which were assigned a value in purchase accounting are also excluded from the Exploration Segment s valuation. During 2002, the Company recorded 9.3 million ounces of internally generated additions to proven and probable reserves, of which 8.8 million ounces were attributable to the Exploration Segment. Of the ounces attributable to the Exploration Segment, 48% were previously valued as non-reserve mineralization in the Normandy purchase accounting. The fair value derived from the Exploration Segment s valuation process, together with the fair value of the identifiable net assets of the Exploration Segment, will be considered by the Company in the first step of its impairment test, which test requires the Company to compare the aggregate carrying value of the identifiable net assets and goodwill of the Exploration Segment to the corresponding aggregate fair value of such net assets and goodwill. For every 10% reduction in the valuation of such goodwill below the amount assigned to the Exploration Segment at the acquisition date, the Company would expect to record a non-cash goodwill impairment charge of approximately $113 million. The Company believes that any model used to value the Exploration Segment will need to take into account the relatively long time horizon required to evaluate the activities of the Exploration Segment. As such, in the absence of any mitigating valuation factors, the Company believes that a sustained period of approximately three years in which additions to proven and probable reserves, or the values associated therewith, fall short of those levels that reasonably could be expected to support the carrying value of the Exploration Segment would likely result in a reduction of the value assigned to the Exploration Segment s growth potential and, accordingly, in an impairment of the Exploration Segment goodwill. The Company believes that triggering events with respect to the Exploration Segment could include, but are not limited to, (i) the Company s partial or complete withdrawal of financial support for the Exploration Segment; (ii) a significant decrease in the Company s long-term expectation of the price of gold; and (iii) a significant increase in long-term capital and operating cost estimates. The Company currently has no plans to withdraw financial support for the Exploration Segment. For a discussion of the results of operations of the Exploration Segment, see Results of Operations, Exploration Segment below.

Mine Site Goodwill. The assignment of goodwill to mine site reporting units was based on synergies that were expected to be achieved at each operation. Such synergies are expected to be incorporated into the Company s operations and business plans over time. The amount of goodwill assigned to each segment or reporting unit was based on discounted cash flow analyses that assumed risk-adjusted discount rates over the remaining lives of the applicable mining operations. The Company believes that triggering events with respect to the goodwill assigned to mine site reporting units could include, but are not limited to, (i) a significant decrease in the Company s long-term expectation of the price of gold, and (ii) any event that might otherwise adversely affect mine site production levels or costs.

Depreciation, Depletion and Amortization. Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and depreciated using the straight-

line method at rates sufficient to depreciate such costs over the estimated future lives of such facilities or equipment. These lives do not exceed the estimated mine life based on proven and probable reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

Costs incurred to develop new properties are capitalized as incurred, where it has been determined that the property can be economically developed based on the existence of proven and probable reserves. At the Company s surface mines these costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. At the Company s underground mines, these costs include the cost of building access ways, shaft sinking and access, lateral development, drift development, ramps and infrastructure development. All such costs are amortized using the units-of-production (UOP) method over the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves.

Major development costs incurred after the commencement of production are amortized using the UOP method based on estimated recoverable ounces to be mined from proven and probable reserves. Depending upon whether the development is expected to benefit the entire remaining ore body, or specific ore blocks or areas only, the UOP basis is either the life of the entire ore body, or the life of the specific ore block or area.

The calculation of the UOP rate of amortization, and therefore the annual amortization charge to operations, could be materially impacted to the extent that actual production in the future is different from current forecasts of production based on proven and probable reserves. This would generally result to the extent that there were significant changes in any of the factors or assumptions used in determining reserves. These factors could include (i) an expansion of proven and probable reserves through exploration activities, (ii) differences between estimated and actual cash costs of mining, due to differences in grade, metal recovery rates and foreign currency exchange rates, and (iii) differences between actual commodity prices and commodity prices assumptions used in the estimation of reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine, which in turn is limited to the life of the proven and probable reserves.

The expected useful lives used in depreciation, depletion and amortization calculations are determined based on applicable facts and circumstances, as described above and in Note 2 to the Consolidated Financial Statements. Significant judgment is involved in the determination of useful lives, and no assurance can be given that actual useful lives will not differ significantly from the useful lives assumed for purpose of depreciation, depletion and amortization calculations.

Intangible assets related to mineral interests represent mineral use rights for parcels of land not owned by the Company. The Company s intangible assets include mineral use rights related to *production, development* or *exploration stage* properties (each as defined in Note 2 of the Consolidated Financial Statements) and the value of such intangible assets is primarily driven by the nature and amount of mineral interests believed to be contained, or potentially contained, in such properties. The amount capitalized related to a mineral interest represents its fair value at the time it was acquired, either as an individual asset purchase or as a part of a business combination. The straight-line amortization of the Company s *exploration stage* mineral interests is calculated after deducting applicable residual values. At December 31, 2002, such residual values aggregated approximately $494 million. Residual values are determined for each individual property based on the fair value of the *exploration stage* mineral interest, and the nature of, and the Company s relative confidence in, the mineralized material believed to be contained, or potentially contained, in the underlying property. Such values are based on (i) discounted cash flow analyses for those properties characterized as *other mineralized material* and *around-mine exploration potential*, and (ii) recent transactions involving similar properties for those properties characterized as *other mine-related exploration potential* and *greenfields exploration potential*. Based on its knowledge of the secondary market that exists for the purchase and sale of mineral properties, the Company believes that both methods result in a residual value that is representative of the amount that the Company could expect to receive if the property were sold to a third party. Residual values range from zero to 90% of the gross carrying value of the respective *exploration stage* mineral interests. Significant judgment is

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involved in the determination of residual values, and no assurance can by given that actual values will not differ significantly from estimated residual values.

Refer to Note 2 to the Consolidated Financial Statements under Mineral Interests and Other Intangible Assets for definitions of each class of the Company s mineral interest and other intangible assets.

Carrying Value of Long-Lived Assets. The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate the related carrying amounts may not be recoverable. An asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on estimated quantities of recoverable minerals, expected gold and other commodity prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, capital and reclamation costs, all based on detailed engineering life-of-mine plans. The term recoverable minerals refers to the estimated amount of gold or other commodities that will be obtained from proven and probable reserves and all related *exploration stage* mineral interests, except for *other mine-related exploration potential* and *greenfields exploration potential* discussed separately below, after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such *exploration stage* mineral interests are risk adjusted based on management s relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups. With the exception of *other mine-related exploration potential* and *greenfields exploration potential*, all assets at a particular operation are considered together for purposes of estimating future cash flows. In the case of mineral interests associated with *other mine-related exploration potential* and *greenfields exploration potential,* cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties.

Refer to Note 2 to the Consolidated Financial Statements under Mineral Interests and Other Intangible Assets for definitions of each class of the Company s mineral interest and other intangible assets.

As discussed above under Depreciation, Depletion and Amortization, various factors could impact the Company s ability to achieve its forecasted production schedules from proven and probable reserves. Additionally, commodity prices, capital expenditure requirements and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. The ability to achieve the estimated quantities of recoverable minerals from *exploration stage* mineral interests involves further risks in addition to those factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically. Assets classified as *other mine-related exploration potential* and *greenfields exploration potential* have the highest level of risk that the carrying value of the asset can be ultimately realized, due to the still lower level of geological confidence and economic modeling.

Material changes to any of these factors or assumptions discussed above could result in future impairment charges to operations.

Deferred Stripping Costs. At open-pit mines that have diverse grades and waste-to-ore ratios over the life of the mine, the Company defers and amortizes certain stripping costs, normally associated with the removal of waste rock. The amortization of deferred amounts is determined using the UOP method based on estimated recoverable ounces from proven and probable reserves, and using a stripping ratio calculated as the total tons to be moved over total proven and probable ore reserves. The charge to operations for the amortization of deferred stripping costs could differ materially between reporting periods to the extent that there were material changes to proven and probable reserves as discussed above under Depreciation, Depletion and Amortization. In addition, to the extent that the average ratio of tons of waste that were required to be removed for each ounce of gold differed materially from that which was estimated in the stripping ratio, the actual amortization charged to operations could differ materially between reporting periods.

Stockpiles, Ore on Leach Pads and Inventories. Costs that are incurred in or benefit the productive process are accumulated as stockpiles, ore on leach pads and inventories. The Company records stockpiles, ore on leach pads and inventories at the lower of average cost or net realizable value (NRV), and carrying values are evaluated at least quarterly. NRV represents the estimated future sales price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring the product to sale. The primary factors that influence the need to record write-downs of stockpiles, ore on leach pads and inventories include prevailing short-term and long-term metals prices and prevailing costs for production inputs such as labor, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels. During the years ended December 31, 2002, 2001 and 2000, write-downs of stockpiles, ore on leach pads and inventories to NRV aggregated $44.4 million, $25.1 million, and $32.1 million, respectively.

Stockpiles represent coarse ore that has been extracted from the mine and is available for further processing. Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. Stockpiles are valued based on mining costs incurred up to the point of stockpiling the ore, including applicable depreciation, depletion and amortization relating to mining operations. Costs are added to a stockpile based on current mining costs and removed at the average cost per recoverable ounce of gold in the stockpile. Stockpiles are reduced as material is removed and fed to mills or placed on leach pads. At December 31, 2002, the Company s stockpiles had a carrying value of $241.1 million.

Ore on leach pads represents ore that is placed on pads where it is permeated with a chemical solution that dissolves the gold contained in the ore. The resulting pregnant solution is further processed in a leach plant where the gold is recovered. Costs are added to leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from the leach pad as ounces are recovered in circuit at the leach plant based on the average cost per recoverable ounce of gold on the leach pad. Estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads, the grade of ore placed on the leach pads based on assay data and a recovery percentage. Ultimate recovery of gold contained on leach pads can vary from approximately 50% to 70% of the placed recoverable ounces in the first year of leaching, declining each year thereafter until the leaching process is complete. Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Historically, the Company s operating results have not been materially impacted by variations between the estimated and actual recoverable quantities of gold on its leach pads. Assuming a one percent variation from the Company s current estimates of gold quantities on its leach pads at December 31, 2002, the Company would experience a production variance of approximately 21,000 ounces assuming that none of the variations for individual leach pads offset one another on a consolidated basis. At December 31, 2002, the weighted average cost per recoverable ounce of gold on leach pads was $135 per ounce. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from a pad will not be known until the leaching process is terminated. Based on current mine plans, the Company expects to place the last ton of ore on its current leach pads at dates ranging from 2005 to 2015. Including the estimated time required for residual leaching, rinsing and reclamation activities, the Company expects that its leaching operations will terminate within approximately ten years following the date that the last ton of ore is placed on the leach pad. At December 31, 2002, the Company s ore on leach pads had a carrying value of $287.6 million.

In-process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries of the respective

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plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from mines, stockpiles or leach pads plus the in-process conversion costs, including applicable depreciation relating to the process facility, incurred to that point in the process. At December 31, 2002, the Company s in-process inventories had a carrying value of $46.4 million.

Precious metals inventories include gold doré and/or gold bullion. Precious metals that are received as in kind payments of royalties are valued at fair value on the date title is transferred to the Company. Precious metals that result from the Company s mining and processing activities are valued at the average cost of the respective in-process inventories incurred prior to the refining process, plus applicable refining costs.

The allocation of costs to stockpiles, ore on leach pads and inventories and the determination of NRV involves the use of estimates and assumptions regarding current and future costs, production levels, commodity prices, proven and probable reserve quantities, engineering data and other factors. A high degree of judgment is involved in determining such assumptions and estimates and no assurance can be given that actual results will not differ significantly from the corresponding estimates and assumptions.

Financial Instruments. All financial instruments that meet the definition of a derivative are recorded on the balance sheet at fair market value, with the exception of contracts that qualify for the normal purchases and normal sales exemption. Changes in the fair market value of derivatives recorded on the balance sheet are recorded in the statements of consolidated operations, except for the effective portion of the change in fair market value of derivatives that are designated as a cash flow hedge and qualify for cash flow hedge accounting. The Company s portfolio of derivatives includes various complex instruments that are linked to gold prices and other factors. Management applies significant judgment in estimating the fair value of instruments that are highly sensitive to assumptions regarding gold and other commodity prices, gold lease rates, market volatilities, foreign currency exchange rates and interest rates. Variations in these factors could materially affect amounts credited or charged to operations to reflect the changes in fair market value of derivatives. In addition, certain derivative contracts are accounted for as cash flow hedges, whereby the effective portion of changes in fair market value of these instruments are deferred in other comprehensive income and will be recognized in the statements of consolidated operations when the underlying production designated as the hedged item is sold. All derivative contracts qualifying for hedge accounting are designated against the applicable portion of future production from proven and probable reserves, where management believes the forecasted transaction is probable of occurring. To the extent that management determines that such future production is no longer probable of occurring due to changes in the factors impacting the determination of reserves, as discussed above under Depreciation, Depletion and Amortization, gains and losses deferred in *Other comprehensive income* would be reclassified to the statements of consolidated operations immediately.

Reclamation and Remediation Obligations. The Company s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company charges the cost of reclamation of active mines to operations using the UOP method over the life of the respective mining operation. Refer to Note 2 to the Consolidated Financial Statements for a complete description of the Company s accounting policy for reclamation and remediation costs and the impact of adopting SFAS 143 Accounting for Asset Retirement Obligations which will be adopted by the Company effective January 1, 2003. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Any such increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Carrying Value of Investments. Investments in incorporated entities in which the Company s ownership interest is greater than 20% and less than 50%, or which the Company does not control, are accounted for using the equity method and are included in long term assets. Refer to Note 9 to the Consolidated Financial Statements

for a complete description of the Company s equity method investments, and Note 2 to the Consolidated Financial Statements for a description of the Company s policy for accounting for its equity method investments. The Company periodically reviews its equity method investments to determine whether a decline in fair value below the carrying amount is other than temporary. In making this determination, the Company considers a number of factors related to the financial condition and prospects of the investee including (i) a decline in the stock price or valuation of the equity investee for an extended period of time, (ii) an inability to recover the carrying amount of the investment or inability of the equity investee to sustain an earnings capacity which would justify the carrying amount of the investment, and (iii) the period of time over which the Company intends to hold the investment. If the decline in fair value is deemed to be other than temporary, the carrying value is written down to fair value. In situations where the fair value of an investment is not evident due to a lack of a public market price or other factors, the Company uses its best estimates and assumptions to arrive at the estimated fair value of such investment, based on future cash flows of the equity investee and other relevant factors. As significant judgment is required in assessing these factors, together with the fact that the underlying mining operations are subject to uncertainties similar to those discussed above in relation to the Company, it is possible that changes in any of these factors in the future could result in an other than temporary decline in value of an equity investment and could require the Company to record an impairment charge to operations in future periods.

Deferred Tax Assets. The Company recognizes the future tax benefit expected to be obtained from deferred tax assets when realization of the asset is considered to be more likely than not. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Refer above under Carrying Value of Long-Lived Assets for a discussion of the factors that could cause future cash flows to differ from estimates. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the balance date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods from deferred tax assets recorded at the balance date.

Summary

Newmont recorded net income to common shares of $154.3 million ($0.42 per share, basic) for the year ended December 31, 2002, compared with net losses to common shares of $54.1 million ($0.28 per share) and $97.2 million ($0.51 per share) for the years ended December 31, 2001 and 2000, respectively. Results for 2002 included, after-tax, a non-cash unrealized mark-to-market loss on derivatives of $38.3 million ($0.10 per share), a $30.7 million ($0.08 per share) gain on the sale of marketable securities of Lihir, $2.4 million ($0.01 per share) for asset write downs, $10.2 million ($0.03 per share) for prior-period income tax benefits and a $7.7 million ($0.02 per share) gain for the cumulative effect of a change in accounting principle.

Results for 2001 included after-tax, $43.7 million ($0.22 per share) for restructuring and Battle Mountain merger expenses, $21.3 million ($0.11 per share) for asset write-downs, $24.8 million ($0.13 per share) for prior- period income tax benefits, $3.3 million ($0.02 per share) for foreign currency exchange losses and $1.1 million for a gain on written call options.

Results in 2000 included after-tax, non-cash charges of $28.5 million ($0.15 per share) for asset write-downs, $27.4 million ($0.14 per share) for expenses associated with an acquisition settlement, $23.9 million ($0.12 per share) for losses on marketable securities, a $12.6 million ($0.06 per share) loss for the cumulative effect of accounting changes for revenue recognition, $12.4 million ($0.06 per share) for amortization of put option premiums and $4.0 million ($0.02 per share) for foreign currency exchange losses. Also included were after-tax charges of $6.9 million ($0.04 per share) for merger expenses and a non-cash unrealized mark-to-market gain on call option contracts of $17.4 million ($0.09 per share).

As a largely unhedged company, Newmont s average realized gold price of $313, $271 and $282 per equity ounce sold in 2002, 2001 and 2000, respectively, closely tracked the spot market price. At December 31, 2002,

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approximately 10.3% of Newmont s proven and probable reserves were subject to derivative contracts. At December 31, 2001, less than 4% of Newmont s proven and probable reserves were subject to derivative contracts. Approximately 19% of total estimated gold production in 2003 is subject to gold derivative contracts. Approximately 15% of estimated production in 2003 is subject to committed gold forward sales contracts and other similar instruments and approximately 5% is subject to uncommitted gold put option contracts and other similar instruments. The percentages of total estimated production subject to gold derivative contracts in 2004 and 2005 are approximately equal to the 2003 percentage. The percentage of total estimated production subject to gold derivative contracts in 2006 and 2007 are approximately 7%. Gold derivative contracts with respect to approximately 15% of the total gold ounces that are subject to such contracts mature in each year from 2003 through 2005 such that, in the aggregate, approximately 45% mature during that three-year period. An additional 11% mature between 2006 and 2007 and the remainder mature thereafter through 2011. Newmont currently expects to extract and produce the proven and probable reserves identified at December 31, 2002 through the year 2020.

In 2002, gold sales increased to 7.63 million equity ounces (ounces attributable to Newmont s ownership or economic interest), compared to 5.47 million and 5.76 million equity ounces in 2001 and 2000, respectively, primarily from additional production from the operations acquired as part of the Normandy acquisition. Total cash costs of production were $189 per ounce in 2002, $184 per ounce in 2001 and $170 per ounce in 2000. As a result of increased production and higher average realized gold prices, cash flow from operations increased to $670.3 million in 2002 from $369.7 million in 2001 and $534.3 million in 2000. *Long-term debt,* net of cash balances, was $1.4 billion at December 31, 2002 and $1.3 billion at December 31, 2001.

Gold reserves at December 31, 2002 totaled 86.9 contained equity ounces (including Newmont s then equity interest in TVX Newmont Americas and Echo Bay Mines Ltd. (Echo Bay)) compared with 87.3 million ounces at December 31, 2001 on a pro forma basis including the reserves of Normandy. Reserve calculations for 2002 and 2001 were based on a gold price assumption of $300 per ounce. Newmont s reserves, excluding the reserves of the TVX Newmont Americas and Echo Bay that were sold in early 2003, would decline to 74.8 million ounces at December 31, 2002 based on a gold price assumption of $275 per ounce and would increase to 89.3 million ounces with a price assumption of $325 per ounce.

In 2002, copper sales totaled 408.0 million equity pounds (pounds attributable to Newmont s economic interest), compared with 360.0 million and 294.2 million equity pounds in 2001 and 2000, respectively. Total cash costs were $0.34, $0.37 and $0.59 per equity pound, after gold and silver sales credits, for 2002, 2001, and 2000, respectively. The average realized price in 2002 was $0.73 per pound, compared with $0.70 and $0.82 per pound in 2001 and 2000, respectively. Proven and probable reserves totaled 7.6 billion contained equity pounds of copper at December 31, 2002.

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Results of Operations

	Equity Ozs. Sold			Total Cash Cost Per Equity Oz.		
	2002	**2001**	**2000**	**2002**	**2001**	**2000**
	(in thousands)			($ per equity ounce)		
North America:						
Nevada	2,723.5	2,703.2	3,047.9	$ 225	$ 222	$ 203
Mesquite, California	57.1	92.6	130.3	177	205	221
La Herradura, Mexico	64.2	54.7	50.5	176	173	131
Golden Giant, Canada	281.5	283.7	406.6	196	187	146
Holloway, Canada	97.7	89.4	83.4	204	209	229
Total/Weighted Average	3,224.0	3,223.6	3,718.7	220	217	197
South America:						
Yanacocha, Peru	1,176.9	983.1	901.2	125	115	87
Kori Kollo, Bolivia	249.4	274.8	247.7	156	158	200
Total/Weighted Average	1,426.3	1,257.9	1,148.9	131	125	111
Australia:						
Pajingo	296.4	126.0	112.1	95	105	99
Kalgoorlie	324.7			215		
Yandal	611.1			215		
Tanami	452.4			205		
Total/Weighted Average	1,684.6	126.0	112.1	191	105	99
Other Operations:						
Zarafshan-Newmont, Uzbekistan	255.8	222.0	251.4	134	136	129
Minahasa, Indonesia	147.2	341.5	354.2	218	142	133
Martha, New Zealand	107.8			156		
Ovacik, Turkey	125.7			122		
Total/Weighted Average	636.5	563.5	605.6	155	139	131
Equity Investments:						
Batu Hijau, Indonesia	278.0	295.1	178.4	n/a	n/a	n/a
TVX Newmont Americas	183.5			n/a	n/a	n/a
Echo Bay Mine	185.2			n/a	n/a	n/a
Total/Weighted Average	646.7	295.1	178.4	n/a	n/a	n/a
Newmont Subtotal/Weighted Average	7,618.1	5,466.1	5,763.7	188	183	170
Other:						
Golden Grove	13.6			n/a	n/a	n/a
Newmont Total/Weighted Average	7,631.7	5,466.1	5,763.7	$ 189	$ 184	$ 170

For all periods presented, total cash costs include charges for mining ore and waste associated with current period gold production, processing ore through milling and leaching facilities, by-product credits, production taxes, royalties and other cash costs. Certain gold mines produce silver as a by-product. Proceeds from the sale of by-products are reflected as credits to total cash costs. With the exception of Nevada, Golden Grove and Batu Hijau, such by-product sales have not been significant to the economics or profitability of the Company s mining operations. All of these charges and by-product credits are included in *Costs applicable to sales.* Charges for reclamation are also included in *Costs applicable to sales,* but are not included in total cash costs. Reclamation charges are included in total production costs, together with total cash costs and *Depreciation, depletion and amortization.* A reconciliation of total cash costs to *Costs applicable to sales* in total and by segment is provided in Item 2, Properties, Operating Statistics on page 31. Total production costs provide an indication of earnings before interest expense and taxes for Newmont s share of gold mining properties, when taking into account the average realized price received for gold sold, as this measure combines *Costs applicable to sales* plus *Depreciation, depletion and amortization,* net of minority interest.

Disclosure of total cash costs per ounce is intended to provide investors with information about the cash generating capacities of these mining operations. Newmont s management uses this measure for the same purpose and for monitoring the performance of its gold mining operations. This information differs from measures of performance determined in accordance with generally accepted accounting policies (GAAP) and should not be considered in isolation or as a substitute for measures of performance determined in accordance with GAAP. This measure was developed in conjunction with gold mining companies associated with the Gold Institute in an effort to provide a level of comparability; however, Newmont s measures may not be comparable to similarly titled measures of other companies. See the reconciliation of *Costs applicable to sales* to total cash costs and total production costs per ounce (unaudited) on page 31.

Unless otherwise indicated, and based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, expected gold sales for each operation for the years 2004 through 2007 are expected to continue at levels comparable to the expected levels for 2003.

North American Operations

Newmont s Nevada operations are along the Carlin Trend near Elko and in the Winnemucca region, where the Twin Creeks mine and the Lone Tree Complex are located. Nevada operations also include the Midas underground mine (acquired in February 2002). Nevada s gold sales in 2002 of 2.72 million ounces were 1% higher than in 2001. Total cash costs at Nevada also increased slightly from $222 per ounce in 2001 to $225 per ounce in 2002. The Midas mine, acquired as part of the Normandy acquisition, contributed approximately 196,200 ounces of production in 2002, or approximately 7% of Nevada s production. Without the Midas production, Nevada gold sales would have declined about 6.5% in 2002 compared to 2001. This resulted from (i) less oxide mill throughput in 2002 due to the shutdown of the Pinon Mill; (ii) utilization of lower-grade oxide stockpiles resulting in lower recoveries in most oxide mills; and (iii) a 38.5% decline in tons placed on the leach pads due to mining more mill-grade material and the postponement of production from Gold Quarry South Layback project until 2003. These trends were largely offset by increased throughput in the refractory mills from better utilization of the Carlin Roaster and the Twin Creeks Sage Mill and a 3% increase in refractory grade. Nevada s sales of 2.7 million ounces in 2001 were 11% lower than in 2000, with the depletion of the Deep Post surface deposit early in 2001 resulting in approximately 300,000 fewer high-grade, low-cost open pit ounces produced during 2001 than during 2000. This also caused total cash costs to increase to $222 per ounce in 2001 from $203 per ounce in 2000. Approximately 139 million tons of material were mined from surface open pits in 2001, down 31% from 2000. Refractory ore treatment facilities, with higher processing costs than oxide ore mills, generated 65% of Nevada s production in 2001, as compared to 68% in 2000. Sales and total cash costs in 2003 are expected to be 2.55 million ounces and $215 per ounce, respectively. The projected 6% decline in production in 2003 is due to expected lower recovery from the Carlin Roaster as a result of expected drawdowns of lower grade stockpiles and increased stripping at Twin Creeks. Total cash costs at Nevada are expected to decline by $10 per ounce partially reflecting reduced royalties due to a full year of benefit from acquiring the Nevada royalties formerly held by Franco-Nevada and increased silver by-product credits. Nevada s silver by-product credits aggregated $11.3 million, $1.9 million and $1.6 million during 2002, 2001 and 2000, respectively. The Company expects Nevada s silver by-products credits to increase to approximately $15 million in 2003. Although the amount of Nevada s silver by-product credits is expected to vary from one period to another, such variations are not expected to be material to the economics of Nevada s operations. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, gold sales at the Nevada operations are expected to decline between 6% and 11% per year in ounces starting in 2005 primarily due to the Lonetree open pit reaching the end of its mine life. In Nevada, non-governmental organizations have brought a series of actions, as described in more detail in Note 25 to the Consolidated Financial Statements. While Newmont believes that the legal actions are without merit, unfavorable outcomes could result in additional conditions being imposed on how the Company conducts operations, and such conditions could have a material adverse effect on Nevada s results of operations or financial position.

Gold sales at the Mesquite heap-leach mine in southern California decreased 38% to 57,100 ounces in 2002, and total cash costs per ounce decreased to $177 in 2002 from $205 in 2001, reflecting the full impact of the

cessation of mining activities and the depletion of the ore body in 2001. Gold sales fell 29% to 92,600 ounces in 2001 from 130,300 ounces in 2000. Total cash costs per ounce also decreased 7% to $205 per ounce in 2001 from $221 per ounce in 2000. Mining activities ceased in the second quarter of 2001 with the depletion of the ore body, and selected equipment from the Mesquite mine was transferred to operations in South America and in Nevada. Gold sales from continued declining recovery of gold from heap leach pads of about 35,000 ounces at $160 total cash costs per ounce are expected in 2003. Final gold production from inventories on the leach pads is expected in 2004.

At La Herradura, a 44%-owned, heap-leach operation in Sonora, Mexico not operated by the Company, Newmont s equity share of 2002 sales totaled 64,200 ounces at a total cash cost of $176 per ounce, compared to 54,700 ounces at $173 per ounce in 2001 and 50,500 ounces at $131 per ounce in 2000. Gold sales in 2003 are expected to total approximately 75,000 equity ounces at a total cash cost of $157 per ounce.

Production sold from the Golden Giant underground mine in Ontario, Canada amounted to 281,500 ounces at total cash costs of $196 per ounce in 2002, compared to 283,700 ounces at $187 and 406,600 ounces at $146 in 2001 and 2000, respectively. Despite similar sales volumes in 2002 compared to 2001, total cash costs per ounce increased in 2002 reflecting increased electricity rates, mining costs expensed for ongoing development, increased ground support and maintenance costs and appreciation of the Canadian dollar in relation to the U.S. dollar. Ounces sold decreased and total cash costs per ounce increased from 2000 to 2001 primarily due to lower grade ore. This maturing mine is projected to experience diminishing mining fronts, smaller size stopes, increasing stopes being mined simultaneously and more labor intensive mining techniques in 2003, leading to projected gold ounces sold of approximately 200,000 ounces at $252 total cash costs per ounce. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, gold sales at Golden Giant are expected to approximate 2003 amounts and then decline to approximately 65,000 and 15,000 ounces per year in 2006 and 2007, respectively, as the operation approaches the end of its life.

The Holloway underground mine in Ontario, Canada is an 84.65%-owned joint venture with Teddy Bear Valley Mines. In 2002, gold sales totaled 97,700 equity ounces at total cash costs per ounce of $204, compared to 89,400 ounces at a total cash cost of $209 in 2001 and 83,400 ounces at $229 per ounce in 2000. The upward trend in ounces sold from 2000 to 2002 primarily reflects increasing mill throughput in each year from surface secondary crushing and drawdowns of inventories in 2002. The decrease in cash costs in 2002 is primarily from increased production. Holloway is expected to sell approximately 75,000 equity ounces at $255 total cash costs per ounce in 2003. The expected decrease in ounces sold and increase in cash costs per ounce in 2003 result from production of lower grade ore due to stope sequencing and depleted in-process inventories.

South American Operations

Minera Yanacocha S.R.L. (Yanacocha) in Peru is 51.35%-owned and includes five open pit mines, four leach pads, two gold recovery plants and a crushing and agglomeration facility. Gold sales were a record 2.29 million ounces (1.18 million equity ounces) in 2002, 20% higher than 2001. Total cash costs per ounce of $125 were up 9% from 2001 primarily due to lower-grade ore and more production coming from the higher cost La Quinua operation that requires crushing and agglomeration unlike other Minera Yanacocha ore bodies, partially offset by economies of scale resulting from higher production levels. In 2001, Yanacocha achieved sales of 1.91 million ounces (983,100 equity ounces), a 9% increase from 1.76 million ounces (901,200 equity ounces) in 2000. Total cash costs of $115 per ounce in 2001 were lower than 2002 because of low waste-to-ore ratios and porous ore that yielded high gold recoveries without crushing prior to heap leaching. Total cash costs of $87 per ounce in 2000 resulted primarily from waste-to-ore ratios lower than 2001 and slightly higher-grade ore.

Production at Yanacocha has grown annually through the discovery and development of additional reserves and increased mining and processing capacity. Without adding new mining equipment, Yanacocha reached a mining rate of 600,000 tons per day in the fourth quarter of 2002. Yanacocha mined approximately 204 million tons of material (149 million ore tons and 55 million waste tons) in 2002, compared to approximately 156 million

tons (85 million ore tons and 71 million waste tons) in 2001 and 132 million tons (83 million ore tons and 49 million waste tons) in 2000. Yanacocha s first crushing and agglomeration facility, for the La Quinua deposit, started up late in the third quarter of 2001 and continued to undergo commissioning adjustments through the first half of 2002, gradually stepping up to its design rate of 132,000 tons per day (120,000 metric tons per day). Yanacocha is expected to sell approximately 2.5 million ounces (1.3 million equity ounces) of gold in 2003 at total cash costs per ounce of $115 to $120.

Yanacocha and various subsidiaries of the Company have been named as defendants in lawsuits relating to a spill of elemental mercury near the town of Choropampa, Peru. For additional information, see Note 25 to the Consolidated Financial Statements. The Company cannot reasonably predict the final outcome of any of these lawsuits, or the impact, if any, on the results of operations or financial position of the Yanacocha operation.

The Kori Kollo open-pit mine in Bolivia is owned by Empresa Minera Inti Raymi S.A., in which Newmont has an 88% interest. Mrs. Beatriz Rocabado owns the remaining 12% interest. Equity gold ounces sold in 2002 totaled 249,400 ounces, compared to 274,800 and 247,700 equity ounces in 2001 and 2000, respectively. Total cash costs per ounce were $156 in 2002, compared to $158 and $200 in 2001 and 2000, respectively. Production declined in 2002 primarily from processing lower grade ore through the mill. Production increased and cash costs per ounce decreased in 2001 compared to 2000 primarily due to the introduction of a new heap leach operation and improved mill performance. Equity ounces sold in 2003 are expected to total approximately 125,000 ounces at total cash costs of $240 per ounce. Kori Kollo is a mature mine. The pit will be mined out in the first half of 2003 with closure of the mill later in the year. Leach production will continue thereafter until the oxide ore stockpiles are depleted.

Australian Operations

Information related to Australian operations for 2002 reflects activity from February 16, 2002 (as the Normandy acquisition was effective February 15, 2002) through December 31, 2002, with the exception of Pajingo, which was 50% owned by Newmont prior to the acquisition of Normandy.

For 2002, equity gold sales at the 50%-owned Kalgoorlie mine in Western Australia totaled 324,700 ounces at total cash costs of $215 per ounce. Cash costs per ounce for 2002 were higher than anticipated due to continued mining at Mt. Charlotte, an underground mine just north of the Super Pit, and higher milling costs resulting from the treatment of lower grade material. For 2003, gold sales at Kalgoorlie are expected to total 340,000 equity ounces at a total cash cost per ounce of $275. Equity ounces sold are expected to increase in 2003 because Newmont will own its interest for the full year 2003, compared to 10.5 months in 2002, partially offset by reduced throughput and lower recoveries. Cash costs per ounce are expected to rise in 2003 due to the lower production and an increase in the A$ exchange rate. The joint venture owners have commissioned a program that is currently evaluating operating initiatives to improve Kalgoorlie s cost structure.

At the Yandal operations, which consist of the Bronzewing, Jundee and Wiluna mines in Western Australia, gold sales for 2002 were 611,100 equity ounces at total cash costs of $215 per ounce. A shortfall of ounces sold at Bronzewing occurred in 2002 due to a 14% lower-than-expected mill feed grade, lower-than-budgeted tons milled and a shortfall in underground ore production. Bronzewing cash costs were higher than budgeted due primarily to higher mining costs from the one-time cost of transitioning to owner mining during the period. Gold sales at the Jundee property were below budget due to lower production, a result of mining in lower-grade underground stopes in the third quarter and increased quantities of lower-grade regional ore processed throughout the year. Cash costs per ounce at Jundee were consistent with the Company s expectations, with the effects of lower production being offset by lower operating costs due to lower mining volumes and underground development achieved by the new mining contractor. An agreement for the sale of Wiluna was signed during the year, which has since expired. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, the existing Wiluna and Bronzewing reserves are expected to be depleted within one year, and ongoing sales from Jundee after 2004 are

expected to vary between 175,000 and 215,000 ounces per year through 2007 and then gradually decline to the end of its projected mine life in 2011.

Yandal gold sales in 2003 are expected to total 640,000 equity ounces at total cash costs per ounce of $257 per ounce. Equity ounces sold are expected to increase in 2003 due to the Yandal operations being accounted for over a full year, partially offset by a reduction in head grade at Jundee due to the blending of low-grade stockpiles during the year, and 10% lower-than-anticipated throughput at Bronzewing as current reserves are depleted pending mine closure in early 2004. Cash costs per ounce are projected to rise in 2003 as a direct result of the expected lower production, a higher A$ exchange rate and a higher allocation of corporate costs.

Newmont Yandal Operations Limited (NYOL), the Newmont subsidiary that owns the Yandal operations, has a substantial derivatives position. At December 31, 2002, NYOL s hedge positions had a mark-to-market valuation of negative $288 million. A number of NYOL s hedge positions 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 require an immediate cash settlement of that contract based on the market value on the date of termination and could result in a cash settlement obligation to NYOL hedge counterparties in excess of available funds. NYOL also has outstanding $300 million (of which Newmont owns $62.8 million) of ten year 8 $^{7}/8$% senior unsecured notes due in 2008. NYOL s liabilities represent a significant challenge to NYOL, and while these liabilities are non-recourse to Newmont and its other subsidiaries, should NYOL become bankrupt or insolvent, there could be loss or liquidation of NYOL s assets including the Bronzewing, Jundee and Wiluna mines, which had proven and probable reserves of 2.1 million ounces as of December 31, 2002.

Newmont controls a significant land position through its control of Newmont NFM (Normandy NFM Limited trading as Newmont NFM) and Otter Gold Mines Limited (Otter Mines) in the highly prospective Tanami gold district. For 2002, the Tanami operations in the Northern Territory (approximately an 85.9% interest) sold 452,400 equity ounces at total cash costs per ounce of $205. Equity gold sales at Tanami were higher than expected reflecting higher production due to higher-than-expected grades and recoveries, partially offset by lower mill throughput. Cash costs per ounce were higher than expected due to additional milling and maintenance costs resulting from abrasive ore from the Groundrush mine, partially offset by the impacts of higher production. Tanami is expected to sell about 600,000 equity ounces in 2003 at total cash costs per ounce of $215. The increase in projected equity ounces sold is partially attributable to the plan to acquire the remaining minority interests in Newmont NFM (see Production Properties at page 22). The increase is also attributable to the mining of higher-grade stopes at the Granites and additional recoveries and higher grades of ore mined at Groundrush, along with a full year contribution from Newmont NFM. Cash costs per ounce are expected to rise in 2003 due to deeper mining and additional crushing costs at Groundrush, partially offset by the impact of the higher production at the Granites. Cash costs are also expected to be impacted by a higher A$ exchange rate and a higher allocation of corporate costs. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, gold sales from the Tanami operations are expected to decline by approximately 100,000 to 150,000 ounces beginning in 2005 and decline gradually until 2008 due to the end of production from the Groundrush project.

At the Pajingo mine in north Queensland, gold sales for 2002 were 296,400 equity ounces at cash costs per ounce of $95, compared to 126,000 and 112,100 equity ounces at cash costs of $105 and $99 per ounce in 2001 and 2000, respectively. The increase in ounces sold in 2002 is primarily from Newmont s interest in the operation increasing to 100% from 50% in prior years due to the acquisition of Normandy. Sales also increased from higher production due to higher-grade ore in 2002. Cash costs per ounce declined in 2002 reflecting the impact of a full year of owner mining. Increased sales from 2000 and 1999 resulted from production increases due to the completion of a mill expansion project in 1999. Gold sales in 2003 are projected to total approximately 345,000 ounces with cash costs of $110 per ounce. The increase in gold sales at Pajingo is due to higher throughput and grades and the impact of having 100% ownership for most of the year. Cash costs are expected to increase due to the impact of a higher A$ exchange rate and a higher allocation of corporate costs. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, gold sales at Pajingo are expected to gradually decline each year as the project approaches the end of its life to approximately 250,000 ounces, 210,000 ounces, 185,000 ounces and 135,000 ounces in 2004, 2005, 2006 and 2007, respectively.

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Other Mining Operations

Information related to Martha, Ovacik, Golden Grove and TVX Newmont Americas for 2002 reflects activity from February 16, 2002 (as the Normandy acquisition was effective February 15, 2002) through December 31, 2002. Information related to Echo Bay for 2002 reflects activity from April 3, 2002 (the date Newmont s investment was converted from capital debt securities to common shares of Echo Bay) through December 31, 2002. Information for all other properties in 2002 reflects activity from January 1, 2002 through December 31, 2002.

The Zarafshan-Newmont Joint Venture, in the Central Asian Republic of Uzbekistan, is a 50/50 joint venture between Newmont and two Uzbekistan government entities, the State Committee for Geology and Mineral Resources (the State Committee) and Navoi Mining and Metallurgical Combinat (Navoi). Gold sales in 2002 totaled 511,600 ounces (255,800 equity ounces) compared to 444,000 ounces (222,000 equity ounces) in 2001 and 502,800 ounces (251,400 equity ounces) in 2000. Gold sales increased in 2002 due to higher grade ore placed on the leach pads. Total cash costs of $134 per ounce in 2002 were consistent with the $136 per ounce in 2001. Total cash costs increased in 2001 from $129 per ounce in 2000. Zarafshan-Newmont is expected to sell approximately 210,000 equity ounces in 2003 at cash costs per ounce of $152. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, gold sales at Zarafshan-Newmont are expected to vary between 135,000 and 180,000 equity ounces per year during the four years after 2003. Declining future sales compared to 2003 are expected to occur primarily due to lower-grade ore expected to be placed on the leach pads during those periods.

Zarafshan-Newmont produces gold by crushing and leaching ore from existing stockpiles of low grade oxide ore from the nearby government owned Murantau mine. The State Committee and Navoi furnish ore to Zarafshan-Newmont under an ore supply agreement. Under the agreement, the State Committee and Navoi are obligated to deliver 220 million metric tons of ore to Zarafshan-Newmont. As of December 31, 2002, approximately 98.1 million metric tons of ore have been delivered, leaving a balance of 121.9 million metric tons. Initially, under the agreement, ore was to be delivered regardless of the gold price and the price of the ore was dependent on the grade of ore delivered. In 2000, however, the ore supply agreement was amended to modify the required grades and pricing structure. Under the 2000 amendment, the grade of ore that the State Committee and Navoi are obligated to provide is dependent on the forecasted gold price as determined by the board of directors of Zarafshan-Newmont, and the price is dependent on the average gold price during the period the ore is processed. Thus at higher gold prices, the State Committee and Navoi may deliver lower grade ore, but receive a higher price. In October 2002, the parties reached tentative agreement to further amend the ore supply agreement. Under the new amendment, the pricing terms for approximately 99.5 million metric tons of the remaining 121.9 million metric tons will be determined by a formula whereby the amount paid for ore is dependent on the average grade of ore and the average gold price during the period which the ore is processed. At certain combinations of ore grade and gold price, the computed price may result in a credit to Zarafshan-Newmont which will be offset against future ore purchase payments or free cash flow distributions to Navoi and the State Committee.

At Minahasa, in Indonesia, Newmont has an 80% interest but is attributed a greater percent of the gold production until it recoups the bulk of its investment including interest. Prior to November 2001, Newmont was attributed 100% of Minahasa s gold production and subsequently 94%, as Newmont recouped some of its investment through the collection of funds in accordance with existing loan agreements. Equity gold ounces sold decreased to 147,200 ounces in 2002, compared to 341,500 and 354,200 equity ounces in 2001 and 2000, respectively. Total cash costs per ounce were $218 in 2002, compared to $142 and $133 per ounce in 2001 and 2000, respectively. Production declined and costs increased in 2002 primarily due to processing lower-grade ore. Mining activities ceased late in 2001; however, it is expected that processing of the remaining stockpiles will continue until the fourth quarter of 2003. Sales in 2003 are expected to be approximately 90,000 equity ounces, with total cash costs of approximately $239 per ounce.

Equity sales at the Martha mine in New Zealand were 107,800 ounces in 2002 with total cash costs of $156 per equity ounce. Newmont acquired Martha as part of the Normandy acquisition. The mine is a joint venture between Newmont (67% ownership) and Otter Mines (33% ownership). Newmont NFM, owned 85.9% by Newmont, in turn owns over 90% of Otter Mines. Through separate transactions, Newmont is currently in the process of acquiring the minority interests of both Newmont NFM and Otter Mines, to give it 100% ownership in Martha (see Production Properties at page 22). We anticipate Martha will sell approximately 100,000 equity ounces of gold in 2003 at total cash costs of $188 per ounce.

The wholly-owned Ovacik mine near the Aegean Sea in western Turkey (acquired as part of the Normandy acquisition on February 15, 2002) sold 125,700 equity ounces of gold at total cash costs of $122 per ounce. Newmont expects Ovacik to sell approximately 130,000 equity ounces of gold at total cash costs of $165 per ounce in 2003. The increase in expected total cash costs per ounce in 2003 at Ovacik is primarily attributable to an increased proportion of higher-cost underground mining compared to 2002. Based on proven and probable reserves reflected in current mine plans without considering any future additions to such reserves, gold sales at Ovacik are expected to decline to approximately 95,000 ounces in 2006 as the operation approaches the end of its mine life. The Ovacik mine in Turkey has a long history of legal challenges to the operation of the mine and, in particular, its use of cyanide in gold production. For additional information, see Note 25 to the Consolidated Financial Statements. As a result of these legal challenges, the Turkish courts or the European Court of Human Rights might grant relief that could require the closure of the mine or the interruption of mining activities**.** Any such closure or interruption would adversely impact the operations of the Ovacik mine, and could result in the impairment of the carrying value of the assets associated with the Ovacik mine. The total assets and proven and probable reserves of the Ovacik mine at December 31, 2002 were approximately $56 million and 340,000 ounces, respectively, and the total revenue generated by the Ovacik mine during 2002 was approximately $40 million.

At the Batu Hijau mine in Indonesia, copper sales totaled 362.3 million equity pounds (pounds attributable to Newmont s economic interest) in 2002, compared to 360.0 million and 294.2 million equity pounds in 2001 and 2000, respectively. Net cash costs were $0.31, $0.37 and $0.59 per equity pound, after gold and silver by-product credits, in 2002, 2001 and 2000, respectively. Newmont holds an indirect 45% equity interest in the mine, but is attributed 56.25% of production until recouping the bulk of its investment, including interest. Net cash costs declined in 2002 compared to 2001 as operational improvements and the addition of a pebble crushing circuit added process throughput capacity, partially offset by lower grade ore. Gold sales, accounted for as by-product credits, totaled 278,000, 295,100 and 178,400 equity ounces for 2002, 2001 and 2000, respectively. The Company s equity income from Batu Hijau includes gold and silver revenues that are credited against costs applicable to sales as by-product credits in the determination of net income for each period presented in the *Statements of Consolidated Operations and Comprehensive Income (Loss)*. These by-product credits represented 44%, 42% and 27% of revenues and reduced production costs by 58%, 48% and 28% for 2002, 2001 and 2000, respectively. Such by-product credits are expected to continue while ore is being processed which, based on current engineering models, is estimated to be through the end of 2020. These by-product credits are expected to vary from time to time and are significant to the economics of the Batu Hijau operation. At current copper prices, the Batu Hijau operation would not be profitable without these credits. The improvement in 2002 net cash costs per equity pound was also partially attributable to higher gold prices during the year, which resulted in higher by-product credits. Sales in 2003 are expected to total approximately 340 to 360 million equity pounds of copper and 270,000 equity ounces of gold. Total cash costs per equity pound of copper in 2003 are expected to be approximately $0.28 to $0.30.

The wholly-owned Golden Grove copper/zinc operation in Western Australia, which was acquired as part of the Normandy acquisition, sold 45.7 million pounds of copper and 148.0 million pounds of zinc in 2002 at total cash costs of $0.56 and $0.18 per pound, respectively. Included in total cash costs for 2002 were approximately $16 million of gold, silver and lead by-product credits. As Golden Grove has a poly-metallic ore body, such by-product credits are expected to continue in the future and to vary from period-to-period based on the portions of the ore body being extracted at the time.

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TVX Newmont Americas was 49.9%-owned by Newmont and 50.1%-owned by TVX Gold Inc. and was treated as an equity investment for reporting purposes in 2002. The principal assets of TVX Newmont Americas are interests in operating gold mines in South America (Paracatu, Crixas and La Coipa) and Canada (Musselwhite and New Britannia). Sales for 2002 were 183,500 equity ounces. On January 31, 2003, Newmont sold its 49.9% interest in TVX Newmont Americas to TVX Gold Inc. for $180 million.

Newmont obtained a 48.8% interest in Echo Bay through its acquisition of Franco-Nevada in February 2002. Franco-Nevada purchased capital securities of Echo Bay with face value of $72.4 million in June 2001. In January 2002, $4.6 million of these capital securities were sold. Newmont acquired Franco-Nevada s remaining holdings of Echo Bay s capital securities in connection with its acquisition of Franco-Nevada. Subsequent to this acquisition, an agreement was reached with Echo Bay and the capital securities holders to exchange the capital securities for common stock of Echo Bay. This exchange of capital securities debt obligations for common stock occurred on April 3, 2002 and resulted in Newmont Mining Corporation of Canada Limited (a wholly-owned subsidiary of Newmont) owning 48.8% of Echo Bay. From April 3, 2002, Newmont accounted for its investment in Echo Bay under the equity method. On January 31, 2003, Kinross Gold Corporation, Echo Bay Mines Ltd. and TVX Gold Inc. 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 45.67% interest in Echo Bay and $180 million for its interest in TVX Newmont Americas. Newmont recorded a gain of approximately $90 million on the exchange of Echo Bay. During 2002, Newmont s share of Echo Bay gold sales was 185,200 equity ounces.

Merchant Banking

Newmont s Merchant Banking Segment is focused on managing the Company s portfolio of operating, property and equity interests. In addition, Merchant Banking manages the Company s royalty business. During most of 2002, the Merchant Banking Segment was focused on asset rationalization and disposals of non-core assets as part of the process of integrating Normandy and Franco-Nevada after the acquisitions of those companies in February of 2002. Various exploration or small operating properties were disposed of, for which in many cases, Newmont retained a royalty interest. These asset disposals did not generate significant gains or losses as the majority of the properties were valued at fair value as part of the purchase accounting for the acquisitions of Normandy and Franco-Nevada.

Through the efforts of the Merchant Banking Segment, Newmont had entered into contracts to participate in the combination of Kinross Gold Corporation, Echo Bay Mines Ltd. and TVX Gold Inc. as of December 31, 2002. On January 31, 2003, the three companies 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 45.67% interest in Echo Bay and $180 million for its interest in TVX Newmont Americas. Newmont recorded a pre-tax gain on the exchange of its shares in Echo Bay of approximately $90 million. Merchant Banking will continue to evaluate and consider future transactions to enhance the value of Newmont s portfolio of operating, property and equity interests as opportunities arise.

Newmont s Merchant Banking Segment holds royalty interests, which were acquired as a result of the Franco-Nevada acquisition. Royalty interests are generally in the form of a net smelter return (NSR) royalty that provides for the payment either in cash or physical metal (in kind) of a specified percentage of production, less certain specified transportation and refining costs. In some cases, Newmont owns a net profit interest (NPI) entitling Newmont to a specified percentage of the net profits, as defined in each case, from a particular mining operation. The majority of NSR royalty revenue and NPI revenue can be received in kind (generally in the form of gold bullion) at the option of Newmont. Newmont earned royalty revenue in 2002 of $35.7 million ($14.3 million of which was received in kind), and expects to earn approximately $38 million to $42 million in 2003.

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Exploration

Exploration and research expenditures were $88.9 million, $55.5 million and $77.4 million for the three years ended December 31, 2002, 2001 and 2000, respectively, of which $71.3 million, $44.0 million and $59.4 million, respectively, related to the activities of the Exploration Segment, with the balance in each year primarily relating to research activities and other activities not managed by Newmont s Exploration Segment. Newmont reports exploration expenditures relating to existing operating segments as part of the expenses of those segments in its segment reporting (see Note 24 to the Consolidated Financial Statements, Segment and Related Information) even though the corresponding exploration activities are managed by the Company s Exploration Segment. Newmont believes this presentation is more useful to users of its financial statements as the existing operating segments will ultimately benefit from those activities if the Exploration Segment discovers new mineralization and turns it over to the sites management for conversion to proven and probable reserves. Exploration expenditures related to activities at locations other than existing operating mine sites are reported within the Exploration Segment itself.

Exploration activities in 2002 increased as a result of the integration of the Normandy and Franco-Nevada exploration programs and from the increase in available capital to fund exploration activities due to higher prevailing gold prices in 2002. The decrease in 2001 exploration expenditures reflected planned reductions as a result of lower gold prices and an increased focus on exploration activities at or around existing operations. During 2002, Newmont replaced approximately 9.3 million gold ounces of depletion with internally generated additions to proven and probable reserves, of which 95% were attributable to the Exploration Segment. Significant additions attributable to the Exploration Segment included, among others, the Akyem project in Ghana, the West Side at Jundee in Australia, open pit ounces at Carlin in Nevada, including the Emigrant deposit, new underground mineralization at Deep Post and other underground projects in Nevada, Corimayo at Minera Yanacocha, Korichaca at Kori Kollo in Bolivia and Batu Hijau in Indonesia. During 2001 and 2000, Newmont added approximately 100 thousand ounces and 5.6 million ounces, respectively, to proven and probable reserves, compared to depletion of 6.8 million and 5.5 million ounces, respectively. While there were not significant reserve additions during 2001, Newmont did perform substantial exploration to identify NRM, primarily at Emigrant, Corimayo and the Genesis deposit at Carlin North, which eventually resulted in substantial reserve additions in 2002. Significant exploration successes in 2000 included a new layback at the Lone Tree Complex in Nevada, new mineralization at Carlin East and Deep Post in Nevada and new mineralization in the Carachugo and La Quinua deposits at Minera Yanacocha. Newmont anticipates it will spend approximately $85 million relating to the activities of the Exploration Segment in 2003 and has established the replacement of depletion with additions to proven and probable reserves as the Exploration Segment s objective for the year.

Foreign Currency Exchange Rates

In addition to its operations in the United States, Newmont has operations in Australia, New Zealand, Peru, Indonesia, Canada, Uzbekistan, Bolivia, Turkey and other foreign locations. The Company s foreign operations sell their metal production based on a U.S. dollar gold price.

Fluctuations in the local currency exchange rates in relation to the U.S. dollar can increase or decrease profit margins and total cash costs per ounce to the extent costs are paid in local currency at foreign operations. Such fluctuations do not have a material impact on the Company s revenue since gold is sold throughout the world principally in U.S. dollars. Approximately 46%, 23% and 20% of Newmont s total cash costs were paid in local currency in 2002, 2001 and 2000, respectively. The percentage of total cash costs paid in foreign currencies increased in 2002 due to the acquisition of Normandy. The Company s total cash costs are most impacted by variations in the Australian dollar/U.S. dollar exchange rate. However, variations in the Australian dollar/U.S. dollar exchange rate have historically been strongly correlated to variations in the U.S. dollar gold price over the long-term. Increases or decreases in costs at Australian gold operations due to exchange rate changes have therefore tended to be mitigated by changes in sales reported in U.S. dollars at Australian locations. No assurance,

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however, can be given that the Australian dollar/U.S. dollar exchange rate will continue to be strongly correlated to the U.S. dollar gold price in the future. In the event that a sustained weakening of the U.S. dollar in relation to the Australian dollar, and/or to other foreign currencies that impact the Company s cost structure, were not mitigated by offsetting increases in the U.S. dollar gold price or by other factors, the Company believes that profitability and cash flows in the applicable foreign country would be reduced. The following chart demonstrates the impacts of variations in the local currency exchange rates in relation to the U.S. dollar at Newmont s foreign operations during each of years in the three-year period ended December 31, 2002.

Year ended December 31, 2002:

Operation	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in U.S. dollars (000)	Increase (decrease) to total cash costs per ounce in U.S. dollars
North America:			
La Herradura	(4)%	$ (57)	$ (1)
Golden Giant	(1)%	$ (712)	$ (3)
Holloway	(1)%	$ (237)	$ (2)
South America:			
Minera Yanacocha	%	$ (160)	$
Kori Kollo	(8)%	$ (538)	$ (2)
Australia[1]:			
Pajingo	5%	$ 1,122	$ 8
Kalgoorlie	5%	$ 3,398	$ 10
Yandal	5%	$ 5,200	$ 9
Tanami	5%	$ 4,249	$ 8
Other International:			
Zarafshan-Newmont Joint Venture	(71)%	$ (14,231)	$ (56)
Minahasa	6%	$ 226	$ 1
Martha	5%	$ 881	$ 8
Ovacik	(24)%	$ (3,602)	$ (29)

(1) Includes impact from February 15, 2002, the date of the acquisition of Normandy, through December 31, 2002.

Year ended December 31, 2001:

Operation	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in U.S. dollars (000)	Increase (decrease) to total cash costs per ounce in U.S. dollars
North America:			
La Herradura	1%	$ 19	$
Golden Giant	(4)%	$ (2,079)	$ (7)
Holloway	(4)%	$ (765)	$ (9)
South America:			
Minera Yanacocha	1%	$ (349)	$
Kori Kollo	(8)%	$ (610)	$ (2)

Other International:					
Zarafshan-Newmont Joint Venture	(28)%	$	(4,853)	$	(22)
Minahasa	(23)%	$	(1,049)	$	(3)

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Year ended December 31, 2000:

Operation	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in U.S. dollars (000)	Increase (decrease) to total cash costs per ounce in U.S. dollars
North America:			
La Herradura	1%	$ 11	$
Golden Giant		$	$
Holloway		$	$
South America:			
Minera Yanacocha	(3)%	$ (1,611)	$ (1)
Kori Kollo	(6)%	$ (456)	$ (1)
Other International:			
Zarafshan-Newmont Joint Venture	(81)%	$ (19,701)	$ (89)
Minahasa	(5)%	$ (254)	$ (1)

The following chart demonstrates the estimated sensitivity of projected total cash costs and cash costs per ounce to variations of the local currency exchange rates in relation to the U.S. dollar in 2003 assuming a 5% appreciation or devaluation of the local currency in relation to the U.S. dollar:

Operation	Foreign Currency	+/ change in total cash costs in U.S. dollars (000)	+/ change in total cash costs per ounce in U.S. dollars
North America:			
La Herradura	Mexican Pesos	$ 178	$ 2
Golden Giant	Canadian Dollars	$ 1,247	$ 6
Holloway	Canadian Dollars	$ 476	$ 6
South America:			
Minera Yanacocha	Nuevos Soles	$ 3,396	$ 1
Kori Kollo	Brazilian Reales	$ 277	$ 2
Australia:			
Pajingo	Australian Dollars	$ 1,648	$ 5
Kalgoorlie	Australian Dollars	$ 4,631	$ 13
Yandal	Australian Dollars	$ 6,339	$ 10
Tanami	Australian Dollars	$ 6,100	$ 10
Other International:			
Zarafshan-Newmont Joint Venture	Soums	$ 1,150	$ 6
Minahasa	Indonesian Rupiahs	$ 157	$ 1
Martha	Australian Dollars	$ 1,505	$ 14
Ovacik	Turkish Liras	$ 1,086	$ 8

In addition, the Company s *Equity income (loss) of affiliates* varied due to increases or decreases in costs from changes in the local currency exchange rates in relation to the U.S. dollar at the Batu Hijau copper mine in Indonesia as follows for each of the three years ended December 31, 2002:

Year	Foreign Currency

		Percentage change in average local currency exchange rate; appreciation (devaluation)	Additional income included in equity income (loss) in affiliates, net (000)
2002	Indonesian Rupiah	6%	$(1,324)
2001	Indonesian Rupiah	(23)%	$5,146
2000	Indonesian Rupiah	(5)%	$1,564

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The Company estimates that a 5% appreciation (devaluation) of the local currency exchange rate in relation to the U.S. dollar at Batu Hijau would decrease (increase) the Company s projected *Equity income (loss) of affiliates* by approximately $1.4 million during 2003.

The Company does not believe that foreign currency exchange rates in relation to the U.S. dollar have had a material impact on its determination of proven and probable reserves in the past. However, in the event that a sustained weakening of the U.S. dollar in relation to the Australian dollar, and/or to other foreign currencies that impact the Company s cost structure, were not mitigated by offsetting increases in the U.S. dollar gold price or by other factors, the Company believes that the amount of proven and probable reserves in the applicable foreign country could be reduced. The extent of any such reduction would be dependent on a variety of factors including the length of time of any such weakening of the U.S. dollar, and management s long-term view of the applicable exchange rate. Future reductions of proven and probable reserves would primarily result in reduced gold sales and increased depreciation, depletion and amortization calculated using the units-of-production method and, depending on the level of reduction, could also result in impairments of property, plant and mine development, mineral interests and other intangible assets and/or goodwill.

Financial Results

Sales gold were $2.57 billion in 2002, an increase of 54% compared to gold sales of $1.67 billion in 2001, primarily reflecting the incremental impact of the acquired Newmont Australia Limited (formerly Normandy) operations and an increase in the average realized gold price. Gold sales in 2001 declined 8.4% from $1.82 billion in 2000 from lower production and a lower average realized gold price. Variances in sales revenue are illustrated in the following table:

	Years ended December 31,		
	2002	**2001**	**2000**
Consolidated gold sales (in millions)	$ 2,566.9	$ 1,666.1	$ 1,819.0
Consolidated production ozs. sold (in thousands)	8,217.9	6,141.8	6,472.9
Average price received per ounce	$ 313	$ 271	$ 282
Average market price per ounce	$ 310	$ 271	$ 279

	2002 vs. 2001	2001 vs. 2000
Increase (decrease) in consolidated sales due to (in millions):		
Consolidated production	$ 4.8	$ (92.3)
Average gold price received	246.1	(60.6)
Acquisition of Normandy	649.9	
Total	$ 900.8	$ (152.9)

Sales base metals totaled $55.3 million in 2002 and related primarily to the wholly-owned and operated Golden Grove copper/zinc operation in Western Australia ($50.9 million), with a minor portion contributed by the Kasese cobalt operation ($4.4 million) that was sold in 2002. Golden Grove and Kasese were both acquired as part of the acquisition of Normandy.

Royalties of $35.7 million ($14.3 million of which were received in kind) were recorded during 2002 and were related primarily to the acquisition of Franco-Nevada in February 2002. Royalty revenue pertained primarily to the Goldstrike and Stillwater properties. $11.4 million of royalties pertained to oil and gas interests in 2002.

Gain (loss) on sale of marketable securities of Lihir of $47.3 million was recorded during the second quarter of 2002 when Newmont sold its 9.7% holding in Lihir Gold Limited. As a result, Newmont is no longer a shareholder of Lihir. Newmont realized proceeds of $84 million on the sale. A non-cash write-down of

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$23.9 million with respect to the Lihir marketable securities was recorded in 2000, resulting from an other than temporary decline in market value based on the length of time and the extent to which such value had been less than cost basis. This write-down was reclassified to *Sales and other income* from *Costs and expenses* where it was classified in prior years to conform to 2002 presentation. During 2001, the valuation of the marketable securities of Lihir significantly increased, resulting in an $18.3 million gain, which was recorded in *Other comprehensive income (loss), net of tax.*

Dividends, interest, foreign currency exchange and other income increased to $39.8 million in 2002 from $7.4 million and $9.7 million in 2001 and 2002, respectively. Interest income totaled $14.1 million in 2002, compared to $3.0 million and $10.5 million in 2001 and 2000, respectively. The increase in interest income in 2002 resulted primarily from the increase in the Company s average cash balances, partially offset by lower interest rates. The decrease in interest income in 2001 from 2000 reflected lower interest rates during the year. Foreign currency exchange gains in 2002 totaled $14.0 million, compared to losses of $5.1 million and $6.1 million in 2001 and 2000, respectively. The gains in 2002 arose primarily from translation gains on monetary assets and liabilities denominated in A$ at the acquired Newmont Australia Limited, partially offset by losses from cross currency swaps and other foreign currency transactions. Other income also includes gains on the sale of exploration properties of $5.9 million, $3.1 million and $1.0 million in 2002, 2001 and 2000, respectively.

Costs applicable to sales gold, which includes total cash costs, provisions for estimated final reclamation expenses related to consolidated gold production and write-downs of stockpiles, ore on leach pads and inventories, increased to $1.58 billion in 2002 from $1.12 billion and $1.10 billion in 2001 and 2000, respectively. The increase in costs in 2002 primarily related to incremental impact of the mining operations acquired from Normandy, as well as an increase in the average total cash costs per ounce in 2002 to $189 per ounce from $184 and $170 per ounce in 2001 and 2000, respectively. Total cash costs per ounce increased in 2002 primarily at Nevada and Yanacocha, which together accounted for 51% of equity gold sales in 2002. The increase in total cash costs per ounce in 2001 compared to 2000 is also primarily attributable to Nevada and Yanacocha, which represented 67% of equity gold sales in 2001. The details of the write-downs of stockpiles, ore on leach pads and inventories that were included in *Costs applicable to sales-gold* are described in the following paragraphs.

In 2002, the Company recorded aggregate write-downs of $44.4 million to reduce the carrying value of stockpiles, ore on leach pads and inventories to net realizable value. The write-downs related to Nevada ($37.0 million), Minahasa ($4.6 million), Wiluna ($1.6 million) and other operations ($1.2 million). In Nevada, stockpiles were reduced by $32 million as a result of both net realizable value analysis and a comprehensive physical survey of all stockpiles, while ore on leach pads and mill in-process and finished goods inventories were reduced by $2.9 million, $1.7 million and $0.4 million, respectively. At the Minahasa mine, the materials and supplies and finished goods inventories and ore on leach pad, were reduced by $2.4 million, $2.0 million and $0.2 million, respectively. Stockpiles were reduced $1.1 million and mill in-process inventory was reduced by $0.5 million at the Wiluna mine. Reductions of materials and supplies inventories and other inventories at other operations totaled $0.5 million and $0.7 million, respectively.

In 2001, the Company recorded aggregate write-downs of $25.1 million to reduce the carrying value of stockpiles, ore on leach pads and inventories to net realizable value. Total write-downs related to Nevada ($16.2 million), Yanacocha ore on leach pads ($4.1 million), Minahasa ($4.0 million), and other operations ($0.8 million). The Nevada write-down reduced stockpiles, ore on leach pads, in-process and precious metals inventories by $6.7 million, $3.5 million, $5.5 million, and $0.5 million, respectively. The Minahasa write-down reduced stockpiles, materials and supplies inventory, and ore on leach pad by $1.8 million, $1.3 million and $0.9 million, respectively.

In 2000, the Company recorded aggregate write-downs of $32.1 million to reduce stockpiles, ore on leach pads and inventories to net realizable value. The reductions related to Nevada ($13.6 million), the ore on leach

pad at Mesquite ($9.7 million), Kori Kollo ($5.0 million), and Minahasa ($3.8 million). Stockpiles and mill in-process inventories were reduced $9.7 million and $3.9 million at Nevada, respectively. The Kori Kollo write-down reduced materials and supplies inventory by $5.0 million, and in-process inventories and ore on leach pad at Minahasa were reduced by $3.1 million and $0.7 million, respectively.

For a discussion of the Company s accounting policies with respect to stockpiles, ore on leach pads and inventories, see Critical Accounting Policies above.

Costs applicable to sales base metals primarily related to the wholly-owned and operated Golden Grove copper/zinc operation in Western Australia, with a minor portion contributed by the Kasese cobalt operation that was sold in 2002.

Deferred stripping costs In general, mining costs are charged to *Costs applicable to sales* as incurred. However, at open-pit mines, which generally have diverse grades and waste-to-ore ratios over the mine lives, the Company defers and amortizes certain mining costs on a units-of-production basis over the life of the mine. These mining costs, which are commonly referred to as deferred stripping costs, are incurred in mining activities that are normally associated with the removal of waste rock. The deferred stripping accounting method is generally accepted in the mining industry where mining operations have diverse grades and waste-to-ore ratios; however industry practice does vary. Deferred stripping matches the costs of production with the sale of such production at the Company s operations where it is employed, by assigning each ounce of gold with an equivalent amount of waste removal cost. If the Company were to expense stripping costs as incurred, there could be greater volatility in the Company s period-to-period results of operations.

Details of deferred stripping with respect to the Company s open pit mines where deferred stripping concept is applied are as follows (unaudited):

	Nevada(3)			Mesquite(4)		
	2002	**2001**	**2000**	**2002**	**2001**	**2000**
Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations						
Stripping ratio[1]	125.1	138.4	145.1	n/a	237.6	120.7
Average ore grade (ounces of gold per ton)	0.073	0.066	0.066	n/a	0.023	0.018
Actuals for Year						
Stripping ratio[2]	72.2	88.9	106.6	n/a	155.5	180.4
Average ore grade (ounces of gold per ton)	0.081	0.060	0.060	n/a	0.031	0.016
Remaining Mine Life (years)	9	9	10	n/a		1

	La Herradura(5)			Minahasa(6)		
	2002	**2001**	**2000**	**2002**	**2001**	**2000**
Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations						
Stripping ratio[1]	141.3	177.0	144.4	n/a	14.5	19.8
Average ore grade (ounces of gold per ton)	0.031	0.035	0.032	n/a	0.172	0.195
Actuals for Year						
Stripping ratio[2]	158.5	200.0	228.4	n/a	15.9	16.4

Average ore grade (ounces of gold per ton)	0.026	0.025	0.024	n/a	0.131	0.205
Remaining Mine Life (years)	6	6	7	n/a		1

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	2002			
	Tanami(7)	Kalgoorlie(7)	Martha(8)	Ovacik(8)
Life-of-mine Assumptions Used as Basis For				
Stripping ratio (1)	61.9	95.0	28.8	26.3
Average ore grade (ounces of gold per ton)	0.113	0.065	0.093	0.356
Actuals for Year				
Stripping ratio (2)	78.4	101.0	33.2	29.1
Average ore grade (ounces of gold per ton)	0.107	0.052	0.100	0.358
Remaining Mine Life (years)	6	14	4	2

(1) Total tons to be mined in future divided by total ounces of gold to be recovered in future, based on proven and probable reserves.
(2) Total tons mined divided by total ounces of gold recovered.
(3) The life-of-mine stripping ratio decreased during 2002 and 2001 from 2000 reflecting the deferral of open pit projects in response to lower gold prices. The actual stripping ratio during 2002 and 2001 decreased from 2000 due to mining higher grade ore zones in the Twin Creeks pit.
(4) The life-of-mine stripping ratio increased in 2001 versus 2000 reflecting significant changes to the mine plan in the final year of operations. The actual stripping ratio was lower during 2001 in comparison to 2000 as a result of mining higher grade material. Mesquite is included in the Company s *Other North America* operating segment.
(5) The life-of-mine stripping ratios decreased during 2002 from 2001 reflecting an increase in reserve ounces and increased during 2001 from 2000 reflecting an increase in reserves, which resulted in a change in the pit design. The actual stripping ratio decreased in 2002 from 2001 due to waste removal in 2001 in preparation for 2002 mining activities. La Herradura is included in the Company s *Other North America* operating segment.
(6) The actual and life-of-mine stripping ratios decreased during 2001 from 2000 reflecting higher grade ore zones at the bottom of the Mesel pit as mining concluded in the fourth quarter of 2001. Minahasa is included in the Company s *Other International* operating segment.
(7) Tanami and Kalgoorlie are included in the Company s *Other Australia* operating segment.
(8) Martha and Ovacik are included in the Company s *Other International* operating segment.

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Depreciation, depletion and amortization was $505.6 million, $301.6 million and $320.7 million in 2002, 2001 and 2000, respectively. The increase in 2002 is primarily from the incremental impact of the acquired Newmont Australia Limited (formerly Normandy) operating sites and the amortization of mining royalty interests acquired from Franco-Nevada as part of the February 2002 acquisitions. The increase also resulted from increased tons mined at Yanacocha in 2002 due to a full year of production at the La Quinua deposit and achieving a more consistent production profile over the prior year. The decrease in 2001 compared to 2000 resulted primarily from decreased gold production at Nevada, partially offset by the impact of 2000 capital expenditures at Yanacocha. *Depreciation, depletion and amortization* is expected to total $560 million to $590 million in 2003. Variations in *Depreciation, depletion and amortization* are summarized as follows:

	Years ended December 31,		
	2002	2001	2000
	(in millions)		
Depreciation, depletion and amortization:			
North America:			
Nevada	$ 118.2	$ 117.4	$ 126.4
Mesquite, California	6.3	7.5	9.1
La Herradura, Mexico	3.1	3.2	2.6
Golden Giant, Canada	20.5	18.3	25.8
Holloway, Canada	6.7	6.5	10.6
Total North America	154.8	152.9	174.5
South America:			
Yanacocha, Peru	121.5	82.3	68.8
Kori Kollo, Bolivia	13.8	19.5	23.9
Total South America	135.3	101.8	92.7
Australia:			
Pajingo	20.6	4.3	4.3
Kalgoorlie	9.0		
Yandal	43.5		
Tanami	32.5		
Other	6.0		
Total Australia	111.6	4.3	4.3
Other Operations:			
Zarafshan-Newmont	10.3	11.9	14.0
Minahasa	9.5	22.8	26.7
Martha, New Zealand	13.9		
Ovacik, Turkey	11.5		
Total Other Operations	45.2	34.7	40.7
Other:			
Merchant Banking	22.6		
Base Metals Operations	22.9		
Exploration	7.8	1.6	0.4
Corporate and Other	5.4	6.3	8.1

Total Other	58.7	7.9	8.5
Total Newmont	$ 505.6	$ 301.6	$ 320.7

Exploration and research expenses in 2002 were $88.9 million in 2002, an increase of 60% from $55.5 million in 2001. Expenditures in 2001 decreased from $77.4 million in 2000. Exploration activities in 2002 increased as a result of the integration of the Normandy and Franco-Nevada exploration programs and from the

increase in available capital to fund exploration activities due to higher prevailing gold prices in 2002. The 2002 exploration program added approximately 9.4 million equity ounces to proven and probable reserves replacing depletion in 2002. The decrease in 2001 exploration expenditures reflected planned reductions as a result of lower gold prices and an increased focus on exploration activities at or around existing operations. Exploration and research expenditures are expected to be approximately $95 million to $100 million in 2003.

General and administrative was $115.3 million in 2002, an increase of 88% compared to $61.2 million in 2001 and 81% compared to $63.7 million in 2000. The increase in 2002 primarily relates to increased administrative costs resulting from the integration of Normandy and Franco-Nevada. *General and administrative* is expected to be approximately $90 to $95 million in 2003 as the Company begins to realize benefits from the on-going synergies of the Normandy and Franco-Nevada acquisitions.

Interest expense, net of amounts capitalized was $129.6 million, $98.1 million and $106.1 million in 2002, 2001 and 2000, respectively. Capitalized interest totaled $5.2 million, $10.6 million and $5.5 million in each year, respectively. Net interest expense increased in 2002 from 2001 primarily due to debt assumed as part of the acquisition of Normandy of approximately $913.7 million. Net interest expense in 2001 decreased from 2000 because of lower average interest rates and higher capitalized interest for Yanacocha. Interest expense is expected to total approximately $90 million to $95 million in 2003.

Expenses for acquisition settlement of $42.2 million in 2000 related to the resolution of a dispute regarding Newmont s purchase of an additional 13.35% interest in Minera Yanacocha as described in Note 19 to the Consolidated Financial Statements.

Write-down of long-lived assets totaled $3.7 million, $32.7 million and $43.8 million in 2002, 2001 and 2000, respectively. Details of such write-downs are described in the following paragraphs.

In 2002, the Company reduced the carrying value of certain long-lived assets by $3.7 million. The reductions related to Australian *exploration stage* mineral interests ($2.4 million), and fixed assets at Kori Kollo ($0.5 million) and Ity ($0.8 million). The Ity mine was sold in the first quarter of 2002, with the future estimated royalty payments recorded as a receivable at fair value. In the fourth quarter of 2002, the Company determined that future royalty payments were uncertain due to political unrest in the region of Africa where the Ity mine is located and a loss of $0.8 million was recorded.

In 2001, the Company reduced the carrying value of certain long-lived assets by $32.7 million. These write-downs related to fixed assets and reclamation costs at Minahasa ($15.8 million); fixed assets at Nevada ($7.0 million) and Kori Kollo ($4.8 million); fixed assets at San Luis ($2.0 million); and other assets at Yanacocha ($0.8 million) and other operations ($2.3 million).

In 2000, total write-downs of $43.8 were recorded on long-lived assets. The reductions related to fixed assets at Holloway ($30.8 million), Kori Kollo ($0.7 million), the Battle Mountain Complex ($0.7 million), Mesquite ($5.1 million), and the acquisition cost of Mezcala ($6.5 million). The Mesquite write-down reduced fixed assets by $3.7 million and deferred stripping by $1.4 million.

For a discussion of the Company s policy for assessing the carrying value of its long-lived assets for impairment, see Critical Accounting Policies above.

Merger and restructuring expenses of $60.5 million in 2001 included $28.1 million of transaction and related costs associated with the Battle Mountain merger and $32.4 million of restructuring expenses that included $22.1 million for voluntary early retirement pension benefits and $10.3 million for employee severance and office closures.

Other expenses in 2002, 2001 and 2000 were $29.5 million, $11.5 million and $34.6 million, respectively. Included in 2002 are approximately $7.3 million of integration costs relating to the acquisitions of Normandy and

Franco-Nevada, $16.8 million of severance and other benefits, and $3.1 million for officers life insurance. Also included in 2002, 2001 and 2000 were $5.2 million, $1.0 million and $12.3 million, respectively, for increases to environmental obligations associated with former mining activities. Environmental expenses in 2002 primarily relate to legal costs incurred with respect to the Pinal Creek site (see Note 25 to the Consolidated Financial Statements). The year 2000 also included $13.2 million to increase the remediation liability for San Luis, Colorado and $10.0 million for costs associated with a mercury spill at Yanacocha, both described in the Environmental section of this discussion and analysis.

(Loss) gain on derivative instruments totaled $(39.8) million in 2002, compared to $1.8 million and $26.8 million in 2001 and 2000, respectively, and relates to non-cash mark-to-market gains and losses recognized on gold derivative instruments. The loss in 2002 primarily relates to the acquired Normandy gold hedge books and resulted from the increase in the US$ gold price from $300 per ounce at February 15, 2002, the date of acquisition of Normandy, to $347 at December 31, 2002, partially offset by the appreciation in the A$ from $0.5175 at February 15, 2002 to $0.5645 at December 31, 2002. The majority of the acquired Normandy gold hedge books consist of contracts to receive Australian dollars and to deliver gold. Generally, higher gold prices increase Newmont s derivative liability position, whereas appreciation in the Australian dollar decreases Newmont s derivative liability position. Prior to the acquisition of Normandy, *(Loss) gain on derivative instruments* primarily reflected the change in fair value of written call option contracts at the end of each year. In September 2001, Newmont entered into transactions that closed out these call options. These options were replaced with a series of sales contracts requiring physical delivery of the same quantity of gold over slightly extended future periods. The call options were marked to the market value of $53.8 million immediately prior to their close, resulting in a non-cash gain of $1.8 million in 2001. The value of the new sales contracts was recorded as Deferred revenue from sale of future production and will be included in sales revenue as delivery occurs. In 2000, the non-cash mark-to-market gain on the written call options was $26.8 million.

Income tax (expense) benefit was $(19.9) million in 2002, compared to $59.3 million and $(5.6) million in 2001 and 2000, respectively. The Company s effective tax rates were (9.2)%, 94.0%, and (14.3)% based on *Pre-tax income (loss) before minority interest, equity income (loss) of affiliates and cumulative effect of a change in accounting principle* of $216.3 million, $(63.1) million and $38.9 million for 2002, 2001 and 2000, respectively. The factors that most significantly impact the Company s effective tax rate are percentage depletion and resource allowances, valuation allowances related to deferred tax assets, foreign earnings net of foreign tax credits, earnings attributable to minority interests in subsidiaries and affiliated companies, foreign currency translation gains and losses and special non-recurring items. Most of these factors are sensitive to the average realized price of gold and other metals.

Percentage depletion allowances (tax deductions for depletion that exceed the Company s tax basis in its mineral reserves) are available to the Company under the income tax laws of the United States for operations conducted in the United States or through branches and partnerships owned by US subsidiaries included in the Company s consolidated US income tax return. The deductions are highly sensitive to the price of gold or other minerals produced by the Company. In general, such deductions are calculated separately for each operating mine and are based on a complex two-part formula that considers the net-of-royalty revenue received from sales of the mine output and the taxable income from the particular mine that produced the output. Similar types of deductions are provided for mining operations in Canada and are referred to as resource allowances. The tax benefits from percentage depletion and resource allowances were $34.4 million, $17.3 million and $17.5 million in 2002, 2001 and 2000. The increase in 2002 compared to the other periods resulted primarily from the rise in the Company s average realized gold price to $313 compared to $271 and $282 for 2001 and 2000, respectively.

The Company also operates in various countries around the world that have tax laws, tax incentives, and tax rates that are significantly different than those of the United States. Many of these differences contribute to move the Company s overall effective tax rate higher or lower than the US statutory rate and the effect of these differences are shown in the Income Tax footnote as either a rate differential or the effect of foreign earnings net of credits allowable in the United States for taxes paid to non-US taxing jurisdictions that arise when the related

foreign earnings become taxable in the United States. Coupled with differences in tax rates and other foreign income tax law variations, the Company s ability to fully utilize all of its available foreign income tax credits on a year-by-year basis also is highly dependent on the price of the minerals produced by the Company since lower prices could result in the Company having insufficient sources of taxable income in the United States to utilize all available foreign tax credits. Such credits have very limited carryback and carryforward periods and can only be used to reduce the US income tax imposed on the Company s foreign earnings included in its annual US consolidated income tax return. The effects of foreign earnings, net of allowable credits, were reductions of income tax expense of $16.7 million, $29.5 million and $29.5 million in 2002, 2001 and 2000, respectively. The decrease in the reduction in 2002 was primarily attributable to (i) significant pre-tax losses in certain non-US taxing jurisdictions such as Australia where the tax rates are lower than the US statutory rate; (ii) tax incentives from the reinvestment of earnings in Peru being lower in 2002; and (iii) an increase in the Company s earnings from its Canadian operations from higher gold prices and acquisitions given that Canadian income tax rates are higher than the US statutory tax rate; partially offset by (iv) the lower rate on Canadian capital gains realized from the Company s sale of the marketable securities of Lihir.

The need to record valuation allowances related to the Company s deferred tax assets (primarily attributable net operating losses and tax credits) is primarily dependent on the following factors: (i) the extent to which the net operating losses and tax credits can be carried back and yield a tax benefit; (ii) the Company s long-term estimate of future average realized minerals prices and; (iii) the degree to which many of the tax laws and income tax agreements imposed upon the Company and its subsidiaries around the world tend to create significant tax deductions early in the mining process. These up-front deductions can give rise to net operating losses and credit carryforwards in circumstances where future sources of taxable income may not coincide with available carryforward periods even after taking into account all available tax planning strategies. Furthermore, certain liabilities accrued for financial reporting purposes may not be deductible for tax purposes until such liabilities are actually funded which could happen after mining operations have ceased when sufficient sources of taxable income may not be available. Increases to income tax expense or reductions of income tax benefits were $2.5 million, $17.3 million and $51.8 million in 2002, 2001 and 2000, respectively. In 2002, the Company reversed part of a valuation allowance reflecting the actual utilization of a portion of the net operating loss carryforward of a subsidiary acquired in a prior pooling of interests business combination, offset by valuation allowances recorded for losses in the acquired Newmont Australia Limited (NAL) group of companies. The major factor in the decline in 2002, however, resulted from the Company s ability to utilize substantially all of its currently arising foreign tax credits due to rising taxable income from higher gold prices. In 2001, however, it experienced a limitation on the use of such credits due to lower taxable income in the United States primarily caused by lower gold prices. In 2000, valuation allowances were higher compared to 2001, resulting from not having available prior period net operating losses. The higher valuation allowances also resulted from lower utilization of foreign tax credits due to higher foreign earnings remittances and earnings in Peru causing more foreign taxes to be available as credits, as well as a lack of sufficient taxable income in the United States to utilize such credits, again caused by low gold prices.

The Company consolidates subsidiaries with interests attributable to minority interests, but for tax purposes, the Company is responsible for the income taxes only on the portion of the taxable earnings attributable to its ownership interest of each consolidated entity. Such minority interest contributed to the overall reduction in the Company s effective income tax rate by $11.5 million, $10.1 million and $19.4 million in 2002, 2001 and 2000, respectively. The reduction in 2002 increased from 2001 due to a higher gold price that was partially offset by fewer reinvestment credits at Yanacocha under Peruvian tax regulations. The reduction in 2000 was greater than in 2001 from higher earnings from the Yanacocha project in Peru due to a combination of higher gold prices and reinvestment credits.

The Company s effective tax rate in 2002 was increased by $9.3 million of foreign currency translation losses primarily related to monetary assets and liabilities and the gold derivatives positions in Newmont Australia Limited whose functional currency is the US dollar. Because Newmont intends to indefinitely reinvest earnings from NAL, such translation losses are not subject to deferred tax.

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During 2002, the Company settled an audit conducted by the Internal Revenue Service of the tax returns of an acquired entity involving several taxable periods that predated the Company s acquisition. At issue was the proper federal income tax treatment of a portion of a transaction involving an exchange of natural resource properties. The settlement gave rise to additional future tax deductions the tax benefit of which had previously not been recorded and for which no deferred taxes were required to be provided. Accordingly, the Company s effective tax rate for 2002 has been reduced by approximately $10 million due to this non-recurring item.

Based on the uncertainty and inherent unpredictability of the factors influencing the Company s effective tax rate and the sensitivity of such factors to gold and other metals prices as discussed above, Newmont s effective tax rate is expected to be volatile in future periods.

Equity income (loss) of affiliates totaled $51.4 million, $22.5 million and $(17.7) million for 2002, 2001 and 2000, respectively. In 2002, the Company recorded equity income (loss) from Batu Hijau, the copper and gold project in Indonesia in which Newmont has a 56.25% effective interest, of $42.1 million, compared to $22.5 million and $(17.7) million in 2001 and 2000, respectively. Batu Hijau represented all of Newmont s equity income (loss) in 2001 and 2000, whereas in 2002, the Company also recorded $9.7 million for TVX Newmont Americas, $(0.4) million for Echo Bay, $(1.8) million for Australian Magnesium Corporation and $1.7 million for AGR Matthey Joint Venture. The new equity investments in 2002 were acquired as part of the acquisitions of Normandy and Franco-Nevada. Equity income of Batu Hijau improved in 2002 primarily from lower net cash costs in 2002, primarily from higher gold by-product credits due to higher prevailing gold prices and production throughput capacity improvements, partially offset by lower-grade ore. The improvements included operational initiatives and the addition of a pebble crushing circuit. Lower costs in 2002 at Batu Hijau were partially offset by a lower average realized copper price for the year as compared to 2001. The equity income of Batu Hijau in 2001 improved dramatically from 2000 due to the full impact of the ramp-up in production that commenced in the fourth quarter of 1999. TVX Newmont Americas was 49.9%-owned by Newmont and 50.1%-owned by TVX Gold Inc. during 2002. The principal assets of TVX Newmont Americas are interests in operating gold mines in South America (Paracatu, Crixas and La Coipa) and Canada (Musselwhite and New Britannia). On January 31, 2003, Newmont sold its 49.9% interest in TVX Newmont Americas to TVX Gold Inc. for $180 million. Newmont held a weighted average ownership of 45.7% in Echo Bay Mines Limited in 2002 from April 3, 2002 to December 31, 2002. On January 31, 2003, Kinross Gold Corporation, TVX Gold Inc. and Echo Bay combined, and Newmont exchanged its investment in Echo Bay for approximately 13.8% of the new Kinross. Newmont s investment in Kinross will be accounted for as a marketable security in 2003. Newmont recorded a gain of approximately $90 million on the sale of Echo Bay in the first quarter of 2003.

Other comprehensive income (loss), net of tax, in 2002 included a $(28.7) million loss for a minimum pension liability adjustment, $(16.7) million for unrealized losses on derivatives designated as cash flow hedges and $(12.8) million for a decline in value of marketable equity securities, partially offset by a $3.6 million gain from foreign currency translation adjustments related to the Company s subsidiaries with functional currencies other than the U.S. dollar. In accordance with Statement of Financial Accounting Standard No. 87, Employers Accounting for Pensions, the Company was required to record a minimum liability in 2002. As a result of such adjustment, an intangible asset was recorded and, to the extent the minimum liability adjustment exceeded the unrecognized net transition liability, *Stockholders equity* was reduced. The unrealized losses on derivatives in 2002 related primarily to the effective portion of the change in fair value of gold instruments assumed as part of the Normandy acquisition that were designated as cash flow hedges. The losses resulted primarily from rising gold prices during the year, partially offset by a strengthening Australian dollar. The impact of the marketable equity securities in 2002 primarily included $(18.3) million related to the sale of Lihir, partially offset by the Company s share of unrealized gains on marketable securities held in Echo Bay. *Other comprehensive income (loss), net of tax*, in 2001 included an $18.3 million gain for temporary changes in the market value of Lihir Gold securities, $3.2 million for losses associated with foreign currency translation adjustments and $0.9 million for the effective portion of changes in fair value of derivatives designated as cash flow hedges. For 2000, other comprehensive loss, net of tax, included a loss of $1.8 million for foreign currency translation adjustments and a $1.3 million minimum pension liability adjustment.

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Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS Nos. 141 and 142, Business Combinations and Goodwill and Other Intangible Assets, respectively. The adoption of these standards on January 1, 2002, as required, did not impact Newmont s historical Consolidated Financial Statements or results of operations as of that date. As discussed in Note 3 to the Consolidated Financial Statements, the 2002 acquisitions of Normandy and Franco-Nevada were accounted for as purchases under SFAS 141 and a significant portion of the $4.3 billion purchase price represents goodwill, resulting from the excess of the purchase price over the fair value of net assets acquired. Such goodwill will not be amortized, but will be subject to impairment testing at least annually, as required by SFAS 142. Upon adoption of SFAS 142, the Company reclassified $177.0 million of acquired mineral rights and leases from *Property, plant and mine development, net* to *Mineral interests and other intangible assets, net.* Acquired proven and probable reserves are amortized using the units of production basis over the respective mine lives. Undeveloped mineral interests are amortized on a straight-line basis over their estimated useful lives, taking into account residual values.

In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations, which established a methodology for accounting for estimated reclamation and abandonment costs. The statement was adopted as required on January 1, 2003, when Newmont recorded the estimated fair value of reclamation liabilities (asset retirement obligations or ARO) and increased the carrying amount of the related assets (asset retirement cost or ARC) to be retired in the future. The ARC will be depreciated over the life of the related assets and will be adjusted for changes resulting from revisions to either the timing or amount of the original ARO fair value estimate. Newmont expects to record increases of approximately $60 to $75 million in the ARC, net increases of approximately $110 million to $135 million to the ARO, increases of approximately $1 million to $3 million to accrued liabilities for worker participation bonuses in Peru, increases to deferred tax assets of approximately $10 million to $14 million, a reduction to Newmont s investment in Batu Hijau of approximately $3 million to $9 million and a reduction in minority interest in subsidiaries of approximately $14 million to $18 million, at January 1, 2003, with a cumulative effect of adoption of approximately $30 million to $40 million to be recorded in results of operations in the first quarter of 2003.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which established a single accounting model, based on the framework of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, for long-lived assets to be disposed of by sale. The statement was adopted January 1, 2002, and there was no impact on the Company s financial position or results of operations upon adoption.

In May 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4 , 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. The statement nullified SFAS 4, SFAS 44 and SFAS 64 and established that gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The Statement also amends SFAS Statement No. 13, Accounting for Leases, to require sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions and to make technical corrections to various other FASB statements. For the provisions of the statement relating to the extinguishment of debt, SFAS 145 is effective for fiscal years beginning after May 15, 2002. The provisions relating to SFAS 13 are effective for transactions occurring after May 15, 2002, and all other provisions are effective for financial statements issued on or after May 15, 2002. There was no impact on the Company s financial position or results of operations upon adoption.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which addressed financial accounting and reporting for costs associated with exit or disposal activities. It nullified Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be

recognized when the liability is incurred rather than at the date of an entity s commitment to an exit plan as was required under EITF No. 94-3. SFAS 146 also establishes that fair value is the objective for initial measurement of the liability. SFAS 146 is effective for exit or disposal activities initiated after December 31, 2002, and we do not anticipate any impact on the Company s financial position or results of operations upon adoption except with respect to those exit or disposal activities that are initiated by the Company after that date.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, to provide alternative methods for voluntary transition to the fair value based method of accounting for stock based compensation. SFAS 148 also amends the disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation, to require prominent disclosure about the effects on reported net income of an entity s accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends APB Opinion No. 28, *Interim Financial Reporting,* to require disclosure about those effects in interim financial information. SFAS 148 is effective for fiscal years ending after December 15, 2002.

In November 2002, the FASB issued FASB Interpretation (FIN) 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements 5, 57, 107 and Rescission of FASB Interpretation No. 34. FIN 45 requires recognition and measurement of guarantees entered into or modified beginning on January 1, 2003 and requires expanded disclosure of guarantees as of December 31, 2002. The Company has conformed its disclosures with respect to guarantees to the requirements of FIN 45.

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities, which provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights. FIN 46 impacts accounting for variable interest entities created after January 31, 2003, and requires expanded disclosure of variable interest entities for financial statements issued after January 31, 2003. The Company is currently evaluating the impact on its financial position or results of operations.

Liquidity and Capital Resources

For 2002, *Net cash provided by operating activities* was $670.3 million, compared to $369.7 million and $534.3 million for 2001 and 2000, respectively. Increased operating cash flows in 2002 primarily reflect the impact of operating cash flows from the Normandy and Franco-Nevada operations from February 15, 2002 and the impact of an increased average realized gold price in 2002 of $313 per ounce. Operating cash flows in 2001 declined from 2000 due to a lower average realized gold price of $271 per ounce in 2001 compared to $282 per ounce in 2000.

Net cash provided by (used in) investing activities was $112.1 million, $(385.0) million and $(510.5) million in 2002, 2001 and 2000, respectively. *Additions to property, plant and mine development* were $(300.1) million, $(390.0) and $(387.4) million. See *Capital Expenditures* below for more information on capital expenditures in each year. Cash from investing activities in 2002 also included $404.4 million of proceeds from the sales of short-term investments obtained as part of the acquisition of Franco-Nevada, $84 million of proceeds from the sale of marketable securities of Lihir and $50.8 million of proceeds from the settlement of cross currency swaps that were obtained as part of the Normandy acquisition, offset by $90.3 million of net cash outflows for the acquisitions of Normandy and Franco-Nevada ($461.7 million cash consideration for Normandy shares, less cash acquired from acquisitions, net of acquisition costs, of $371.4 million), $24.8 million of cash advances to affiliated companies and $21.1 million of cash outflows to settle ineffective derivative instruments. There were no significant investing cash flows other than capital expenditures in 2001, but in 2000, there were $78.8 million of advances to affiliated companies and $54.7 million of costs associated with the merger with Battle Mountain Gold Company.

Net cash provided by (used in) financing activities was $(530.1) million in 2002, compared to $85.1 million and $(65.4) million in 2001 and 2000, respectively. Financing activities in 2002 included drawings on the

Company s credit facilities of $493.4 million to pay the cash portion of the purchase price of Normandy. Such drawings were paid down shortly after the acquisition with the proceeds from the sale of the Franco-Nevada short-term investments. Including paying down the credit facilities, the Company repaid approximately $1.0 billion of debt. See *Financing Activities* below. Dividend payments for 2002 totaled $50.0 million, and the Company received approximately $67.3 million of proceeds from the issuance of common stock primarily from the exercise of employee stock options. In 2001, Newmont received proceeds from long-term debt of $1.0 billion and repaid $941.6 million, paid $31.0 million of dividends and benefited from the lifting of restrictions on $40.0 million of cash. Newmont made payments of debt, net of new proceeds, of $46.6 million and paid dividends of $27.6 million in 2000.

Newmont s contractual obligations at December 31, 2002 are summarized as follows:

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**
			(in millions)		
Long-term debt	$ 1,499.3	$ 78.6	$ 624.5	$ 117.5	$ 678.7
Capital lease obligations	317.3	36.7	61.5	72.1	147.0
Operating leases	25.9	3.8	6.8	5.9	9.4
Minimum royalty payments	82.9	22.5	31.2	22.9	6.3
Total	$ 1,925.4	$ 141.6	$ 724.0	$ 218.4	$ 841.4

For information on the Company s long-term debt, capital lease obligations and operating leases, see Notes 11 and 26 to the Consolidated Financial Statements. Newmont believes it will be able to fund all existing obligations from *Net cash provided by operating activities.* Subject to any significant adverse changes in the Company s long-term view of gold prices, the Company has both the ability and intent to fund, from *Net cash provided by operating activities*, the exploration expenditures and Merchant Banking investments that were assumed in the valuations performed to allocate goodwill to the Exploration and Merchant Banking segments as part of the purchase accounting for the acquisitions of Normandy and Franco-Nevada and to perform impairment testing of such goodwill at December 31, 2002 (see Critical Accounting Policies). The Company believes it will be able to raise capital as needed in capital markets in the future as opportunities for expansion arise.

Newmont s cash flows are expected to be impacted by variations in the spot price of gold and other metals and by variations in foreign currency exchange rates in relation to the U.S. dollar, particularly with respect to the Australian dollar. For information concerning the sensitivity of the Company s cash costs to changes in foreign currency exchange rates, see Results of Operations Foreign Currency Exchange Rates above.

Newmont s cash flows are also expected to be impacted by its gold derivative contracts. For gold ounces sold into gold forward sales contracts and other similar instruments (committed contracts), the Company realizes the contract price fixed in each contract. If the spot price at the time of the sale exceeds the related contract price, Newmont does not receive the excess of the spot price over the strike price relative to the ounces sold into that contract. If the spot price at the time of the sale is below the contract price, Newmont realizes an above-market price on the ounces sold into that contract based on the contract price. Gold put option contracts and other similar instruments (uncommitted contracts) have the effect of establishing a floorprice the Company will receive for gold ounces sold into each contract. If the spot price at the time of the sale exceeds the strike price of the contract, then Newmont realizes the spot price less any gold financing charges associated with such gold put option contracts. If the spot price at the time of the sale is less than the strike price, then Newmont realizes the strike price. Assuming the contracts remain outstanding in the future, committed contracts have the effect of locking in the price Newmont will realize on the sale of the ounces associated with each contract, and uncommitted contracts have the effect of establishing a minimum price Newmont will realize for the

sale of the ounces associated with each contract.

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The Company is currently projecting that the average gold price in 2003 will be equal to the $340 per ounce spot price and the average exchange rate for the Australian dollar will be equal to $0.59 per U.S. dollar at December 31, 2002. Based on this assumed gold price and assumed Australian dollar exchange rate, Newmont estimates that the impact of its gold derivative contracts will be a reduction of the net cash proceeds from the sale of gold of approximately $31.4 million in 2003 compared to the proceeds the Company would have received if the relevant gold had been sold into the spot market. Approximately 15% of estimated production in 2003 is subject to committed contracts and approximately 5% is subject to uncommitted contracts. The reduction of proceeds from the sale of gold in each of the years 2004 through 2011, when all currently outstanding gold derivative contracts will have matured, is not expected to exceed the amount estimated for 2003 based on an assumed gold price of $320 per ounce, a price that is consistent with management s long-term view of gold prices. In addition, no assurance can be given that the gold derivative contracts will remain outstanding in the future as Newmont may opportunistically close out certain contracts if favorable market conditions exist. At December 31, 2002, Newmont also was contractually obligated to pay approximately $20 million in 2003 related to the ineffective portion of its gold derivative portfolio. Payments for these items in the years 2004 and thereafter are not expected to exceed the amount in 2003 based on an assumed gold price of $320 per ounce.

The Company s cash flows could also be impacted by certain gold derivative contracts that are subject to rights to terminate (see Item 7A, Quantitative and Qualitative Disclosures About Market Risk).

Based on Newmont s production profile for the next five years and proven and probable reserves at December 31, 2002, without considering future additions to such reserves, Newmont expects that total gold equity ounces sold in each of the next five years will be not less than 85% of expected gold sale ounces in 2003. Assuming a constant price for gold over that period, Newmont does not expect *Net cash provided by operating activities* to be impacted by its production profile by more than 15% over the next five years. The Company does not anticipate that reasonably expected variations in gold production alone will influence its ability to pay its debt and other obligations over that period. For information on the sensitivity of Newmont s *Net cash provided by operating activities* to metal prices, see Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

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Investing Activities

Additions to Property, plant and mine development

Capital expenditures for property, plant and mine development decreased in 2002 from 2001 primarily from the completion of the development of the La Quinua project at Yanacocha in late 2001. Capital expenditures in 2001 and 2000 remained approximately the same.

	Years ended December 31,		
	2002	2001	2000
	(in millions)		
Capital expenditures:			
North America:			
Nevada	$ 54.6	$ 47.1	$ 65.7
Mesquite, California		0.4	0.8
La Herradura, Mexico	1.4	0.9	3.0
Golden Giant, Canada	6.6	7.1	14.9
Holloway, Canada	1.2	1.5	5.5
Total North America	63.8	57.0	89.9
South America:			
Yanacocha, Peru	146.2	276.9	276.9
Kori Kollo, Bolivia	0.6	10.5	7.8
Total South America	146.8	287.4	284.7
Australia:			
Pajingo	10.2	7.3	4.9
Kalgoorlie	8.6		
Yandal	20.7		
Tanami	10.5		
Total Australia	50.0	7.3	4.9
Other Operations:			
Zarafshan-Newmont, Uzbekistan	3.9	20.4	4.3
Minahasa, Indonesia			0.5
Martha, New Zealand	5.3		
Ovacik, Turkey	4.0		
Total Other Operations	13.2	20.4	4.8
Other:			
Base Metals Operations	10.7		
Corporate and Other	15.6	17.9	3.1
Total Other	26.3	17.9	3.1
Total Newmont	$ 300.1	$ 390.0	$ 387.4

In 2002, capital expenditures in Nevada included deferred mine development ($15.3 million, primarily for the Deep Post underground and Midas mines), development of the Leeville project and optimization of the Phoenix project ($16.4 million), the Lone Tree Tailings Dam expansion ($5.1 million) and other replacement capital. Yanacocha capital expenditures included leach pad expansions ($69.2 million), mine development ($16.7 million), environmental expenditures ($14.3 million), carbon columns and refinery ($12.9 million) and other replacement capital. Capital expenditures at Zarafshan-Newmont included $3.4 million for the completion of the heap leach pad expansion and associated conveyor support. Capital expenditures at Yandal included deferred mine development ($14.3 million). Capital expenditures at Pajingo included mine development ($5.6 million) and replacement capital. Capital expenditures at Kalgoorlie included haul truck purchases ($3.6 million) and replacement capital. Capital expenditures at Golden Grove included mine development of $6.1 million and replacement capital.

In 2001, capital expenditures in Nevada included deferred mine development ($15.7 million, primarily for the Deep Post underground mine), mine facilities at Deep Post ($9.9 million), mining equipment ($6.3 million), development of the Phoenix project ($4.1 million) and other replacement capital. Yanacocha capital expenditures included the La Quinua mine ($128.4 million), Yanacocha leach pad operations ($44.9 million), mining equipment ($44.3 million), Carachugo leach pad operations ($19.3 million) and other replacement capital. Capital expenditures at Zarafshan-Newmont included $19 million for heap leach pad expansion and associated conveyor support facility.

In 2000, capital expenditures in Nevada included deferred mine development ($27.5 million, primarily for the Deep Post underground mine), development of the Phoenix project ($9.8 million), mining equipment ($10.1 million) and other replacement capital. Yanacocha capital expenditures included the La Quinua mine ($144.2 million), unitization of regional properties ($45.7 million), leach pad expansion ($30.8 million), mine development ($30.0 million) and other replacement capital.

Newmont expects to spend approximately $560 million to $590 million on capital projects in 2003, with approximately $123 million in North America, $95 million in Australia, $260 million in South America and approximately $97 million in other locations. The majority of budgeted expenditures are for mine development and replacement capital. In Nevada, two expansion projects, the Gold Quarry South Layback (GQSL) and the Leeville Underground Mine (Leeville), are under way. GQSL is located in South Area at Carlin and is expected to yield approximately 2.7 million ounces of production, with annual production of between 320,000 and 770,000 ounces commencing in 2004. Total capital expenditures for GQSL are projected to be approximately $37 million, of which $6.7 million had been spent as of December 31, 2002. Leeville is located in Carlin s North Area and will produce approximately 3.0 million ounces, with annual production of approximately 500,000 commencing at the end of 2005. Total capital expenditures for Leeville are projected to be $185 million, of which $15.1 million had been spent as of December 31, 2002.

Other Investing Activities

TVX Newmont Americas and Echo Bay Mines Ltd.

On January 31, 2003, Kinross Gold Corporation, Echo Bay Mines Ltd. and TVX Gold Inc. 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 45.67% interest in Echo Bay and $180 million for its interest in TVX Newmont Americas. Newmont recorded a pre-tax gain on the exchange of its shares in Echo Bay of approximately $90 million.

Batu Hijau

As discussed above and in Note 9 to the Consolidated Financial Statements, Newmont has an indirect 45% interest in the Batu Hijau mine in Indonesia and its partner, an affiliate of Sumitomo Corporation, has an indirect 35% interest. Because Newmont and Sumitomo carried the interest of the 20% Indonesian partner, Newmont recognizes 56.25% of Batu Hijau s income until recouping the bulk of its investment. At December 31, 2002 and 2001, Newmont s investment in Batu Hijau was $610.1 million and $543.3 million, respectively.

On May 9, 2002, P.T.Newmont Nusa Tenggara (PTNNT) completed a restructuring of its $1.0 billion project financing facility (Senior Debt) that provides PTNNT the ability to defer up to $173.4 million in principal payments scheduled for 2002 and 2003. The restructuring provides a better match between the expected cash flows of the project and the maturities of the debt. Any deferred principal amounts will 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 its partner 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 total $913.3 million at December 31, 2002. The amount of deferred principal at December 31, 2002

was $86.5 million. Newmont and its partner provide a contingent support line of credit to PTNNT. During 2002, Newmont funded $24.8 million 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.

Australian Magnesium Corporation

As of December 31, 2002, Newmont had a 22.8% voting interest in Australian Magnesium Corporation (AMC). Since then, AMC has raised additional equity to support the development of the Stanwell Magnesium 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. Northerly Equities Pty Ltd, a wholly owned subsidiary of Newmont Australia Limited (NAL), contributed A$100 million (approximately $56 million) in equity to AMC on January 3, 2003, increasing our ownership percentage to 40.9%. However, due to additional equity contributions by third-party shareholders, our voting interest decreased to 27.8% on January 31, 2003. NAL and its wholly owned subsidiary, Nottacar Investments Pty Ltd, had also provided to AMC a A$90 million (approximately $51 million) contingent equity commitment in the event the project does not achieve certain specified production and operating criteria by December 2006. Subsequent to year-end, however, this contingent equity commitment was renegotiated to require instead that NAL and Nottacar Investments provide AMC with an A$75 million (approximately $42 million) contingent convertible debt and equity facility.

NAL has also guaranteed a $30 million obligation payable by AMC to Ford Motor Company in the event the project does not meet certain specified production and operating criteria by November 2005. AMC has indemnified NAL for this obligation, but the indemnity is unsecured.

NAL and certain of its wholly-owned subsidiaries are also guarantors of an A$71 million (approximately $40 million) amortizing loan facility of AMC s subsidiary, QMC Finance Pty Ltd. (QMC), of which A$69.8 million (approximately $39 million) was outstanding as of December 31, 2002. The QMC loan facility expires in November 2006.

QMC also is a party to a series of foreign exchange hedging contracts. All obligations related to these contracts have been guaranteed by NAL and certain of its wholly-owned subsidiaries. The contracts include a series of foreign exchange forward contracts and bought put options, the last of which expire in June 2006. As of December 31, 2002, the fair value of these contracts was a negative A$12.7 million (approximately $7 million).

The Ford guarantee and the guarantees under the QMC loan and hedging facilities arose in connection with NAL s support of the project as an investor in AMC and its predecessor entities. The guarantees under the QMC loan facility and hedging contracts could be called in the event of a default by QMC. NAL s liability under the QMC loan facility guarantee is limited to the total amount of outstanding borrowings under the facility at the time the guarantee is called. NAL 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 exercised. The principal lender and counterparty under the QMC loan and hedging facilities also has a fixed and floating charge over certain assets of AMC. In the event the guarantees are called, NAL would have a right of subrogation to the lender under Australian law.

Takeover Bid for Otter Gold Mines Limited.

On December 4, 2002, Newmont NFM announced its intentions to make an offer for all shares and options in Otter Gold Mines Limited (Otter Mines) that Newmont NFM did not already own. Newmont NFM is an Australian corporation that is listed on the Australian Stock Exchange (ASX). Otter Mines is a New Zealand corporation that is also listed on the ASX. As of the date of making the announcement, the Company, through

subsidiaries, held an 85.86% interest in Newmont NFM and Newmont NFM, in turn, held 89.17% of the outstanding Otter Mines shares. Newmont NFM s offer was made on January 9, 2003 and closed on February 25, 2003. By the close of the offer, Newmont NFM had acquired in excess of 90% of the total outstanding shares in Otter Mines, which, under New Zealand law, entitled Newmont NFM to compulsorily acquire all remaining outstanding Otter Mines shares. Newmont NFM has initiated the compulsory acquisition process and anticipates that through this process it will own 100% of Otter Mines by the end of April 2003.

Newmont NFM Limited Arrangement

NAL owns 85.86% of Newmont NFM. On November 28, 2002, Newmont Australia and Newmont NFM announced a proposal that, if approved by Newmont NFM shareholders and the Federal Court of Australia (the Court), would result in Newmont NFM becoming a wholly owned subsidiary of NAL. Under the proposal, Newmont NFM shareholders would have the opportunity to either participate in a share buy-back in which Newmont NFM would pay A$16.50 for each Newmont NFM share or receive 4.40 ASX-listed Newmont Mining Corporation CHESS Depository Instruments (Newmont CDIs) per Newmont NFM Share. Newmont CDIs are the equivalent of one-tenth (1/10th) of a share of Newmont common stock.

On February 21, 2003, the Court approved the information booklet that was proposed to be sent to Newmont NFM shareholders, and the Court also convened shareholders meetings for April 2, 2003. The information booklet was sent to Newmont NFM shareholders in early March. If the requisite majority of Newmont NFM shareholders vote in favor of the arrangement at the April 2, 2003 scheme meetings, Newmont NFM will apply to the Court for approval of the arrangement. The Court hearing is scheduled for April 11, 2003. If approved by the Court, the arrangement would become effective on the following day and processing of shareholder elections in respect of the buy-back and the Newmont CDIs would be completed during April 2003.

Pension Funding

Due to poor returns on plan assets during the last few years, Newmont expects to fund approximately $20 million into its pension plans in 2003 from *Net cash provided by operating activities.*

Financing Activities

Scheduled minimum long-term debt repayments are $115.3 million in 2003, $194.2 million in 2004, $491.8 million in 2005, $101.2 million in 2006, $88.4 million in 2007 and $825.7 million thereafter. Newmont expects to be able to fund maturities of its debt from operating cash flow.

The Company s $1.0 billion revolving credit facility, entered into June 1997, was replaced in October 2001 with two unsecured multi-currency revolving credit facilities with a consortium of banks: a $200 million facility with an initial term of 364 days, which may be extended annually to October 2006; and a $400 million revolving facility, which matures in October 2006. In February 2002, in connection with the Normandy transaction, Newmont acquired an additional A$490 million committed revolving multi-option facility with a syndicate of banks. In May 2002, Newmont repaid the $170.6 million outstanding under this facility, closed it and added an additional $150 million Australian bank tranche to the existing facilities for a total borrowing capacity of $750 million. Interest rates and facility fees vary based on the Company s credit rating. Borrowings under the facilities bear interest equal to either the London Interbank Offered Rate (LIBOR) plus a margin ranging from 0.70% to 0.975% or the greater of the federal funds rate or the lead bank s prime rate. Annual fees vary from 0.10% to 0.40%. At December 31, 2002, the

fees were 0.15%, 0.175% and 0.30% of the commitment, for the $200 million, the $400 million and the $150 million facilities, respectively. The facilities contain customary affirmative and negative covenants including financial covenants requiring the maintenance of specified limitations on debt-to-capitalization and debt-to- earnings before interest, taxes, depreciation and amortization, and restrictions on incurring liens and transactions with affiliates. There were no borrowings under the facilities as of December 31, 2002. The Company is in compliance with all debt covenants.

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In July 1999, the Company entered into a prepaid forward gold sales contract (the Prepaid Forward) and a forward gold purchase contract (the Forward Purchase). Under the Prepaid Forward, the Company agreed to sell 483,333 ounces of gold, to be delivered in June of each of 2005, 2006 and 2007 in annual installments of 161,111 ounces (the Annual Delivery Requirements). The Company also agreed under the Prepaid Forward to deliver semi-annually 17,951 ounces of gold, beginning June 2000 through June 2007 (the Semi-Annual Delivery Requirements) for a total gold delivery obligation over the life of the Prepaid Forward of 752,598 ounces. At the time the Prepaid Forward was entered into, the Company received net proceeds of $137.2 million ($145.0 million of gross proceeds before transaction costs of $653,000 and the purchase of a $7.1 million surety bond to guarantee delivery of the Annual Delivery Requirements). The Company may also be entitled to receive additional proceeds in the future in connection with the annual deliveries of 161,111 ounces, to be determined at each delivery date based on the excess, if any, of the then market price for gold (up to a maximum of $380 per ounce) over $300 per ounce.

At the time the Company entered into the Prepaid Forward, it also entered into the Forward Purchase, with the same counterparty, to hedge the price risk with respect to the Semi-Annual Delivery Requirements. The Forward Purchase provides for semi-annual purchases of 17,951 ounces of gold on each semi-annual delivery date under the Prepaid Forward at prices increasing from $263 per ounce in 2000 to $354 per ounce in 2007. On each semi-annual delivery date, the ounces purchased under the Forward Purchase are delivered in satisfaction of the Company s delivery requirements under the Prepaid Forward. The transaction has been accounted for as a single borrowing of $145 million, with interest accruing, based on an effective interest rate recognized over the full term of the borrowing.

Unsecured notes with a principal amount of $150 million due April 1, 2002, bearing an annual interest rate of 8.625% were outstanding at December 31, 2001. Interest was payable semi-annually in April and October and the notes were not redeemable prior to maturity. The notes were repaid in April 2002.

In May 2001, Newmont issued unsecured notes with a principal amount of $275 million due May 2011 bearing an annual interest rate of 8.625%. Proceeds of $272 million, after transaction costs, were used to repay debt outstanding under the Company s revolving credit facility, with the remainder for general corporate purposes. Interest is payable semi-annually in May and November and the notes are redeemable prior to maturity under certain conditions. The costs related to the issuance of the notes were capitalized and are amortized to interest expense over the term of the notes.

Newmont now consolidates two additional unsecured series of notes from Newmont Australia. In July 1998, Normandy Finance Limited (NFL) issued $150.0 million of ten year 7 $^{5}/8$% guaranteed notes. Interest on the notes is paid semi-annually in arrears in January and July and the notes are not redeemable prior to maturity. Also, in July 1998, NFL issued $100.0 million of seven year 7 $^{1}/2$% guaranteed notes. Interest on the notes is paid semi-annually in arrears in January and July and the notes are not redeemable prior to maturity. The costs related to the issuance of the notes were capitalized and are amortized to interest expense over the term of the notes. Both the 7 $^{5}/8$% notes and the 7 $^{1}/2$% notes are guaranteed by NAL and certain of its subsidiaries.

In April 1998, Normandy Yandal Operations Limited (NYOL), an indirect, wholly-owned subsidiary of Newmont, issued $300 million of ten year 8 $^{7}/8$% senior unsecured notes. In conjunction with the Normandy acquisition, NYOL was acquired by Newmont in February 2002. In March 2002, Newmont, through an indirect, wholly-owned subsidiary, made an offer to repurchase any and all of NYOL s outstanding 8 $^{7}/8$% Senior Notes due 2008. As of the offer date, $300 million principal amount of notes was outstanding. The repurchase offer was made pursuant to the terms of an Indenture dated as of April 7, 1998, between NYOL and The Bank of New York, as Trustee. The Indenture requires that Newmont Yandal, following a Change of Control as defined in the Indenture, make an offer to repurchase the notes at a repurchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest to the repurchase date. Although the applicable provisions of the Indenture can be read to the contrary, Newmont took the position that a Change of Control occurred on February 20, 2002 when Newmont acquired control of Normandy. The Indenture provides that NYOL is not required to

make the Change of Control Offer if a third party makes the offer. Newmont s offer, however, should not be construed as a commitment by Newmont to provide ongoing financial or credit support to NYOL. The Change of Control Offer was open until May 14, 2002, resulted in redemption of $62.8 million of the outstanding notes and gave rise to a $0.6 million loss on extinguishment recorded in *Other expenses*. At December 31, 2002, $237.2 million was outstanding in the Consolidated Financial Statements. The NYOL notes are non-recourse to Newmont and have not been assumed or otherwise guaranteed by Newmont. Interest on the notes is paid semi-annually in arrears in April and October. Certain financial instruments were entered into whereby NYOL has agreed to exchange US dollar fixed interest amounts payable with a gold interest rate. Of the total, US$183.6 million has been swapped into a gold interest rate, of which half is fixed at 3.87% and half is floating. The floating rate at December 31, 2002 was 0.865%. Because these notes are specialized, it is not practicable to estimate the fair value of the debt. See Note 11 for additional information. All NYOL debt is non-recourse to Newmont.

In April 2002, Newmont announced the redemption of all issued and outstanding shares of its $3.25 convertible preferred stock as of May 15, 2002. The Company paid a redemption price of $50.325 per share, plus $0.8125 per share for all accrued dividends at the redemption date. In settlement of the total redemption price of $51.1375 per share, Newmont issued to holders of record 1.9187 shares of its common stock. This redemption eliminated $7.5 million of annual preferred stock dividends prospectively.

On April 26, 2002, Newmont filed post-effective amendments to previous Registration Statements on Form S-3 filed with the Securities and Exchange Commission for the purpose of increasing its existing universal shelf registration from $500 million to $1.0 billion. This filing will provide the capability to access capital markets for debt or equity securities as required and as market conditions warrant. The Form S-3 has not yet been declared effective.

During the first quarter of 2003, the Company repurchased $23.0 million, $52.3 million, $10.0 million and $30.9 million face amount of its outstanding 8 3/8%, 8 5/8%, NAL 7 1/2% and NAL 7 5/8% debentures, respectively, for total cash considerations of $135.8 million. Newmont recorded a pre-tax charge of $19.6 million related to these repurchases during the first quarter of 2003.

Environmental

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 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. At December 31, 2002 and 2001, $268.2 million and $130.0 million, respectively, were accrued for reclamation costs relating to currently or recently producing mineral properties. On January 1, 2003, the Company adopted SFAS 143, Asset Retirements Obligations (see Recent Accounting Pronouncements on page 82).

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. The Company believes that the related environmental obligations associated with these sites are similar in nature with respect to the development of remediation plans, their risk profile and the compliance required to meet general environmental standards. Based upon the Company s best estimate of its liability for these matters, $48.1 million and $55.7 million were accrued for such obligations at December 31, 2002 and 2001, respectively. These amounts are included in *Other accrued liabilities* and *Reclamation and remediation liabilities*. Depending upon the ultimate resolution of these matters, the Company believes that it is reasonably possible that the liability for these matters could be as much as 45% greater or 25%

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lower than the amount accrued at December 31, 2002. The amounts accrued for these matters are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are charged to *Costs and expenses, Other* in the period estimates are revised.

For more information on the Company s reclamation and remediation liabilities, see Note 25 to the Consolidated Financial Statements.

Included in 2002 and 2001 capital expenditures was approximately $14.3 million and $12.1 million, respectively, to comply with environmental regulations. Expenditures of $47.5 million are anticipated in 2003, primarily at Yanacocha. Ongoing costs to comply with environmental regulations have not been a significant component of cash operating costs.

Newmont spent $14.6 million, $8.1 million and $18.7 million in 2002, 2001 and 2000, respectively, for environmental obligations related to the former mining sites discussed in Note 25 to the Consolidated Financial Statements, and expects to spend approximately $14.4 million in 2003. 2002 expenditures relate primarily to the Dawn and Resurrection sites. In 2000, the remediation liability associated with the San Luis property in Colorado was increased $13.2 million.

In June 2000, a transport contractor of Minera Yanacocha spilled approximately 151 kilograms of elemental mercury near the town of Choropampa, Peru, which is located 53 miles southwest of the mine. Elemental mercury is a by-product of gold mining and was sold to a Lima firm for use in medical instruments and industrial applications. A comprehensive health and environmental remediation program was undertaken by Minera Yanacocha in response to the incident. In August 2000, Minera Yanacocha paid under protest a fine of 1,740,000 soles (approximately $500,000) to the Peruvian government. Minera Yanacocha has entered into settlement agreements with a number of individuals impacted by the incident. In addition, it has entered into agreements with three of the communities impacted by this incident to provide a variety of public works as compensation for the disruption and inconvenience caused by the incident.

Costs of $13 million for public works, remediation efforts, personal compensation and the fine have been incurred for the Yanacocha spill to date. Neither the Company nor Minera Yanacocha can reasonably predict the likelihood of any additional expenditures related to this matter.

Forward-Looking Statements

The foregoing discussion and analysis, as well as certain information contained elsewhere in this Annual Report, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor created thereby. See the discussion in Forward-Looking Statements in Item 1, Business, commencing on page 10.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Metal Price

Changes in the market price of gold significantly affect Newmont s profitability and cash flow. Gold prices can fluctuate widely due to numerous factors, such as demand; forward selling by producers; central bank sales, purchases and lending; investor sentiment; and global mine production levels. Based on estimates of Newmont s stand-alone 2003 production and expenses, a $20-per-ounce change in the gold price would result in an increase or decrease of approximately $107.5 million in cash flow from operations and approximately $87.5 million (about $0.21 per share) in net income. Changes in the market price of copper also affect Newmont s profitability and cash flow from its investment in the Batu Hijau mine in Indonesia and its Golden Grove mine in Australia. Copper is traded on established international exchanges and copper prices generally reflect market supply and demand, but can also be influenced by speculative trading in the commodity or by currency exchange rates. Based on estimates of Newmont stand-alone 2003 production and expenses, a $0.10-per-pound change in the copper price would result in an increase or decrease in net income of approximately $27.0 million (about $0.06 per share).

Foreign Currency

Changes in the foreign currency exchange rates in relation to the U.S. dollar may affect Newmont s profitability and cash flow. Foreign currency exchange rates can fluctuate widely due to numerous factors, such as supply and demand for foreign and U.S. currencies and U.S. and foreign country economic conditions. In addition to its operations in the United States, Newmont has operations in Australia, New Zealand, Peru, Indonesia, Canada, Uzbekistan, Bolivia, Turkey and other foreign locations. The Company s foreign operations sell their metal production based on a U.S. dollar gold price. Fluctuations in the local currency exchange rates in relation to the U.S. dollar can increase or decrease profit margins and total cash costs per ounce to the extent costs are paid in local currency at foreign operations. Since the Company s February 15, 2002 acquisition of Normandy, the Australian dollar/U.S. dollar exchange rate has had the greatest impact on the Company s total cash costs, as measured in U.S. dollars. However, variations in the Australian dollar/U.S. dollar exchange rate have historically been strongly correlated to variations in the U.S. dollar gold price over the long-term. Increases or decreases in costs at Australian gold operations due to exchange rate changes have therefore tended to be mitigated by changes in sales reported in U.S. dollars for such locations. No assurance can be given that the Australian dollar/U.S. dollar exchange rate will continue to be strongly correlated to the U.S. dollar gold price in the future, or that short-term changes in the Australian dollar/U.S. dollar exchange rate will not have an impact on the Company s profitability and cash flow. Newmont does not believe that foreign currency exchange rates in relation to the U.S. dollar have had a material impact on its determination of proven and probable reserves in the past. However, in the event that a sustained weakening of the U.S. dollar in relation to the Australian dollar, and/or to other foreign currencies that impact the Company s cost structure, were not mitigated by offsetting increases in the U.S. dollar gold price or by other factors, the Company believes that profitability, cash flows and the amount of proven and probable reserves in the applicable foreign country could be reduced. The extent of any such reduction would be dependent on a variety of factors including the length of time of any such weakening of the U.S. dollar, and management s long-term view of the applicable exchange rate. For information concerning the sensitivity of the Company s cash costs to changes in foreign currency exchange rates, see Item 7, Managements Discussion and Analysis of Consolidated Results of Operations and Financial Condition Results of Operations Foreign Currency Exchange Rates, above.

Hedging

Newmont generally sells its production at spot market prices. Newmont has historically, 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, the Newmont NFM, and Newmont Yandal

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Operations (NYOL). Following the Normandy acquisition, however, and in accordance with the Company s non-gold-hedging philosophy, efforts to proactively reduce and simplify the Normandy hedge positions have been undertaken. Accordingly, the Normandy gold hedge books have been reduced by approximately 3.3 million ounces since February 2002. Gold forward sales contracts and other instruments (committed hedging obligations) were reduced by 2,156,000 ounces since February 15, 2002 by delivering production into the contracts. Similarly, uncommitted contracts for 855,000 ounces were either delivered into or lapsed. In addition, 288,000 ounces of an overlaid position were closed out, leaving an open sold convertible put position of 240,000 ounces and an open bought call option position of 48,000 ounces. Combining the 2,156,000 committed ounces delivered, the 855,000 uncommitted ounces eliminated and the 288,000 ounces of overlaid positions closed out through December 31, 2002, the Normandy gold hedge books were reduced to 5.2 million committed ounces and 1.5 million uncommitted ounces for a total of 6.6 million ounces. The mark-to-market valuation of the Normandy gold hedge books at December 31, 2002, however, grew to a negative $433 million broken down as follows: Newmont Gold Treasury Pty Ltd: $(122) million; Newmont NFM: $(23) million; and, Newmont Yandal Operations Limited: $(288) million.

The following table shows the approximate sensitivities of the US$ mark-to-market value of the Normandy gold hedge books to certain market variables as of December 31, 2002 (actual changes in the timing and amount of the following variables may differ from the assumed changes below):

Market Variables	Change in Variable	Change in Mark-to-Market Value (millions)
A$ Interest Rates	+/-1.0%	-/+$40.0
US$/A$ Exchange Rates	+/-US$0.01	+/-$35.4
Gold Lease Rates	+/-1.0%	+/-$15.2
US$ Interest Rates	+/-1.0%	-/+$10.5
US$ Gold Price/oz.	+/-$1.00	-/+$6.6

Newmont is not required to place collateral with respect to commodity instruments and there are no margin calls associated with such contracts. Credit risk is minimized by dealing only with major financial institutions/counterparties. A number of NYOL s hedge positions, however, 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 market value on the date of termination and could result in a cash settlement obligation to NYOL hedge counterparties in excess of available funds. NYOL obligations, however, are non-recourse to Newmont and its other subsidiaries.

The table below summarizes those NYOL contracts that are subject to rights to terminate and the mark-to-market value of those contracts as of December 31, 2002:

Potential Termination Date [1]	Ounces of Gold	Fair Value at December 31, 2002
		(in millions)
January, 2003	(336,000)	$ (5.1)

January, 2004	(780,000)	11.8
June, 2004	(133,335)	(10.4)
April, 2005	(840,000)	(31.0)
May, 2005	(195,000)	(15.7)
June, 2005	30,000	(12.0)
August, 2005	(1,304,997)	(105.7)
October, 2006		(13.0)[2]
Total	(3,559,332)	$ (181.1)

(1) Earliest possible termination date permitted under the contract.

(2) This position, which forms part of the US$/Gold swap contracts, is with a different counterparty than the original swap transaction and has no ounces associated with it.

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Effective January 1, 2001, Newmont adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities to recognize derivative instruments on the balance sheet as either assets or liabilities and measurement at fair value. Unless specific hedging criteria are met, changes in the derivative s fair value are recognized currently in earnings. Gains and losses on derivative hedging instruments are recorded in either *Other comprehensive income (loss), net of tax* or *Net income (loss)*, depending on the nature of the instrument.

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 December 31, 2002 of US$0.56 per A$1. For all floating rate instruments, the average prices quoted are gross contractual prices. The net forward prices ultimately realized on floating gold hedging contracts are the sum of the gross contractual forward prices less any associated future financing costs arising from gold borrowing commitments related to such floating rate instruments. Floating put option valuations include a deferred premium cost, which is payable in gold ounces upon expiration of the options.

Gold Forward Sales Contracts

Newmont had the following gold forward sales contracts at December 31, 2002:

	Expected Maturity Date or Transaction Date						
Gold Forward Sales Contracts:	**2003**	**2004**	**2004**	**2005**	**Thereafter**	**Total/ Average**	**Fair Value US$ (000)**
(A$ Denominated)							
Fixed Forwards:							
Ounces	1,022	1,060	227	52	26	2,387	$ (138,095)
Average price	$ 297	$ 300	$ 293	$ 266	$ 254	$ 297	
Floating Rate Forwards:							
Ounces			61	231	214	506	$ (37,401)
Average price	$	$	$ 332	$ 342	$ 352	$ 345	
Synthetic Forwards:							
Ounces	39	80	80	80	160	439	$ (34,222)
Average price	$ 313	$ 305	$ 305	$ 305	$ 305	$ 306	
Total:							
Ounces	1,061	1,140	368	363	400	3,332	$ (209,717)
Average Price	$ 298	$ 300	$ 302	$ 323	$ 327	$ 305	

Notes: *Fixed forward sales contracts* provide for delivery of a specified number of ounces at a specified price and date and are accounted for as cash flow hedges. *Floating rate forward contracts* provide for a gold lease rate component in the price that takes into account market lease rates over the term of the contract. Gold lease rates reflect the borrowing cost for gold. Variations in gold lease rates have historically not materially impacted on the actual realized price achieved on the contract. As such, these contracts have been statistically proven to qualify as highly effective cash flow hedges under FAS 133. *Synthetic forward contracts* represent combinations of purchased put options and written call options at the same strike price, maturity date and number of ounces. The combination achieves the same risk management result as gold forward sales contracts. Both floating rate forwards and synthetic forwards are accounted for as cash flow hedges.

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Gold Put Option Contracts

Newmont had the following gold put option contracts outstanding at December 31, 2002:

Gold Put Option Contracts:	Expected Maturity Date or Transaction Date						Fair Value
	2003	2004	2005	2006	Thereafter	Total/ Average	US$ (000)
US$ Denominated Fixed Purchased Puts:							
Ounces	209	203	205	100	20	737	$ (6,774)
Average price	$ 292	$ 292	$ 292	$ 338	$ 397	$ 301	
A$ Denominated Fixed Purchased Puts:							
Ounces	91	88	49			228	$ (3,690)
Average price	$ 312	$ 318	$ 309	$	$	$ 314	
A$ Denominated Floating Purchased Puts:							
Ounces	16		207	69	287	579	$ (12,140)
Average price	$ 316	$	$ 332	$ 342	$ 344	$ 338	
Total:							
Ounces	316	291	461	169	307	1,544	$ (22,603)
Average Price	$ 299	$ 300	$ 312	$ 340	$ 347	$ 317	

Notes: *Fixed purchased put option contracts* provide the right, but not the obligation, to sell a specified number of ounces at a specified strike price and are accounted for as cash flow hedges. *Floating forward purchased put option contracts* provide for a variable gold lease rate component in the strike price. These options are accounted for as cash flow hedges. Variations in gold lease rates have historically not materially impacted on the actual realized price achieved on the contract. As such, these contracts have been statistically proven to qualify as highly effective cash flow hedges under FAS 133.

Gold Convertible Put Options and Other Instruments

Newmont had the following gold convertible put option contracts and other instruments outstanding at December 31, 2002:

Gold Convertible Put Options and Other Instruments:	Expected Maturity Date or Transaction Date						Fair Value
	2003	2004	2005	2006	Thereafter	Total/ Average	US$ (000)
(A$ Denominated)							
Floating Convertible Put Options:							
Ounces					1,131	1,131	$ (102,952)
Average price	$	$	$	$	$ 376	$ 376	
Knock-out/knock-in Contracts:							
Ounces	46	37	49			132	$ (6,794)
Average price	$ 311	$ 311	$ 311	$	$	$ 311	
Indexed Forward Contracts:							

Ounces			33	65	98	196	$ (15,740)
Average price	$	$	$ 305	$ 305	$ 305	$ 305	
Total:							
Ounces	46	37	82	65	1,229	1,459	$ (125,486)
Average price	$ 311	$ 311	$ 308	$ 305	$ 371	$ 361	

Notes: *Convertible put option contracts and other instruments* are composed of: a) Convertible option contracts that provide minimum price protection for covered ounces, while providing the opportunity to participate in higher market prices under certain market conditions, and are accounted for as cash flow hedges. (These contracts have a floating lease rate component. Variations in gold lease rates have historically not materially impacted on the actual realized price achieved on the contract. As such, these contracts have been statistically proven to qualify as highly effective cash flow hedges under FAS 133); b) *Knock-out/knock-in option contracts* are contingent sold call options that either terminate (or knock-out) and maintain upside gold price potential or

convert (or knock-in) to sold call options, depending on certain market conditions, and are marked to market, with the change reflected in income; and c) *Indexed forward contracts* that are potentially convertible to purchased put options, depending on the market gold price at set future value dates during the term of the contract, and are marked to market, with the change reflected in income.

Gold Sold Convertible Put Options

Newmont had the following gold convertible put option contracts and other instruments outstanding at December 31, 2002:

	Expected Maturity Date or Transaction Date						Fair Value
Gold Sold Convertible Put Options:	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**US$ (000)**
(A$ Denominated)							
Ounces		30	60	60	90	240	$ (14,295)
Average price	$	$ 331	$ 334	$ 337	$ 340	$ 337	

Notes: *Sold convertible put options* are contracts that commit Newmont to buy gold ounces under certain market conditions at a predetermined price on a specified future date. At December 31, 2002 Newmont had a sold gold convertible put position of 240,000 ounces. This position was originally overlaid with a bought convertible put position, however, the bought position was closed out during the year. As the contracts are to buy gold, they cannot be treated as cash flow hedges; they are therefore marked to market with the change reflected in income. The cash flow on the close out of this bought position was an outflow of $10.9 million.

Price-Capped Sales Contracts

Newmont had the following price-capped forward sales contracts outstanding at December 31, 2002:

	Expected Maturity Date or Transaction Date						
Price-capped contracts:	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**Fair Value US$ (000)**
(US$ Denominated)							
Ounces			500		1,850	2,350	n/a
Average price	$	$	$ 350	$	$ 384	$ 377	

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 spot prices. This instrument is marked to market at each period end, with the change reflected in income, and at December 31, 2002, the fair value was a negative $87.2 million.

Other Sales Contracts, Commodity and Derivative Instruments

Foreign Currency

In addition to the U.S., Newmont has operations in Australia, New Zealand, Peru, Indonesia, Canada, Uzbekistan, Bolivia and Turkey. To the extent that there are fluctuations in local currency exchange rates against the U.S. dollar, the devaluation of a local currency is generally economically neutral or beneficial to most operations since local salaries and supply contracts will decrease against the U.S. dollar based revenue stream. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the costs of gold production in U.S. dollar terms at mines located outside the United States, making such mines less profitable. Foreign currency exchange rate gains (losses) were $14.0 million, $(5.1) million and $(6.1) million for the years ended December 31, 2002, 2001 and 2000, respectively.

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Newmont acquired certain cross 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 to income of $8.5 million for the period from February 15, 2002 through December 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 December 31, 2002, they had a negative fair value of $21.9 million. At December 31, 2002, Newmont had the following foreign currency contracts outstanding. Prices for contracts denominated in A$ have been translated at the exchange rate at December 31, 2002 of US$0.56 per A$1.

	Expected Maturity Date or Transaction Date						
A$/US$ Currency Exchange Contracts:	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**Fair Value US$ (000)**
Notional Amounts US$ (000)	$ 45,390	$ 56,112	$ 30,700	$	$	$ 132,201	$ (21,924)
Average Exchange Rate (US$ per A$1) Average price	0.645	0.646	0.682			0.654	

Interest Rate Swap Contracts

In the Normandy transaction, Newmont acquired A$125 million of interest rate swap contracts covering a portion of its US$100 million, 7-year bonds. These contracts were closed out during the quarter ended June 30, 2002 for a net cash out-flow of $1 million. The contracts were accounted for on a mark-to-market basis until closed out, resulting in a gain of $0.4 million for the period from February 15, 2002 through December 31, 2002.

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 December 31, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. These transactions resulted in a reduction in interest expense of $5.9 million and $0.8 million for the years ended December 31, 2002 and 2001, respectively. These transactions have been designated as fair value hedges and had a positive fair value of $13.8 million at December 31, 2002 and a negative fair value of $0.6 million at December 31, 2001.

Fixed Rate Debt

Newmont has both fixed and variable rate debt. Without considering the specialized $145 million *Prepaid Forward Sales Obligation*, 93% and 90% of debt was fixed and 7% and 10% was variable at December 31, 2002 and 2001, respectively. The Company has managed some of its fixed rate debt exposure by entering into interest rate swaps (See *Interest Rate Swap Contracts* above). The Company s fixed rate debt exposure

at December 31, 2002 and 2001 is summarized as follows:

	2002	2001
	(in millions)	
Carrying value of fixed rate debt*	$ 976	$ 755
Fair value of fixed rate debt*	$ 1,075	$ 766
Pro forma fair value sensitivity of fixed rate debt of a +/-10 basis point interest rate change**	$ +/-3.7	$ +/-2.8

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* Excludes specialized and hybrid debt instruments for which it is not practicable to estimate fair values and pro forma fair values or sensitivities. These instruments include the Sale-Leaseback of the Refractory Ore Treatment Plant, Newmont Yandal 8 7/8% notes, Prepaid Forward Sales Obligation, Minera Yanacocha Trust Certificates and certain capital leases. The estimated fair value quoted above may or may not reflect the actual trading value of these instruments.

** The pro forma information assumes a +/-10 basis point change in market interest rates at December 31 of each year, and reflects the corresponding estimated change in the fair value of fixed rate debt outstanding at that date under that assumption. Actual changes in the timing and amount of interest rate variations may differ from the above assumptions.

Pension and Other Benefit Plans

Pension and other benefit plan costs can be impacted by actual results that differ from assumptions selected. These differences are reflected in financial results over future periods. Actual returns (losses) on pension assets were $(11.1), $0.9 and $(1.6) million in 2002, 2001 and 2000, respectively, compared to expected returns of $14.4, $15.5 and $16.7 million for the same periods. If the difference between expected returns and actual results falls outside certain limits, the difference will be amortized into future earnings on a straight-line basis over the average remaining working life of the participants (currently 12 years). Future amortization resulting from lower actual returns averages $0.8 million (after tax) per annum for the next several years. The following table provides details of the pension plans asset mix at December 31, 2002:

Asset Class	Actual Mix	Target Mix	Expected Rate Of Return	Standard Deviation or Volatility
U.S. Equity investments	44%	45%	9.5%	17.9%
International equity investments	20%	20%	10.7%	21.1%
Fixed income investments	34%	35%	6.6%	7.0%
Cash and cash equivalents	2%		4.3%	2.8%
			8.1%	14.9%

The Plan s Trustees evaluate the level of volatility within the total Trust and each of its component investments making appropriate inquiries to the plans investment advisors when prudent. Contributions to the pension plans were $12.3, $11.3 and $3.8 million in 2002, 2001 and 2000, respectively. Funding in 2003 is expected to be approximately $21.0 million.

If the 8% rate of return on plan assets would have been used instead of the 9.25% estimated at January 1, 2002, pension expense would have increased by $2.0 million in 2002.

A 0.25% reduction in the discount rate assumption (to 6.5%) would have increased pension expense by $1.0 million and other benefits expense $0.5 million for 2002 had such a rate been determined as the appropriate rate to use. Such a change would have no impact on future pension funding requirements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information concerning this item begins on page 100.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and the Stockholders of Newmont Mining Corporation:

In our opinion, the accompanying consolidated balance sheets and the related statements of consolidated operations and comprehensive income (loss), of changes in stockholders equity and of cash flows, present fairly, in all material respects, the financial position of Newmont Mining Corporation and its subsidiaries at December 31, 2002 and 2001 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Notes 2 and 22 to the consolidated financial statements, the Company changed its method of accounting for revenue recognition effective January 1, 2000 and its method of accounting for derivative instruments and hedging activities on January 1, 2001.

As described in Notes 2 and 22 to the consolidated financial statements, the Company changed its method of accounting for depreciation, depletion and mine development, effective January 1, 2002.

/s/ PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 26, 2003

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NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Years Ended December 31,		
	2002	2001	2000
	(in thousands, except per share)		
Sales and other income			
Sales gold	$ 2,566,833	$ 1,666,108	$ 1,819,005
Sales base metals, net	55,321		
Royalties	35,718	598	619
Gain (loss) on marketable securities of Lihir	47,298		(23,863)
Dividends, interest, foreign currency exchange and other income	39,837	7,387	9,662
	2,745,007	1,674,093	1,805,423
Costs and expenses			
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)			
Gold	1,580,347	1,117,930	1,097,970
Base metals	36,040		
Depreciation, depletion and amortization	505,598	301,563	320,697
Exploration and research	88,886	55,528	77,377
General and administrative	115,252	61,153	63,657
Interest, net of capitalized interest of $5,226, $10,633 and $5,534, respectively	129,565	98,080	106,120
Expenses for acquisition settlement			42,181
Write-down of long-lived assets	3,652	32,711	43,796
Merger and restructuring		60,510	6,897
Other	29,536	11,466	34,606
	2,488,876	1,738,941	1,793,301
Operating income (loss)	256,131	(64,848)	12,122
(Loss) gain on derivative instruments	(39,805)	1,797	26,796
Pre-tax income (loss) before minority interest, equity income (loss) of affiliates and cumulative effect of a change in accounting principle	216,326	(63,051)	38,918
Income tax (expense) benefit	(19,900)	59,268	(5,554)
Minority interest in income of subsidiaries	(97,442)	(65,374)	(92,814)
Equity income (loss) of affiliates	51,376	22,513	(17,690)
Net income (loss) before cumulative effect of a change in accounting principle	150,360	(46,644)	(77,140)
Cumulative effect of a change in accounting principle, net of tax of $4,147 and $5,833 in 2002 and 2000, respectively	7,701		(12,572)
Net income (loss)	158,061	(46,644)	(89,712)
Preferred stock dividends	(3,738)	(7,475)	(7,475)
Net income (loss) applicable to common shares	$ 154,323	$ (54,119)	$ (97,187)
Net income (loss)	$ 158,061	$ (46,644)	$ (89,712)
Other comprehensive (loss) income, net of tax	(54,578)	16,340	(526)
Comprehensive income (loss)	$ 103,483	$ (30,304)	$ (90,238)

Net income (loss) before cumulative effect of a change in accounting principle per common share, basic	$ 0.40	$ (0.28)	$ (0.45)
Cumulative effect of a change in accounting principle per common share, basic	0.02		(0.06)
Net income (loss) per common share, basic	$ 0.42	$ (0.28)	$ (0.51)
Net income (loss) before cumulative effect of a change in accounting principle per common share, diluted	$ 0.39	$ (0.28)	$ (0.45)
Cumulative effect of a change in accounting principle per common share, diluted	0.02		(0.06)
Net income (loss) per common share, diluted	$ 0.41	$ (0.28)	$ (0.51)
Basic weighted average common shares outstanding	370,940	195,059	192,218
Diluted weighted average common shares outstanding	372,975	195,059	192,218

The accompanying notes are an integral part of these statements.

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NEWMONT MINING CORPORATION

CONSOLIDATED BALANCE SHEETS

	At December 31,	
	2002	**2001**
	(in thousands, except shares and per share)	
ASSETS		
Cash and cash equivalents	$ 401,683	$ 149,431
Short-term investments	13,188	8,185
Accounts receivable	44,510	19,088
Inventories	169,324	135,957
Stockpiles and ore on leach pads	328,993	316,157
Prepaid taxes	28,335	29,229
Marketable securities of Lihir		66,918
Derivative instruments	4,575	
Deferred stripping costs	32,085	71,486
Deferred income tax assets	51,451	7,792
Other current assets	39,112	42,780
Current assets	1,113,256	847,023
Property, plant and mine development, net	2,317,880	1,930,249
Mineral interests and other intangible assets, net	1,415,348	176,998
Investments	1,133,352	543,324
Deferred stripping costs	23,302	20,145
Long-term stockpiles and ore on leach pads	199,761	117,692
Derivative instruments	3,022	
Deferred income tax assets	761,428	403,447
Other long-term assets	162,593	102,810
Goodwill	3,024,576	
Total assets	$ 10,154,518	$ 4,141,688
LIABILITIES		
Current portion of long-term debt	$ 115,322	$ 192,151
Accounts payable	105,277	80,884
Deferred income tax liabilities	28,469	32,919
Derivative instruments	74,999	
Other accrued liabilities	369,396	214,065
Current liabilities	693,463	520,019
Long-term debt	1,701,282	1,234,718
Reclamation and remediation liabilities	302,648	176,934
Deferred revenue from sale of future production	53,841	53,841
Derivative instruments	388,659	
Deferred income tax liabilities	656,452	140,800
Employee related benefits	219,991	159,542
Other long-term liabilities	364,376	93,220
Total liabilities	4,380,712	2,379,074
Commitments and contingencies (See Notes 11, 12, 25 and 26)		

Minority interest in affiliates	354,558	262,848
STOCKHOLDERS EQUITY		
Convertible preferred stock $5.00 par value; 2.3 million authorized and 2.3 million authorized and issued, respectively		11,500
Common stock $1.60 par value;		
Authorized 750 million and 250 million shares, respectively		
Issued and outstanding		
Common: 353.2 million and 196.3 million shares issued, less 9 thousand and 150 thousand treasury shares, respectively	565,019	313,881
Exchangeable: 55.9 million and 0.0 million shares, less 7.1 million and 0.0 million redeemed shares, respectively, zero par value		
Additional paid-in capital	5,038,468	1,458,369
Accumulated other comprehensive loss	(64,026)	(9,448)
Retained deficit	(120,213)	(274,536)
Total stockholders equity	5,419,248	1,499,766
Total liabilities and stockholders equity	$ 10,154,518	$ 4,141,688

The accompanying notes are an integral part of these statements.

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED CHANGES IN STOCKHOLDERS EQUITY

	Convertible Preferred	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings
	Amount	Shares	Amount	Capital	Income (Loss)	(Deficit)
			(in thousands)			
Balance at December 31, 1999	$ 11,500	191,541	$ 306,464	$ 1,436,366	$ (25,262)	$ (123,230)
Shares issued under retirement savings plans		408	825	9,547		
Shares issued under stock compensation plans		216	193	2,195		
Shares exchanged		263	420	(420)		
Shares issued for acquisition settlement		2,628	4,205	35,795		
Net loss						(89,712)
Common stock dividends				(20,165)		
Preferred stock dividends						(7,475)
Foreign currency translation adjustments					(1,792)	
Minimum pension liability adjustments					1,266	
Balance at December 31, 2000	11,500	195,056	312,107	1,463,318	(25,788)	(220,417)
Shares issued under retirement savings plans		401	640	6,918		
Shares issued under stock compensation plans		708	1,134	11,630		
Net loss						(46,644)
Common stock dividends				(23,497)		
Preferred stock dividends						(7,475)
Unrealized gain on marketable equity securities					18,290	
Foreign currency translation adjustments					(3,241)	
Minimum pension liability adjustments					453	
Cumulative effect of change in accounting method for derivative instruments					1,703	
Changes in fair value of cash flow hedge instruments					(865)	
Balance at December 31, 2001	11,500	196,165	313,881	1,458,369	(9,448)	(274,536)
Redemption of convertible preferred stock	(11,500)	4,413	7,060	6,306		
Shares issued under retirement savings plans		291	465	7,132		
Shares issued under stock compensation plans		4,117	6,522	64,032		
Common shares issued for acquisitions		141,166	225,867	2,456,630		
Exchangeable shares issued for acquisitions		55,874		1,061,730		
Options and warrants assumed for acquisitions				43,606		
Shares issued in exchange for exchangeable shares			11,224	(11,224)		
Net income						158,061
Common stock dividends				(48,113)		
Preferred stock dividends						(3,738)
Unrealized gain (loss) on marketable equity securities					(12,824)	
Foreign currency translation adjustments					3,622	
Minimum pension liability adjustments					(28,655)	
Changes in fair value of cash flow hedge instruments					(16,721)	
Balance at December 31, 2002	$	402,026	$ 565,019	$ 5,038,468	$ (64,026)	$ (120,213)

The accompanying notes are an integral part of these statements.

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NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED CASH FLOWS

	Years Ended December 31,		
	2002	**2001**	**2000**
		(in thousands)	
Operating Activities			
Net income (loss)	$ 158,061	$ (46,644)	$ (89,712)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	505,598	301,563	320,697
Amortization of deferred stripping costs, net	37,195	37,410	69,577
Deferred tax benefit	(100,291)	(91,487)	(64,886)
Foreign currency exchange loss	1,259	5,088	6,177
Minority interest, net of dividends	68,598	60,029	63,010
Undistributed (gains) losses of affiliated companies	(35,595)	(22,275)	17,690
(Gain) loss on marketable securities of Lihir	(47,298)		23,863
Stock issued for acquisition settlement			40,000
Write-down of long-lived assets	3,652	32,711	43,796
Write-down of stockpiles, ore on leach pads and inventories	44,439	25,105	32,117
Amortization of put option premiums			19,149
Cumulative effect of change in accounting principle, net	(7,701)		12,572
Noncash merger and restructuring expenses		14,667	
Gain on asset sales and other	(6,780)	(5,402)	(3,015)
Unrealized (gain) loss on derivative instruments	37,342	(1,797)	(26,796)
Other operating adjustments	(648)		
(Increase) decrease in operating assets:			
Accounts receivable	24,867	5,278	(8,337)
Stockpiles, ore on leach pads and inventories	(9,546)	35,547	(21,249)
Other assets	52,383	16,128	(20,256)
Increase (decrease) in operating liabilities:			
Accounts payable, deferred revenue and other accrued liabilities	(12,216)	(15,099)	57,013
Derivative instruments	(45,059)		
Other liabilities	2,048	18,848	62,857
Net cash provided by operating activities	670,308	369,670	534,267
Investing Activities			
Additions to property, plant and mine development	(300,057)	(389,964)	(387,437)
Proceeds from sale of short-term investments	404,447		
Proceeds from sale of marketable securities of Lihir	84,002		
Proceeds from sale of other investments and assets	11,654		
Proceeds from settlement of cross currency swaps	50,816		
Settlement of derivative instruments	(21,056)		
Advances to joint ventures and affiliates	(24,750)	(209)	(78,827)
Cash consideration for Normandy shares	(461,717)		
Cash received from acquisitions, net of transaction costs	371,417		(54,700)
Proceeds from asset sales and other	(2,646)	5,146	10,480
Net cash provided by (used in) investing activities	112,110	(385,027)	(510,484)
Financing Activities			
Proceeds from short-term debt			10,000
Repayments of short-term debt		(10,000)	

Proceeds from long-term debt	493,371	1,021,650	497,000
Repayments of long-term debt	(1,040,807)	(941,644)	(543,631)
Dividends paid on common and preferred stock	(49,982)	(30,972)	(27,640)
Decrease (increase) in restricted cash		40,000	(2,146)
Proceeds from stock issuances	67,346	7,516	2,113
Other	(3)	(1,464)	(1,078)
Net cash provided by (used in) financing activities	(530,075)	85,086	(65,382)
Effect of exchange rate changes on cash	(91)	2,144	(3,675)
Net change in cash and cash equivalents	252,252	71,873	(45,274)
Cash and cash equivalents at beginning of year	149,431	77,558	122,832
Cash and cash equivalents at end of year	$ 401,683	$ 149,431	$ 77,558

See Note 23 for supplemental cash flow information.

The accompanying notes are an integral part of these statements.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 THE COMPANY

Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company) predominantly operate in a single industry as a worldwide corporation engaged in gold production, exploration for gold, and acquisition of gold properties. Newmont also has base metal operations engaged in copper and zinc production, exploration operations engaged in greenfields exploration activities not associated with our existing operating and development properties and merchant banking operations. These consolidated financial statements give effect to the acquisitions discussed below.

On February 13, 2002, Newmont stockholders approved adoption of an Agreement and Plan of Merger that provided for a restructuring of Newmont to facilitate the February 2002 acquisitions (described in Note 3) and to create a flexible corporate structure. Newmont merged with an indirect, wholly-owned subsidiary that resulted in Newmont (or Old Newmont) becoming a direct, wholly-owned subsidiary of a newly formed holding company. The new holding company, previously a direct, wholly-owned subsidiary of Old Newmont, was renamed Newmont Mining Corporation. There was no impact to the Consolidated Financial Statements of Newmont as a result of this restructuring and former stockholders of Old Newmont became stockholders of the new holding company. Old Newmont was subsequently renamed Newmont USA Limited.

Operations

The Company s sales result from operations in the United States, Canada, Mexico, Peru, Bolivia, Australia, New Zealand, Indonesia, Uzbekistan and Turkey. Gold mining requires the use of specialized facilities and technology. The Company relies heavily on such facilities and technology to maintain its production levels. Also, the cash flow and profitability of the Company s current operations are significantly affected by the market price of gold and copper. These commodity prices can fluctuate widely and are affected by numerous factors beyond the Company s control.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Newmont Mining Corporation and the more-than-50%-owned subsidiaries that it controls. The Company also includes its pro-rata share of assets, liabilities and operations for unincorporated joint ventures and similar entities in which it has an interest. All significant intercompany balances and transactions have been eliminated. The functional currency for the majority of the Company s operations, including the Australian operations, is the U.S. dollar. The functional currency of the Canadian operations is the Canadian dollar. The results of operations of Normandy Mining Limited and Franco-Nevada Mining Corporation Limited have been included in the accompanying Consolidated Financial Statements from February 16, 2002 forward. See Note 3, Acquisitions and Mergers.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments with an original maturity of three months or less. Because of the short maturity of these investments, the carrying amounts approximate their fair value. Cash and cash equivalents are invested in United States Treasury bills and high-quality commercial paper and time deposits.

Investments

Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Held to maturity securities are stated at amortized cost, which approximates market, and include Euro, government and corporate obligations rated AA or higher. The Company had no investments classified as held to maturity at December 31, 2002 or 2001, respectively.

Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available for sale, along with any investments in equity securities. Securities classified as available for sale are marked to market at each period end. Changes in value on such securities are recorded, net of tax, as a component of *Other comprehensive income (loss), net of tax.* If declines in value are deemed other than temporary, losses are reflected in *Net income (loss).*

Investments in incorporated entities in which the Company s ownership is greater than 20% and less than 50%, or which the Company does not control, are accounted for by the equity method and are included in long-term assets. The Company periodically reviews its equity method investments to determine whether a decline in fair value below the carrying amount is other than temporary. In making this determination, the Company considers a number of factors related to the financial condition and prospects of the investee including (i) a decline in the stock price or valuation of the equity investee for an extended period of time, (ii) an inability to recover the carrying amount of the investment or inability of the equity investee to sustain an earnings capacity which would justify the carrying amount of the investment, and (iii) the period of time over which the Company intends to hold the investment. If the decline in fair value is deemed to be other than temporary, the carrying value is written down to fair value. In situations where the fair value of an investment is not evident due to a lack of a public market price or other factors, the Company uses its best estimates and assumptions to arrive at the estimated fair value of such investment, based on future cash flows of the equity investee and other relevant factors. The Company s assessment of the foregoing factors involves a high degree of judgment, and accordingly, actual results may differ materially from the Company s estimates and judgments. The Company s share of the *Other comprehensive income (loss)* of its equity method investees is included in the Company s consolidated *Other comprehensive income (loss).* Additional information concerning the Company s equity method investments is included in Note 9, Investments and Equity Income (Loss) of Affiliates.

Stockpiles, Ore on Leach Pads and Inventories

As described below, costs that are incurred in or benefit the productive process are accumulated as stockpiles, ore on leach pads and inventories. Stockpiles, ore on leach pads and inventories are carried at the lower of average cost or net realizable value. Net realizable value represents the estimated future sales price of the product based on prevailing and long-term metals prices, less the estimated costs to complete production and bring the product to sale. Write-downs of stockpiles, ore on leach pads and inventories resulting from net realizable value impairments are reported as a component of cost applicable to sales. The current portion of stockpiles, ore on leach pads and inventories is determined based on the expected amounts to be processed within the next twelve months. Stockpiles, ore on leach pads and inventories not expected to be processed within the next twelve months are classified as long-term. The major classifications are as follows:

Stockpiles

Stockpiles represent coarse ore that has been extracted from the mine and is available for further processing. Stockpiles are measured by estimating the number of tons (via truck counts and/or in-pit surveys of the ore before stockpiling) added and removed from the stockpile, the number of contained ounces (based on assay data) and the recovery percentage (based on the process for which the ore is destined). Stockpile tonnages are verified by periodic surveys. Stockpiles are valued based on mining costs incurred up to the point of stockpiling the ore, including applicable depreciation, depletion and amortization relating to mining operations. Costs are added to a

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

stockpile based on the current mining cost per ton and removed at the average cost per recoverable ounce of gold in the stockpile.

Ore on Leach Pads

The recovery of gold from certain oxide ores is best achieved through the heap leaching process. Under this method, ore is placed on leach pads where it is permeated with a chemical solution, which dissolves the gold contained in the ore. The resulting pregnant solution, which is included in in-process inventory, is further processed in a process plant where the gold is recovered. For accounting purposes, costs are added to leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from the leach pad as ounces are recovered in circuit at the leach plant based on the average cost per recoverable ounce of gold on the leach pad.

The engineering estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on the leach process and ore type). In general, the leach pad production cycles project recoveries of approximately 50% to 70% of the placed recoverable ounces in the first year of leaching, declining each year thereafter until the leaching process is complete.

Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Historically, the Company s operating results have not been materially impacted by variations between the estimated and actual recoverable quantities of gold on its leach pads. At December 31, 2002, the weighted average cost per recoverable ounce of gold on leach pads was $135 per ounce. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from a pad will not be known until the leaching process is concluded. Based on current mine plans, the Company expects to place the last ton of ore on its current leach pads at dates ranging from 2005 to 2015. Including the estimated time required for residual leaching, rinsing and reclamation activities, the Company expects that its leaching operations will terminate within approximately ten years following the date that the last ton of ore is placed on the leach pad.

The current portion of ore on leach pads is determined based on engineering estimates of the quantities of gold at the balance sheet date that are expected to be recovered during the next twelve months.

In-process Inventory

In-process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries of the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mines, stockpiles or leach pads plus the in-process conversion costs, including applicable depreciation relating to the process facilities, incurred to that point in the process.

Precious Metals Inventory

Precious metals inventories include gold doré and/or gold bullion. Precious metals that are received as in kind payments of royalties are valued at fair value on the date title is transferred to the Company. Precious metals

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

that result from the Company s mining and processing activities are valued at the average cost of the respective in-process inventories incurred prior to the refining process, plus applicable refining costs.

Property, Plant and Mine Development

Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and depreciated using the straight-line method at rates sufficient to depreciate such costs over the estimated productive lives of such facilities. Productive lives range from 2 to 21 years, but do not exceed the related estimated mine life based on proven and probable reserves.

Mineral exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs incurred prospectively to develop the property are capitalized as incurred and are amortized using the units-of-production (UOP) method over the estimated life of the ore body based on estimated recoverable ounces mined from proven and probable reserves. At the Company s surface mines, these costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. At the Company s underground mines, these costs include the cost of building access ways, shaft sinking and access, lateral development, drift development, ramps and infrastructure development.

Major development costs incurred after the commencement of production are amortized using the UOP method based on estimated recoverable ounces mined from proven and probable reserves. To the extent that these costs benefit the entire ore body, they are amortized over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortized over the estimated life of that specific ore area.

Ongoing development expenditures to maintain production are charged to operations as incurred.

During the third quarter of 2002, Newmont changed its accounting policy, retroactive to January 1, 2002, with respect to 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.

Interest expense allocable to the cost of developing mining properties and to constructing new facilities is capitalized until assets are ready for their intended use.

Mineral Interests and Other Intangible Assets

Mineral interests and other intangible assets include acquired mineral use rights and royalty interests in *production, development* and *exploration stage* properties. The amount capitalized related to a mineral or royalty interest represents its fair value at the time it was acquired, either as an individual asset purchase or as a part of a business combination.

Mineral Interests

Intangible assets related to mineral interests represent mineral use rights for parcels of land not owned by the Company. The Company s intangible assets represent mineral use rights related to *production, development*

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

or *exploration stage* properties, and the value of such intangible assets is primarily driven by the nature and amount of mineral interests believed to be contained, or potentially contained, in such properties. *Production stage* mineral interests represent interests in operating properties that contain proven and probable reserves. *Development stage* mineral interests represent interests in properties under development that contain proven and probable reserves. *Exploration stage* mineral interests represent interests in properties that are believed to potentially contain (i) *other mineralized material* such as inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; and inferred material in close proximity to proven and probable reserves; (ii) *around-mine exploration potential* such as inferred material not immediately adjacent to existing reserves and mineralization but located within the immediate mine infrastructure; (iii) *other mine-related exploration potential* that is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area; or (iv) *greenfields exploration potential* that is not associated with any other *production*, *development or exploration stage* property, as described above. The Company s mineral use rights generally are enforceable regardless of whether proven and probable reserves have been established. In certain limited situations, the nature of a use right changes from an exploration right to a mining right upon the establishment of proven and probable reserves. The Company has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proven and probable reserves and/or undeveloped mineral interests.

Royalty Interests

Newmont s royalty interests are generally in the form of a net smelter return (NSR) royalty, which provides for the payment either in cash or physical metal (in kind) of a specified percentage of production from parcels of land not owned by the Company, less certain specified transportation and refining costs. In some cases, Newmont owns a net profit interest (NPI) pursuant to which Newmont is entitled to a specified percentage of the net profits, as defined in each case, from a particular mining operation not owned by the Company. The majority of NSR royalty revenue and NPI revenue can be received in kind (generally in the form of gold bullion) at the option of Newmont. As detailed further in Note 8, Mineral Interests and Other Intangible Assets, the Company owns royalty interests in *production*, *development* and *exploration stage* properties.

Amortization

Intangible assets associated with *production stage* mineral and royalty interests are amortized over the life of mine using the UOP method in order to match the amortization with the expected underlying future cash flows. Intangible assets associated with *development stage* mineral and royalty interests are not amortized until such time as the underlying property is converted to the *production stage.* With respect to intangible assets associated with *exploration stage* mineral interest*s*, (i) the excess of the carrying value over the residual value of intangible assets related to *other mineralized material*, *around-mine exploration* and *other mine-related exploration potential* is amortized on a straight-line basis over the period that the Company expects to convert, develop or further explore the underlying properties (which period is generally equal to the applicable life of mine), and (ii) the excess of the carrying value over the residual value of intangible assets related to *greenfields exploration potential* is amortized on a straight-line basis over the three- to five-year period in which Newmont expects to complete its exploration process. Intangible assets associated with *exploration stage* royalty interests are amortized on a straight-line basis over a ten-year life that is intended to represent the estimated weighted average period that the underlying properties will be converted, developed or further explored.

Residual values for *exploration stage* mineral interests represent the expected fair value of the interests at the time the Company plans to convert, develop, further explore or dispose of the interests. The residual values range from zero to 90% of the gross carrying value of the respective *exploration stage* mineral interests. Residual values are determined for each individual property based on the fair value of the *exploration stage* mineral interest, and the nature of, and the Company s relative confidence in, the mineralized material believed to be

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

contained, or potentially contained, in the underlying property. Such values are based on (i) discounted cash flow analyses for those properties characterized as *other mineralized material* and *around-mine exploration potential*, and (ii) recent transactions involving similar properties for those properties characterized as *other mine-related exploration potential* and *greenfields exploration potential*. Based on its knowledge of the secondary market that exists for the purchase and sale of mineral properties, the Company believes that both methods result in a residual value that is representative of the amount that the Company could expect to receive if the property were sold to a third party. When an *exploration stage* mineral interest is converted to a *development* or *production stage* mineral interest, the residual value is reduced to zero for purposes of calculating UOP amortization. Residual values are assumed to be zero for the Company s royalty interests.

The expected useful lives and residual values used in amortization calculations are determined based on the facts and circumstances associated with each individual mineral or royalty interest. The useful lives used to amortize *production stage* mineral and royalty interests range from 3 to 35 years, and the useful lives used to amortize *exploration stage* mineral and royalty interests range from 3 to 35 years.

The Company evaluates the remaining amortization period for each individual mineral interest on a quarterly basis. Residual values are evaluated on at least an annual basis. Any changes in estimates of useful lives and residual values are accounted for prospectively from the date of the change in accordance with Accounting Principles Board (APB) Opinion No. 20 Accounting Changes.

For additional disclosures concerning the Company s intangible assets, see Note 8, Mineral Interests and Other Intangible Assets.

Asset Impairment

Long-lived Assets

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals**,** expected gold and other commodity prices (considering current and historical prices, price trends and related factors), production levels, cash costs of production, capital and reclamation costs, all based on detailed engineering life-of-mine plans. The term recoverable minerals refers to the estimated amount of gold and other commodities that will be obtained from proven and probable reserves and all related *exploration stage* mineral interests (except for *other mine-related exploration potential* and *greenfields exploration potential* discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related *exploration stage* mineral interests will be risk adjusted based on management s relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. With the exception of *other mine-related exploration potential* and *greenfields exploration potential*, all assets at a particular operation are considered together for purposes of estimating future cash flows. In the case of mineral interests associated with *other mine-related exploration potential* and *greenfields exploration potential*, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties.

Assumptions underlying future cash flow estimates are subject to risks and uncertainties.

Goodwill

The Company evaluates, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

accomplish this, the Company compares the fair value of its reporting units to their carrying amounts. If the carrying value of a reporting unit were to exceed its fair value, the Company would perform the second step of the impairment test. In the second step, the Company would compare the implied fair value of the reporting unit s goodwill to its carrying amount and any excess of the carrying value over the fair value would be charged to operations. Assumptions underlying fair value estimates are subject to risks and uncertainties.

Revenue Recognition

The Company changed its accounting method for revenue recognition in the fourth quarter of 2000, effective January 1, 2000, in accordance with the U.S. Securities and Exchange Commission Staff Accounting Bulletin No. 101, such that revenue is recognized when the price is determinable and upon delivery and transfer of title of gold to the customer. Previously, revenue was recognized when the production process was complete or when gold was poured in doré form at the mine.

Revenues from silver sales are credited to costs applicable to sales as a by-product credit.

Royalty revenue received in kind (generally in the form of gold bullion) is recognized based on the fair value on the date that title is transferred to the Company.

Deferred Stripping Costs

In general, mining costs are charged to *Costs applicable to sales* as incurred. However, at open-pit mines, which have diverse grades and waste-to-ore ratios over the mine life, the Company defers and amortizes certain mining costs on a units-of-production basis over the life of the mine. These mining costs, which are commonly referred to as deferred stripping costs, are incurred in mining activities that are normally associated with the removal of waste rock. The deferred stripping accounting method is generally accepted in the mining industry where mining operations have diverse grades and waste-to-ore ratios; however industry practice does vary. Deferred stripping matches the costs of production with the sale of such production at the Company s operations where it is employed, by assigning each ounce of gold with an equivalent amount of waste removal cost. If the Company were to expense stripping costs as incurred, there could be greater volatility in the Company s period-to-period results of operations.

At the Company s gold mining operations, deferred stripping costs are charged to *Costs applicable to sales* as gold is produced and sold using the UOP method based on estimated recoverable ounces of proven and probable gold reserves, using a stripping ratio calculated as the ratio of total tons to be moved to total proven and probable ore reserves, which results in the recognition of the costs of waste removal activities over the life of the mine as gold is produced (see Note 29 for more information). The application of the deferred stripping accounting method generally results in an asset on the *Consolidated Balance Sheets (Deferred stripping costs),* although a liability will arise the actual stripping ratio incurred

to date is less than the expected waste to ore ratio over the life of the mine.

The average remaining life of the open-pit mine operations where the Company defers mining costs is five years, which represents the average time period over which the deferred stripping costs will be amortized. The amortization of deferred stripping costs is reflected in the income statement over the remaining life of the open-pit mine operations so that no unamortized balance remains at mine closure. Cash flows from the Company s individual mining operations are reviewed regularly, and at least annually, for the purpose of assessing whether any write downs to the deferred stripping cost balances are required.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Newmont has classified these costs as *Deferred stripping costs* on the *Consolidated Balance Sheets.* Total deferred stripping costs as of December 31, 2002 and 2001 were $55.4 million and $91.6 million, respectively, including current portions of $32.1 million and $71.5 million, respectively. Additions to deferred stripping costs are included as a component of *Amortization of deferred stripping costs, net* in *Operating activities* in the *Statements of Consolidated Cash Flows.* Net additions to deferred stripping costs for the years ended as of December 31, 2002, 2001 and 2000 were $37.2 million, $37.4 million and $69.6 million, respectively.

Reclamation and Remediation Costs

Estimated future reclamation costs are based principally on legal and regulatory requirements. Such costs related to active mines are accrued and charged over the expected operating lives of the mines using the UOP method based on proven and probable reserves. Future remediation costs for inactive mines are accrued based on management s best estimate at the end of each period of the undiscounted costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised.

In August 2001, the FASB issued SFAS No. 143 Accounting for Asset Retirement Obligations, which established a uniform methodology for accounting for estimated reclamation and abandonment costs. The statement will be adopted January 1, 2003, when the Company will record the estimated present value of reclamation liabilities and increase the carrying amount of the related asset. Subsequently, the reclamation costs will be allocated to expense over the life of the related assets and will be adjusted for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate. Please refer to Recent Accounting Pronouncements later in this note for more information.

Income and Mining Taxes

The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company s liabilities and assets and the related income tax basis for such liabilities and assets. This method generates a net deferred income tax liability or net deferred income tax asset for the Company as of the end of the year, as measured by the statutory tax rates in effect as enacted. The Company derives its deferred income tax charge or benefit by recording the change in the net deferred income tax liability or net deferred income tax asset balance for the year. Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes as such taxes are based on a percentage of mining profits. With respect to the earnings that the Company derives from the operations of its consolidated subsidiaries, in those situations where the earnings are indefinitely reinvested, no deferred taxes have been provided on the unremitted earnings (including the excess of the carrying value of the net equity of such entities for financial reporting purposes over the tax basis of such equity) of these consolidated companies.

The Company s deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets when it believes, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

Foreign Currency

The functional currency for the majority of the Company s operations, including the Australian operations, is the U.S. dollar. The functional currency of the Canadian operations is the Canadian dollar. All assets and liabilities recorded in functional currencies other than U.S. dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to *Accumulated other comprehensive income (loss)* in

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stockholders equity. Revenues and expenses in foreign currencies are translated at the weighted average exchange rates for the period. All realized and unrealized transaction gains and losses are included in income in *Dividends, interest, foreign currency exchange and other income.* References to A$ refers to Australian currency, CDN$ to Canadian currency and $ or US$ to United States currency.

Sales Contracts, Commodity and Derivative Instruments

Derivative contracts qualifying as normal purchases and sales are accounted for under deferral accounting. Gains and losses arising from changes in the fair value of the contracts before the contracts designated delivery date are not recorded, and the contract price is recognized in *Sales* following settlement of the contract by physical delivery of production to the counterparty at contract maturity.

The fair values of derivative contracts qualifying as cash flow hedges are reflected as assets or liabilities in the balance sheet. To the extent these hedges are effective in offsetting forecasted cash flows from the sale of production (the effective portion), changes in fair value are deferred in *Accumulated other comprehensive income (loss)* (OCI). Amounts deferred in OCI are reclassified to *Sales* when the underlying production is sold. The ineffective portion of the change in the fair value of the derivative is recorded in *Gain (loss) on derivative instruments* in each period.

When derivative contracts qualifying as cash flow hedges are settled, accelerated or restructured before the maturity date of the contracts, the accumulated OCI at the settlement date is deferred and reclassified to *Sales* when the originally designated underlying production is sold.

The fair values of derivative contracts qualifying as fair value hedges are reflected as assets or liabilities in the balance sheet. Changes in fair value are recorded in income in each period, consistent with recording changes to the mark-to-market value of the underlying hedged asset or liability in income. Changes in the mark-to-market value of interest rate swaps utilized by the Company to reduce interest rate risks are recognized as a component of *Interest, net of capitalized interest*.

The fair value of all derivative contracts that do not qualify as hedges are reflected as assets or liabilities, with the change in fair value recorded in *Gain (loss) on derivative instruments*, except for changes in fair value of foreign currency exchange contracts, which are recorded in *Dividends, interest, foreign currency exchange and other income*.

Effective January 1, 2001, the Company adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which requires recognition of all derivative instruments on the balance sheet as either assets or liabilities and measurement at fair value. Changes in the derivative s fair value are required to be recognized currently in earnings unless specific hedge accounting criteria are met. Gains and losses on derivative hedging instruments must be recorded in either *Other comprehensive income (loss), net of tax* or *Net income (loss)*, depending on the nature of the instrument. The Company made no substantive changes to its risk management strategy as a result of adopting SFAS No. 133. Derivative documentation policies were revised as necessary to comply with the new standard.

Earnings Per Common Share

Basic and diluted earnings or (loss) per share are presented for *Net income (loss)* and, if applicable, for *Net income (loss) before the cumulative effect of a change in accounting principle*. Basic earnings or (loss) per share is computed by dividing *Net income (loss)* by the weighted-average number of outstanding common shares for

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the period, including the Newmont exchangeable shares (see Note 3). Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts, which may require the issuance of common shares in the future, were converted. Diluted earnings per share is computed by increasing the weighted-average number of outstanding common shares to include the additional common shares that would be outstanding after conversion and adjusting net income for changes that would result from the conversion. Only those securities or other contracts that result in a reduction in earnings per share are included in the calculation.

Comprehensive Income

In addition to net income, comprehensive income includes all changes in equity during a period, such as adjustments to minimum pension liabilities, foreign currency translation adjustments, the effective portion of changes in fair value of derivative instruments that qualify as cash flow hedges and cumulative unrecognized changes in fair value of marketable securities held for sale or other investments, except those resulting from investments by and distributions to owners.

Use of Estimates

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 Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting 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 pad inventories; asset impairments (including impairments of goodwill, long-lived assets, and investments); write-downs of inventory to net realizable value; postemployment, postretirement 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.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) Nos. 141 and 142, Business Combinations and Goodwill and Other Intangible Assets, respectively. Upon adoption as required on January 1, 2002, the Company reclassified $177.0 million of mineral interest intangible assets, as defined by SFAS 142, from *Property, plant and mine development, net* to *Mineral interests and other intangible assets, net*. The Company now amortizes the carrying values of intangible assets taking into account residual values, over their useful lives. As discussed in Note 3, the 2002 acquisitions of Normandy and Franco-Nevada were accounted for as purchases under SFAS 141 and a significant portion of the $4.3 billion purchase price represents goodwill, resulting from the excess of the

purchase price over the fair value of net assets acquired. Such goodwill will not be amortized, but will be subject to impairment testing at least annually, as required by SFAS 142.

In August 2001, the FASB issued SFAS No. 143 Accounting for Asset Retirement Obligations, which established uniform methodology for accounting for estimated reclamation and abandonment costs. The statement was adopted as required on January 1, 2003, when Newmont recorded the estimated fair value of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

reclamation liabilities (asset retirement obligation or ARO) and increased the carrying amount of the related assets (asset retirement cost or ARC) to be retired in the future. The ARC will be depreciated over the life of the related assets and will be adjusted for changes resulting from revisions to either the timing or amount of the original ARO fair value estimate. Newmont expects to record approximately $60 to $75 million in the ARC, net, increases of approximately $110 million to $135 million to the ARO, increases of approximately $1 million to $3 million to accrued liabilities for worker participation bonuses in Peru, increases to deferred tax assets of approximately $10 million to $14 million, a reduction to Newmont s investment in Batu Hijau of approximately $3 million to $9 million, and a reduction in minority interest in subsidiaries of approximately $14 million to $18 million, at January 1, 2003, with a cumulative effect of adoption of approximately $30 million to $40 million to be recorded in results of operations in the first quarter of 2003.

In August 2001, the FASB issued SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets, which established a single accounting model, based on the framework of SFAS No. 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of , for long-lived assets to be disposed of by sale. The statement was adopted January 1, 2002 and there was no impact in the Company s financial position or results of operations upon adoption.

In May 2002, the FASB issued SFAS No. 145 Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. The statement nullified SFAS 4, SFAS 44 and SFAS 64 and established that gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30 Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The Statement also amends SFAS Statement No. 13 Accounting for Leases to require sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions and makes technical corrections to various other FASB statements. For the provisions of the statement relating to the extinguishment of debt, SFAS 145 is effective for fiscal years beginning after May 15, 2002. The provisions relating to SFAS 13 are effective for transactions occurring after May 15, 2002, and all other provisions are effective for financial statements issued on or after May 15, 2002. There was no impact in the Company s financial position or results of operations upon adoption.

In June 2002, the FASB issued SFAS No. 146 Accounting for Costs Associated with Exit or Disposal Activities which addressed financial accounting and reporting for costs associated with exit or disposal activities. It nullified Emerging Issues Task Force (EITF) Issue No. 94-3 Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of an entity s commitment to an exit plan as was required under EITF No. 94-3. SFAS 146 also establishes that fair value is the objective for initial measurement of the liability. SFAS 146 is effective for exit or disposal activities initiated after December 31, 2002, and we are currently evaluating the impact on the Company s financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148 Accounting for Stock-Based Compensation Transition and Disclosure to provide alternative methods for voluntary transition to the fair value based method of accounting for stock based compensation. SFAS 148 also amends the disclosure provisions of SFAS No. 123 Accounting for Stock-Based Compensation to require prominent disclosure about the effects on reported net income of an entity s accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends APB Opinion No. 28 Interim Financial Reporting, to require disclosure about those effects in interim financial information. SFAS 148 is effective for fiscal years ending after December 15, 2002.

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In November 2002, the FASB issued FIN 45 Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements 5, 57, 107 and Rescission of FASB Interpretation No. 34. FIN 45 requires recognition and measurement of guarantees entered into or modified beginning on January 1, 2003 and requires expanded disclosure of guarantees as of December 31, 2002. The Company has conformed its disclosures with respect to guarantees outstanding at December 31, 2002 to the requirements of FIN 45.

In January 2003, the FASB issued FIN 46 Consolidation of Variable Interest Entities , which provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights. FIN 46 impacts accounting for variable interest entities created after January 31, 2003 and requires expanded disclosure of variable interest entities for financial statement issued after January 31, 2003. The Company has determined that there will be no impact on its financial position and results of operations upon adoption.

Reclassifications

Certain amounts in prior years have been reclassified to conform to the 2002 presentation, including the *Gain (loss) on marketable securities of Lihir* in the year 2000 on the face of the *Statements of Consolidated Operations and Comprehensive Income (Loss).*

NOTE 3 ACQUISITIONS AND MERGERS

On February 16, 2002, pursuant to a Canadian Plan of Arrangement, Newmont acquired 100% of Franco-Nevada Mining Corporation Limited (Franco-Nevada) in a stock-for-stock transaction in which Franco-Nevada common stockholders received 0.8 of a share of Newmont common stock, or 0.8 of a Canadian exchangeable share (exchangeable for Newmont common), for each common share of Franco-Nevada. The exchangeable shares are substantially equivalent to Newmont common shares. On February 20, 2002, Newmont obtained control of Normandy through a tender offer for all of the ordinary shares of Normandy Mining Limited (Normandy). For accounting purposes, the effective date of the Normandy acquisition was the close of business on February 15, 2002, when Newmont received an irrevocable tender from shareholders for more than 50% of the outstanding shares of Normandy. Accordingly, the results of operations of Normandy and Franco-Nevada have been included in the accompanying financial statements from February 16, 2002 forward. On February 26, 2002, when the tender offer for Normandy expired, Newmont controlled more than 96% of Normandy s outstanding shares. Newmont exercised its rights to acquire the remaining shares of Normandy in April 2002. Consideration paid for Normandy included 3.85 shares of Newmont common stock for every 100 ordinary shares of Normandy (including ordinary shares represented by American depository receipts) plus A$0.50 per Normandy share, or the U.S. dollar equivalent of that amount for Normandy stockholders outside Australia.

Normandy was Australia s largest gold company with interests in 16 development-stage or operating mining properties worldwide. Franco-Nevada was the world s leading precious minerals royalty company and had interests in other investments in the Mining Industry. Following the February 2002 acquisitions, Normandy was renamed Newmont Australia Limited and Franco-Nevada was renamed Newmont Mining Corporation of Canada Limited.

The purchase price for these acquisitions totaled $4.3 billion, composed of 197.0 million Newmont shares (or share equivalents), $461.7 million in cash and approximately $90.3 million of direct costs. The value of Newmont shares (or share equivalents) was $19.01 per share based on the average market price of the shares over the two-day period before and after January 2, 2002, the last trading day before the final and revised terms for the Normandy and Franco-Nevada acquisitions were announced.

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The combination of Newmont, Normandy and Franco-Nevada was designed to create a platform for rational growth and for delivering superior returns to shareholders. With a larger global operating base, a broad and balanced portfolio of development projects and a stable income stream from mineral royalties and investments, the combined company will have opportunities to optimize returns, realize synergies through rationalization of corporate overhead and exploration programs, realize operating efficiencies, reduce operating and procurement costs and reduce interest expense and income taxes. The acquisitions resulted in approximately $3.0 billion of goodwill primarily related to the merchant banking business, the combined global exploration programs and expertise, and the synergies discussed above.

The acquisitions were accounted for using the purchase method of accounting whereby indentifiable assets acquired and liabilities assumed were recorded at their fair market values as of the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill. In accordance with SFAS No. 142 Goodwill and Other Intangible Assets, goodwill was assigned to specific reporting units. In conjunction with the preparation of the Consolidated Financial Statements for 2002, the Company finalized the purchase price allocation for the Normandy and Franco-Nevada acquisitions.

The following reflects the final purchase price allocation for the acquisition of 100% of Normandy (in millions, except per share data):

Shares of Newmont common stock issued to Normandy stockholders, including shares attributable to Franco-Nevada s 19.8% investment in Normandy	86.5
Value of Newmont stock per share	$ 19.01
Fair value of Newmont common stock issued	$ 1,644.2
Plus Cash consideration of A$0.50 per share	461.7
Plus Fair value of Normandy stock options cancelled by Newmont	5.9
Plus Estimated direct acquisition costs incurred by Newmont	61.3
Total Purchase Price	2,173.1
Plus Fair value of liabilities assumed by Newmont:	
Current liabilities, excluding accrued acquisition costs and settlement of stock options	191.6
Long-term debt, including current portion	913.7
Derivative instrument liabilities	422.8
Deferred tax liabilities	400.6
Other long-term liabilities	373.7
Minority interests acquired	33.8
Less Fair value of assets acquired by Newmont:	
Current assets	(350.0)
Property, plant and equipment	(493.1)
Intangible assets	
Production stage mineral interests	(340.4)
Development stage mineral interests	(92.8)
Exploration stage mineral interests	(589.3)
Other intangible assets	(12.9)
Equity investments in mining operations	(222.1)
Deferred tax assets	(308.5)

Other long-term assets	(205.9)
Residual purchase price allocated to goodwill	$ 1,894.3

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following reflects the final purchase price allocation for the acquisition of 100% of Franco-Nevada (in millions, except per share data):

Shares of Newmont common stock (or equivalents) issued to Franco-Nevada stockholders, excluding shares attributable to Franco-Nevada s 19.8% investment in Normandy	110.5
Value of Newmont stock per share	$ 19.01
Fair value of Newmont common stock issued	$ 2,101.6
Plus Fair value of Franco-Nevada options assumed by Newmont	30.3
Plus Fair value of Franco-Nevada warrants assumed by Newmont	13.3
Plus Estimated direct acquisition costs incurred by Newmont	29.0
Total Purchase Price	2,174.2
Plus Fair value of liabilities assumed by Newmont:	
Current liabilities, excluding accrual of acquisition costs	16.5
Deferred tax liability	101.3
Other liabilities	121.4
Less Fair value of assets acquired by Newmont:	
Current assets	(704.3)
Intangible mining royalty interests	(351.4)
Investments in affiliated companies and other (excluding the 19.8% interest in Normandy)	(227.4)
Residual purchase price allocated to goodwill	$ 1,130.3

The purchase price allocation was completed based upon independent appraisals performed by Behre Dolbear and Company, Inc., a mineral industry consulting firm (Behre Dolbear), and the acquired assets and assumed liabilities of Normandy and Franco-Nevada were recorded at fair market value.

Normandy

Significant elements of the final Normandy allocation are as follows: (i) property, plant and equipment was adjusted to estimated fair value based on the replacement cost of land, buildings and equipment; (ii) intangible assets associated with mineral and royalty interests were adjusted to fair value based on estimated future cash flows or recent transactions involving sales of similar properties, depending on the nature of the underlying property, as further described below; and (iii) other long-term liabilities have been adjusted to the fair value of reclamation and remediation liabilities.

With the exception of intangible assets associated with interests in certain *exploration stage* properties that are characterized as having *other mine-related exploration potential* and *greenfields exploration potential*, intangible assets associated with mineral and royalty interests were

valued based on future estimated discounted cash flows. Such estimated future cash flows were based on the estimated quantities to be produced at each site, the estimated costs, timing and capital expenditures associated with such production, discount rates that were risk adjusted based on site and country specific risk factors, and the Company s long-term expectations of commodity prices (including an expectation that a long-term price of $300 would be realized for each ounce of gold produced) and foreign currency exchange rates at the date of acquisition. The estimated quantities to be produced from applicable categories of *exploration stage* mineral interests were risk adjusted based on the judgment of the Company and Behre Dolbear, taking into account experience, geology and historical conversion rates for each individual property. The interests in properties having *mine-related exploration potential* and *greenfields exploration potential* were valued based on recent transactions involving sales of similar properties**.**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value assigned to property, plant and equipment and reclamation and remediation liabilities increased by $57.2 million and $39.9 million, respectively, between the preliminary and final purchase price allocation. Between the preliminary and final purchase price allocation, the fair value assigned to intangible assets decreased by $302.8 million and $52.0 million, respectively. The residual purchase price allocated to goodwill increased by $493.9 million from the preliminary purchase price allocation to $1,894.3 million in the final purchase price allocation.

Franco-Nevada

Significant elements in the final Franco-Nevada allocation are as follows: (i) intangible assets associated with royalty interests were adjusted to estimated fair value based on the estimated discounted cash flows of the underlying royalties; and (ii) investments in affiliated companies were adjusted to fair value based on valuations performed by Behre Dolbear.

The fair value assigned to royalty properties decreased by $52.8 million between the preliminary and final purchase price allocation, offset by a $119.4 million increase in fair value assigned to the investments in affiliated companies. The residual purchase price allocated to goodwill decreased by $38.2 million from the preliminary purchase price allocation to $1,130.3 million in the final purchase price allocation.

As part of the purchase of Normandy and Franco-Nevada in 2002, Newmont also acquired identifiable intangible assets of $12.9 million, primarily for an exploration statistical database.

Newmont has allocated the goodwill arising from the Normandy and Franco-Nevada acquisitions primarily to the merchant banking and exploration reporting units based on the valuations of those businesses and to specific mine site reporting units based on the mine specific synergies arising from the combination of Newmont, Normandy and Franco-Nevada that are expected to be realized in the future. The assignment of goodwill to the Merchant Banking Segment was based on the assumption that, following the acquisition, the Merchant Banking Segment would continue to earn long-term returns consistent with the historical returns on capital earned by Franco-Nevada during the eleven years prior to the acquisition. It was further assumed that the Merchant Banking Segment, which is led by former senior executives of Franco-Nevada, would seek to earn such returns from various transactions such as mergers, acquisitions, joint ventures, investments in royalty interests, the disposal of interests in mining projects and other investing and financing related transactions. The assignment of goodwill to the Exploration Segment was based on the assumption that, following the acquisition, the Exploration Segment would continue Normandy s historical level of increasing proven and probable reserves through new discoveries by combining Normandy s exploration culture, philosophy, expertise and methodologies with those of Newmont. The allocation of goodwill to anticipated synergies at the Company s various mine site reporting units assumes such operational synergies will be realized. The Company does not currently anticipate goodwill related to these acquisitions will be deductible for tax purposes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying amount of goodwill by reporting unit as of December 31, 2002 is summarized in the following table (in millions):

	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America
Balance at January 1, 2002	$	$	$	$	$	$
Purchase price allocation	40.9		40.9			
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at December 31, 2002	$ 40.9	$	$ 40.9	$	$	$

	Pajingo	Other Australia	Total Australia	Zarafshan -Newmont	Other International Operations	Total Gold
Balance at January 1, 2002	$	$	$	$	$	$
Purchase price allocation	56.9	140.8	197.7			238.6
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at December 31, 2002	$ 56.9	$ 140.8	$ 197.7	$	$	$ 238.6

	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Balance at January 1, 2002	$	$	$	$	$
Purchase price allocation	31.5	1,129.5	1,625.0		3,024.6
Impairment losses					
Gain (loss) on disposal of separate reporting units					
Balance at December, 2002	$ 31.5	$ 1,129.5	$ 1,625.0	$	$ 3,024.6

The following unaudited pro forma data reflect the consolidated results of operations of Newmont as if the acquisitions of Normandy and Franco-Nevada had taken place on January 1, 2002 and 2001, respectively (in millions, except per share data):

	Years Ended December 31,	
	2002	2001
	(unaudited)	
Sales and other income	$ 2,903.7	$ 2,667.0
Net income (loss) applicable to common shares before cumulative effect of a change in accounting principle	$ 15.1	$ (283.6)
Net income (loss) applicable to common shares	$ 22.8	$ (283.6)
Basic and diluted income (loss) per common share before cumulative effect of a change in accounting principle	$ 0.04	$ (0.72)
Basic and diluted income (loss) per common share	$ 0.06	$ (0.72)
Basic weighted average common shares outstanding	398.7	392.5
Diluted weighted average common shares outstanding	400.6	392.5

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On a pro forma basis during the years ended 2002 and 2001, the net income (loss) includes mark-to-market losses on derivative instruments totaling $202.4 million and $33.8 million, respectively, net of tax. The above pro forma amounts do not include the application of hedge accounting prior to the acquisition to significant portions of acquired derivative instruments as hedge accounting documentation was not in place during these periods. The net loss for the year ended December 31, 2001 includes $60.5 million of expenses, net of tax, associated with Newmont s merger with Battle Mountain Gold Company (Battle Mountain). The pro forma information is not indicative of the results of operations that would have occurred had the acquisitions been consummated on January 1, 2001 and 2002, respectively. The information is not indicative of the combined Company s future results of operations.

Battle Mountain Merger

On January 10, 2001, the Company completed a merger with Battle Mountain Gold Company (Battle Mountain) pursuant to an agreement and plan of merger, dated as of June 21, 2000, under which each share of common stock of Battle Mountain and each exchangeable share of Battle Mountain Canada Ltd. (a wholly-owned subsidiary of Battle Mountain) was converted into the right to receive 0.105 shares of Newmont, resulting in the issuance of approximately 24.1 million shares. The Company also exchanged 2.3 million shares of newly issued $3.25 convertible preferred stock for all outstanding shares of Battle Mountain $3.25 convertible preferred stock. The merger was accounted for as a pooling of interests, and as such, the Consolidated Financial Statements include Battle Mountain s financial data as if Battle Mountain had always been part of Newmont.

The Company incurred merger expenses totaling $35 million, of which $20 million related to investment advisory and professional fees and $15 million to employee benefit and severance costs. The majority of such expenses were charged to income in 2001.

The following table sets forth results of operations of the previously separate companies for the periods before the combination:

	Year Ended December 31, 2000
	(in millions)
Sales	
Pre-merger:	
Newmont	$ 1,564.5
Battle Mountain	254.5
Post-merger:	$ 1,819.0
Net income (loss) applicable to common shares:	
Pre-merger:	
Newmont	$ (13.1)

Battle Mountain		(84.1)
Post-merger:	$	(97.2)

NOTE 4 INVESTMENTS IN DEBT AND EQUITY SECURITIES

Lihir Gold

Battle Mountain held a 50.45% interest in Niugini Mining and, through this interest at December 31, 1999, held a 7.52% interest in Lihir Gold, which operates a gold mine in Papua New Guinea. In February 2000, Lihir Gold merged with Niugini Mining whereby Niugini Mining shareholders received one share of Lihir Gold for each share of Niugini Mining, together with one additional share of Lihir Gold for each A$1.45 of Niugini Mining s net cash balance of $54.7 million. As a result of the merger, Battle Mountain received 111.3 million

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

shares of Lihir Gold, representing a 9.74% interest reflected in *Marketable securities of Lihir*, which was accounted for as a cost investment available for sale. Prior to 2000, Niugini Mining was consolidated into the Company s results and its interest in Lihir Gold was accounted for as an equity investment. At December 31, 2000, Lihir securities were written down by $23.9 million as an other than temporary loss resulting from the length of time and extent to which the market value of the investment had been less than the cost basis. During 2001, unrealized holding gains of $18.3 million, net of tax, were credited to *Other comprehensive income (loss)*, *net of tax* to reflect the market value increase throughout the year, leaving a fair value at December 31, 2001 of $66.9 million. On April 12, 2002, Newmont sold its 9.74% 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 the statement of consolidated operations.

Sales of Debt Securities

As part of the Franco-Nevada acquisition, the Company acquired significant investments in marketable debt securities. These debt securities were classified as available for sale and recorded at fair value 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, foreign currency exchange and other income*.

NOTE 5 STOCKPILES, ORE ON LEACH PADS AND INVENTORIES

	At December 31,	
	2002	2001
	(in thousands)	
Current inventories:		
In-process	46,435	32,297
Precious metals	19,467	10,179
Materials and supplies	103,310	92,556
Other	112	925
	$ 169,324	$ 135,957
Current stockpiles and ore on leach pads:		
Stockpiles	$ 104,997	$ 168,501
Ore on leach pads	223,996	147,656
	$ 328,993	$ 316,157
Long-term stockpiles and ore on leach pads:		

Stockpiles	$ 136,116	$ 18,464
Ore on leach pad	63,645	99,228
	$ 199,761	$ 117,692

NOTE 6 DEFERRED STRIPPING COSTS

Movements in the deferred stripping costs balance were as follows:

	Years Ended December 31,		
	2002	2001	2000
		(in thousands)	
Opening balance	$ 91,631	$ 129,041	$ 198,618
Additions	65,371	11,638	33,502
Amortization	(101,615)	(49,048)	(103,079)
Closing balance	$ 55,387	$ 91,631	$ 129,041

See Notes 2 and 29 for additional information concerning deferred stripping.

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 7 PROPERTY, PLANT AND MINE DEVELOPMENT

	At December 31, 2002			At December 31, 2001		
	Cost	Accumulated Depreciation and Depletion	Net Book Value	Cost	Accumulated Depreciation and Depletion	Net Book Value
			(in thousands)			
Land	71,521		71,521	86,388		86,388
Buildings and equipment	4,129,292	(2,376,431)	1,752,861	3,491,231	(2,068,149)	1,423,082
Mine development	1,005,166	(580,594)	424,572	842,409	(519,484)	322,925
Construction-in-progress	68,926		68,926	97,854		97,854
Total	$ 5,274,905	$ (2,957,025)	$ 2,317,880	4,517,882	$ (2,587,633)	$ 1,930,249
Leased assets included above in property, plant and mine development are as follows:						
Leased Assets	$ 361,889	$ (146,884)	$ 215,005	371,948	$ (124,751)	$ 247,197

NOTE 8 MINERAL INTERESTS AND OTHER INTANGIBLE ASSETS

	At December 31, 2002			At December 31, 2001		
	Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
			(in thousands)			
Mineral Interests:						
Production stage						
Mineral interests	$ 712,098	$ (325,822)	$ 386,276	$ 365,566	$ (205,716)	$ 159,850
Royalties net smelter returns	222,614	(12,751)	209,863			
Royalties net profit interest	17,340	(3,231)	14,109			
	952,052	(341,804)	610,248	365,566	(205,716)	159,850
Development stage						
Mineral interests	92,757		92,757			

Royalties net smelter returns	1,321		1,321			
Royalties net profit interest	5,921	(50)	5,871			
	99,999	(50)	99,949			
Exploration stage						
Mineral interests	632,284	(8,449)	623,835	17,148		17,148
Royalties-net smelter returns	5,700	(314)	5,386			
	637,984	(8,763)	629,221	17,148		17,148
Total mineral interests	1,690,035	(350,617)	1,339,418	382,714	(205,716)	176,998
Oil and gas:						
Producing property						
Royalties net refining returns	37,964	(3,842)	34,122			
Working interest	18,430	(1,400)	17,030			
	56,394	(5,242)	51,152			
Non-producing property						
Royalties net refining returns	4,751		4,751			
Working interest	7,090		7,090			
	11,841		11,841			
Total oil and gas	68,235	(5,242)	62,993			
Other	12,937		12,937			
Total	$ 1,771,207	$ (355,859)	$ 1,415,348	$ 382,714	$ (205,716)	$ 176,998

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company s mineral interests and oil and gas interests intangible assets are subject to amortization. The amounts of residual values and the weighted average amortization periods were as follows at December 31, 2002:

	Residual Values (in thousands)	Weighted Average Amortization Period (in years)
Mineral Interests:		
Production stage		
Mineral interests	$	16
Royalties net smelter returns		25
Royalties net profit interest		11
		18
Development stage		
Mineral interests		16(1)
Royalties net smelter returns		11
Royalties net profit interest		35
		17
Exploration stage		
Mineral interests	494,444	14
Royalties net smelter returns		10
Total weighted average amortization period		14
Oil and gas:		
Producing property		
Royalties net refining returns		12
Working interest		12
		12
Non-producing property		
Royalties net refining returns		30
Working interest		35
		33
Other		20

Total weighted average amortization period	16

(1) The Company s *developmental stage* properties will be amortized using the units of production method once production has commenced.

The aggregate amortization expense for the year ended December 31, 2002 was $150.1 million. Based on the carrying value of the Company s intangible assets at December 31, 2002, the estimated aggregate amortization expense for each of the next five years is as follows:

Year ended December 31,	**Amount**
	(in thousands)
2003	$ 116,800
2004	106,800
2005	109,600
2006	118,300
2007	106,600

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9 INVESTMENTS AND EQUITY INCOME (LOSS) OF AFFILIATES

Investments In Affiliates:

	At December 31, 2002	At December 31, 2001
	(in thousands)	
Batu Hijau	$ 610,075	$ 543,324
TVX Newmont Americas	183,028	
Echo Bay Mines	210,643	
Australian Magnesium Corporation	21,744	
AGR Matthey Joint Venture	11,213	
	1,036,703	543,324
Other:		
Newmont Australia infrastructure bonds (see Note 11)	96,649	
	$ 1,133,352	$ 543,324

Equity Income (Loss) of Affiliates:

	Years Ended December 31,		
	2002	2001	2000
	(in thousands)		
Batu Hijau	$ 42,119	$ 22,513	$ (17,690)
TVX Newmont Americas	9,737		
Echo Bay Mines	(380)		
Australian Magnesium Corporation	(1,775)		
AGR Matthey Joint Venture	1,675		
Total	$ 51,376	$ 22,513	$ (17,690)

Investment in Batu Hijau

The Company and an affiliate of Sumitomo Corporation (Sumitomo) are partners with 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. PTNNT obtained rights to conduct mining operations under a Contract of Work with the government of Indonesia. The Batu Hijau mine began production in the fourth quarter of 1999, with a projected mine life in excess of 18 years and a development cost of approximately $1.83 billion.

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 Company and Sumitomo recognize 56.25% and 43.75% of PTNNT s net income (loss), respectively, until recouping the bulk of its 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 s 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 $610.1 million and $543.3 million at December 31, 2002 and 2001, respectively, based on accounting principles generally accepted in the United States. At December 31, 2002, differences between 56.25% of PTNNT s net assets of $257.6 million and Newmont s investment included

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(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) $7.1 million for other intercompany charges, and (vii) negative $0.6 million for other adjustments recorded by Newmont. Certain of these amounts are amortized or depreciated on a units-of-production basis 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.

The equity income in PTNNT was $42.1 million in 2002 (based on 56.25% of PTNNT s net income of $34.3 million plus $8.5 million of eliminated intercompany interest, $10.5 million for eliminated management fees, and $3.8 million for other items). In 2001 the equity income in PTNNT was $22.5 million (based on 56.25% of PTNNT s net loss of $34.8 million plus $26.4 million of eliminated inter-company interest, $10.8 million for eliminated management fees, and $4.9 million for other items). The equity loss in PTNNT was $17.7 million in 2000 (based on 56.25% of PTNNT s net loss of $119.2 million plus $33.5 million of eliminated inter-company interest, $12.5 million for eliminated management fees, and $3.4 million for other items).

PTNNT s senior $1.0 billion project financing facility was guaranteed by Newmont and its partner until project completion tests were met in October 2000, at which time such debt became non-recourse to Newmont. Scheduled repayments of this debt are in semi-annual installments of $43.4 million through November 2010, and $22.1 million from May 2011 through November 2013.

On May 9, 2002, PTNNT completed a restructuring of its $1.0 billion project financing facility that provides PTNNT the ability to defer up to a total of $173.5 million in principal payments scheduled for 2002 and 2003. Any deferred principal amounts will be repaid between 2004 and 2010. Under this restructuring, PTNNT is not permitted to pay dividends or make other restricted payments to NTP s partners 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 facility total $913.3 million at both December 31, 2002 and December 31, 2001. The amount of deferred principal at December 31, 2002 was $86.5 million. PTNNT will therefore be unable to pay dividends or make restricted payments until such time as this deferred principal is repaid.

Newmont and its partner provide a contingent support line of credit to PTNNT. During 2002, Newmont funded $24.8 million under this contingent support facility as its pro-rata share for capital expenditures. Additional support from NTP s partners available under this facility amounts to $115.0 million, of which Newmont s pro-rata share is $64.7 million.

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

	Years Ended December 31,		
	2002	2001	2000
		(in thousands)	
Revenues, net of smelting and refining costs	$ 362,417	$ 346,533	$ 337,579
Revenues from by-product sales credited to production costs	$ 159,197	$ 145,260	$ 91,347
Gross profit (loss)	$ 60,419	$ (28,379)	$ (95,284)
Net income (loss) before cumulative effect of a change in accounting principle	$ 35,477	$ (11,155)	$ (84,575)
Net income (loss)	$ 35,477	$ (11,182)	$ (84,575)

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	At December 31,	
	2002	2001
	(in thousands)	
Current assets	$ 313,110	$ 162,686
Property, plant and mine development, net	$ 1,658,912	$ 1,737,505
Mineral interest	$ 188,294	$ 202,830
Other assets	$ 282,133	$ 273,737
Debt and related interest to partners and affiliates	$ 259,793	$ 254,891
Other current liabilities	$ 103,117	$ 124,153
Long-term debt third parties (including current portion)	$ 935,771	$ 935,771
Other liabilities	$ 163,346	$ 163,993

The Batu Hijau operation produces a metal concentrate, which contains payable copper and gold and minor values of payable silver. PTNNT has entered into long-term contracts for the sale of these metal concentrates with smelting and refining companies in Japan, Korea, Australia (Non-European Refiners) and Europe (European Refiners). In accordance with the contracts, title to the concentrates and the risk of loss are passed to the buyer when the concentrates are moved over the vessel s rail at the Port (loading Port for Non-European Refiners and unloading Port for European Refiners). The contract terms provide that 90% of a provisional sales price, which is calculated in accordance with terms specified in the individual contracts based on an initial assay and weight certificate, is collected within three business days after the concentrates arrive at the smelter (final delivery). Factors entering into the calculation of the provisional sales price are (1) metals prices, pursuant to the terms of related contracts, calculated using quoted London Metals Exchange (LME) prices for the second calendar week prior to shipment, and (2) treatment and refining charges. The balance of the sales price is received at final settlement and is based on final assays and weights, and final metal prices during the respective metal quotational periods. The quotational period for copper is the average LME price in the third month following the month of final delivery. The quotational period for gold and silver is the average LME price in the month of shipment. Final delivery to Non-European Refiners and European Refiners takes approximately 14 days and 30 days, respectively. The majority of the Batu Hijau concentrates are shipped to Non-European Refiners. Accordingly, the time between initial recording of revenue and final settlement averages approximately three and one-half months but could be as long as four months.

In accordance with U.S. Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), certain conditions must be met prior to recognizing revenue. These conditions are: persuasive evidence of a contract exists; delivery has occurred; the price is fixed or determinable; and collectability is reasonably assured. In accordance with SAB 101, PTNNT recognizes metal sales revenues following: (1) the passage of title after the loading or unloading of the concentrates, (2) issuance of an initial assay and weight certificate, and (3) issuance of a provisional invoice. At this point in time, the sales price is determinable since it is based on defined contract terms, initial assays are available, and it can be reasonably estimated by reference to published price indices on actively and freely traded commodity exchanges. Additionally, there is no significant uncertainty as to collectability given that all of the refiners are of high-credit quality and that 90% of the provisional price is paid within 3 business days of final delivery at the refiner.

Concentrate sales are initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales prices are made to take into account metal price changes, based upon the month-end spot price and metal quantities upon receipt of the final assay and weight certificates, if different from the initial certificates. PTNNT previously marked to market its provisional sales based on the month end spot prices. Effective January 1, 2002, PTNNT changed its methodology to mark to market its provisional sales based on the forward price for the estimated month of settlement. This change in methodology did not have a material effect on net income for

the years ended December 31, 2002, 2001 and 2000. The principal risks

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

associated with recognition of sales on a provisional basis include metal price fluctuations between the date recorded and the date of final settlement. In addition, in the event of a significant decline in metal prices between the provisional pricing date and the final settlement-pricing period, it is reasonably possible that PTNNT would be required to return a portion of the sales proceeds received based on the provisional invoice. For the years ended December 31, 2002, 2001 and 2000, PTNNT had recorded revenues of $169.8 million, $81.0 million and $117.0 million, respectively, which were subject to final pricing adjustments. The average price adjustment for copper was 1.98%, 4.3% and 1.6% for the years ended December 31, 2002, 2001 and 2000, respectively. The average price adjustment for gold was 0.83%, 0.01% and 0.05% for the years ended December 31, 2002, 2001 and 2000, respectively.

PTNNT s sales based on a provisional sales price contain an embedded derivative which is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the concentrates at the forward LME price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked-to-market through earnings each period prior to final settlement. At December 31, 2002 and 2001, respectively, PTNNT had consolidated embedded copper derivatives on 238.9 million pounds and 122.6 million pounds, recorded at an average price of $0.70 and $0.66 per pound. A one-cent movement in the average price used for these derivatives would have an approximate $1.4 million and $0.7 million impact on PTNNT s net income for the years ended December 31, 2002 and December 31, 2001, respectively.

Revenue from the sale of by-products, consisting of gold and silver, is credited to production costs applicable to sales in the determination of net income for each period presented. These by-product commodities represented 44%, 42%, and 27% of sales, net of smelting and refining charges, and reduced production costs by 58%, 48%, and 28% for the years ended December 31, 2002, 2001 and 2000, respectively. Gold and silver revenues are significant to the economics of the Batu Hijau operation. At current copper prices, the Batu Hijau operation would not be profitable without these credits.

PTNNT does not acquire, hold or issue financial instruments for trading or speculative purposes. Financial instruments are used to manage certain market risks resulting from fluctuations in commodity prices (such as copper and diesel fuel) and foreign currency exchange rates. Copper is an internationally traded commodity, and its prices are effectively determined by the LME. On a limited basis, PTNNT hedges sales commitments by entering into copper swap contracts. These swap contracts are generally settled against the LME average monthly price in accordance with the terms of the contracts. Currently, PTNNT has put in place derivative instruments against the price of copper, Australian dollar and some of its diesel purchases. The derivative instruments on the Australian dollar relate to Australian denominated purchases.

Consistent with the contracts described above, PTNNT entered into a series of copper hedging transactions that were delivered into by September 30, 2002.

In 2001, PTNNT purchased A$15 million at an average price of US$0.4971. These contracts covered 1.5 million Australian dollars each month and were designated as cash flow hedges with the net effect recorded in *Accumulated other comprehensive income (loss)* in PTNNT s financial statements. These contracts expired in October 2002.

In 2001, PTNNT entered into two diesel hedging contracts for 360,000 barrels each at a fixed price of US$27.39 per barrel and US$27.98 per barrel, respectively. Each of these contracts covers purchases of 15,000 barrels monthly and will expire in August and September of 2003, respectively. Each contract is settled monthly. The average price of the contracts was US$27.34 per barrel versus an average realized price of US$23.48 per barrel. In December 2002, PTNNT entered into an additional diesel hedge contract for 60,000 barrels over the next 12 months at a fixed price of US$27.50 per barrel. These contracts have been designated as cash flow hedges and the fair value as of December 31, 2002 was US$0.6 million and negative US$3.7 million at December 31, 2001.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

TVX Newmont Americas

Newmont had a 49.9% interest in TVX Newmont Americas Joint Venture at December 31, 2002 and received $14.9 million in dividends in 2002. The equity investment in TVX Newmont Americas was $183.0 million at December 31, 2002, based on accounting principles generally accepted in the United States. At December 31, 2002, differences between Newmont s investment and the Company s share of $149.1 million of TVX Newmont America s net assets include: (i) a negative $35.0 million adjustment for the fair market value of property, plant, equipment and mine development, (ii) a provision for reclamation liabilities of $6.2 million, (iii) total fair market value increases of $10.6 million consisting of increases of $7.8 million to *proven and probable reserves*, $1.1 million to *other mineralized material*, $0.4 million to *around-mine exploration potential* and $1.3 million to *other exploration potential*, and (iv) $64.5 million of goodwill recorded by the Company. All of the above adjustments were recorded based on an independent valuation analysis. The principal assets of TVX Newmont Americas were interests in the following operating gold mines in South America and Canada:

Mine	Interest of TVX Newmont Americas	Location
Paracatu	49%	Brazil
Crixas	50%	Brazil
La Coipa	50%	Chile
Musselwhite	31.9%	Canada
New Britannia	50%	Canada

Subsequent to year end Newmont sold its interest in TVX Newmont Americas to TVX Gold Inc. for $180 million in cash (see Note 28, Subsequent Events.)

Echo Bay Mines Ltd.

Newmont obtained its interest in Echo Bay Mines Ltd. (Echo Bay) through its acquisition of Franco-Nevada in February 2002, whereby Newmont acquired Franco-Nevada s remaining holdings of Echo Bay s capital securities debt. Subsequent to this acquisition, an agreement was reached with Echo Bay and the capital securities holders to exchange the capital securities debt obligations for common stock of Echo Bay. This exchange of capital securities debt obligations for common stock occurred on April 3, 2002 and resulted in Newmont owning 48.8% of Echo Bay. At December 31, 2002, this ownership interest had decreased to 45.67% as a result of equity issuances by Echo Bay. The quoted market value of this investment at December 31, 2002 was $305.3 million. Since April 3, 2002, Newmont has accounted for its investment in Echo Bay under the equity method.

At December 31, 2002, differences between Newmont s investment and its share of $70.0 million of Echo Bay s net assets include: (i) a negative $15.6 million adjustment for the fair market value of capitalized mine development costs, (ii) an increase to deferred income tax liabilities of $19.7 million, (iii) total fair market value increases of $64.8 million consisting of increases of $63.7 million to *Proven and probable reserves*

and $1.1 million to *Around-mine exploration potential*, (iv) $109.5 million of goodwill, (v) $2.9 million recorded by the Company to amortize the excess of the carrying value over the underlying net equity, and (vi) $4.5 million of other adjustments recorded by the Company. All of the above adjustments were based on an independent valuation.

On January 31, 2003, Kinross Gold Corporation, Echo Bay Mines Ltd. and TVX Gold Inc. 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 45.67% interest in Echo Bay and $180 million for its interest in TVX Newmont Americas.

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Australian Magnesium Corporation

As of December 31, 2002, Newmont had a 22.8% voting interest in Australian Magnesium Corporation (AMC). Since then, AMC has raised additional equity to support the development of the Stanwell Magnesium 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. Northerly Equities Pty Ltd, a wholly owned subsidiary of Newmont Australia Limited (NAL), contributed A$100 million (approximately $56 million) in equity to AMC on January 3, 2003, increasing our ownership percentage to 40.9%. However, due to additional equity contributions by third-party shareholders, our voting interest decreased to 27.8% on January 31, 2003. NAL and its wholly owned subsidiary, Nottacar Investments Pty Ltd, had also provided to AMC a A$90 million (approximately $51 million) contingent equity commitment in the event the project does not achieve certain specified production and operating criteria by December 2006. Subsequent to year-end, however, this contingent equity commitment was renegotiated to require instead that NAL and Nottacar Investments provide AMC with an A$75 million (approximately $42 million) contingent convertible debt and equity facility.

NAL has also guaranteed a $30 million obligation payable by AMC to Ford Motor Company in the event the project does not meet certain specified production and operating criteria by November 2005. AMC has indemnified NAL for this obligation, but the indemnity is unsecured.

NAL and certain of its wholly-owned subsidiaries are also guarantors of an A$71 million (approximately $40 million) amortizing loan facility of AMC s subsidiary, QMC Finance Pty Ltd. (QMC), of which A$69.8 million (approximately $39 million) was outstanding as of December 31, 2002. The QMC loan facility expires in November 2006.

QMC also is a party to a series of foreign exchange hedging contracts. All obligations related to these contracts have been guaranteed by NAL and certain of its wholly-owned subsidiaries. The contracts include a series of foreign exchange forward contracts and bought put options, the last of which expire in June 2006. As of December 31, 2002, the fair value of these contracts was a negative A$12.7 million (approximately $7 million).

The Ford guarantee and the guarantees under the QMC loan and hedging facilities arose in connection with NAL s support of the project as an investor in AMC and its predecessor entities. The guarantees under the QMC loan facility and hedging contracts could be called in the event of a default by QMC. NAL s liability under the QMC loan facility guarantee is limited to the total amount of outstanding borrowings under the facility at the time the guarantee is called. NAL 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 exercised. The principal lender and counterparty under the QMC loan and hedging facilities also has a fixed and floating charge over certain assets of AMC. In the event the guarantees are called, NAL would have a right of subrogation to the lender under Australian law.

At December 31, 2002, differences between the Company s share of $50.0 million of AMC s net assets and Newmont s investment include: (i) a negative $51.9 million adjustment for the fair market value of property, plant, equipment and mine development, (ii) an $11.2 million provision for Newmont s liability to contribute additional equity at a share price above fair market value, and (iii) total fair market value increases of

$34.8 million to *Other mineralized material*.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AGR Matthey Joint Venture

Prior to the fourth quarter 2002, Newmont held a 50% interest in Australian Gold Refineries (Old AGR), a joint venture with the West Australian Mint. In October 2002, Newmont and the West Australian Mint each merged its respective 50% interest in Old AGR with Johnson Matthey (Australia) Ltd. to create a new joint venture known as AGR Matthey (AGR), in which Newmont now holds a 40% interest. Newmont received dividends of $0.9 million during 2002 and has no guarantees related to this investment. Newmont s share of undistributed earnings in AGR amounts to approximately $0.8 million at December 31, 2002. At December 31, 2002, the difference between Newmont s investment in AGR and its $11.5 million share of AGR s net assets was not material. See also Note 21, Related Party Transactions, for details of transactions between Newmont and AGR.

NOTE 10 OTHER ACCRUED LIABILITIES

	At December 31,	
	2002	2001
	(in thousands)	
Payroll and related benefits	$ 114,622	$ 70,866
Interest	54,168	41,265
Taxes other than income and mining	11,319	11,796
Reclamation and remediation	13,693	8,754
Utilities	8,162	8,237
Income and mining taxes	69,016	4,474
Royalties	15,014	602
Other	83,402	68,071
	$ 369,396	$ 214,065

Restructuring Costs

In March 2001, the Company accrued $5.3 million of restructuring costs associated with the Battle Mountain Merger (see Note 3). Severance and other termination benefits were accrued for the approximate thirty-four employees terminated through this restructuring, which spanned across multiple departments within Battle Mountain. Other costs accrued related to employee relocation and office closure costs. All restructuring charges were included in *Other expenses* in the *Statements of Consolidated Operations and Comprehensive Income (Loss).* The table below presents details of movements in each category of the restructuring costs accrued through December 31, 2002:

	Balance at March 31, 2001	Payments	Increase/ (decrease) to Accrual	Balance at December 31, 2001	Payments	Increase/ (decrease) to Accrual	Balance at December 31, 2002
				(in thousands)			
Severance and other termination benefits	$ 4,522	$ 5,235	$ 713	$	$ 115	$ 120	5
Relocation costs	300	140	(160)		90	100	10
Office closure costs	480	97	(334)	49		(49)	
Total	$ 5,302	$ 5,472	$ 219	$ 49	$ 205	$ 171	15

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 11 DEBT

Long-Term Debt

	Years Ended December 31,	
	2002	2001
	(in thousands)	
Sale-leaseback of refractory ore treatment plant	$ 307,880	$ 318,092
8 3/8% debentures, net of discount	204,658	200,583
8 5/8% notes, due April 1, 2002		150,000
8 5/8% notes, due May 2011, net of discount	284,559	272,386
Newmont Australia 7 5/8% notes, net of premium	152,690	
Newmont Australia 7 1/2% notes, net of premium	101,850	
Yandal 8 7/8% notes	237,220	
6% convertible subordinated debentures	99,980	99,980
Medium-term notes	32,000	32,000
Newmont Australia infrastructure bonds	99,680	
Prepaid forward sales obligation	145,000	145,000
Interest rate swaps	(16,904)	588
Project financings, capital leases and other	167,991	208,240
	1,816,604	1,426,869
Current maturities	(115,322)	(192,151)
	$ 1,701,282	$ 1,234,718

Scheduled minimum long-term debt repayments are $115.3 million in 2003, $194.2 million in 2004, $491.8 million in 2005, $101.2 million in 2006, $88.4 million in 2007 and $825.7 million thereafter.

Sale-Leaseback of the Refractory Ore Treatment Plant

In September 1994, the Company entered into a sale and leaseback agreement for its refractory ore treatment plant located at Carlin, Nevada. The transaction was accounted for as debt and the cost of the refractory ore treatment plant was recorded as a depreciable asset. The lease term is 21 years and aggregate future minimum lease payments, which include interest, were $460 million and $489.7 million at December 31, 2002 and

2001, respectively. Principal payments are $29.7 million annually over the next three years, increasing to $35.5 in the fourth year and beyond. The lease includes purchase options during and at the end of the lease at predetermined prices. The interest rate on this sale-leaseback transaction is 6.36%. In connection with this transaction, the Company entered into certain interest rate hedging contracts that were settled for a gain of $11 million, which is recognized as a reduction of interest expense over the term of the lease. Including this gain, the effective interest rate on the borrowing is 6.15%. Because this asset is specialized, it is not practicable to estimate the fair value of this debt.

8 3/8% Debentures

Unsecured debentures in an aggregate principal amount of $200 million maturing July 1, 2005, bearing an annual interest rate of 8.375%, were outstanding at December 31, 2002 and 2001. Interest is payable semi-annually in January and July and the notes are not redeemable prior to maturity. The costs related to the issuance of the debentures were capitalized and are amortized to interest expense over the term of the debentures. The interest rate swap discussed below is considered a fair value hedge and is applicable to this debt, which is

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therefore marked-to-market. Using prevailing interest rates on similar instruments, the estimated fair value of these debentures was approximately $218.8 million and $205.9 million at December 31, 2002 and 2001, respectively. The estimated fair value quoted above was prepared by an independent third party and may or may not reflect the actual trading value of this instrument.

8 5/8% Notes

Unsecured notes with a principal amount of $150 million due April 1, 2002, bearing an annual interest rate of 8.625% were outstanding at December 31, 2001. Interest was payable semi-annually in April and October and the notes were not redeemable prior to maturity. Using prevailing interest rates on similar instruments, the estimated fair value of these notes was $151.2 million at December 31, 2001. The notes were repaid in April 2002.

In May 2001, Newmont issued unsecured notes with a principal amount of $275 million due May 2011 bearing an annual interest rate of 8.625%. Proceeds of $272 million, after transaction costs, were used to repay debt outstanding under the Company s revolving credit facility, with the remainder for general corporate purposes. Interest is payable semi-annually in May and November and the notes are redeemable prior to maturity under certain conditions. The costs related to the issuance of the notes were capitalized and are amortized to interest expense over the term of the notes. The interest rate swap discussed below is considered a fair value hedge and is applicable to this debt which is therefore marked-to-market. Using prevailing interest rates on similar instruments, the estimated fair value of these notes was $320.5 million and $275.9 million at December 31, 2002, and 2001, respectively. The estimated fair value quoted above was prepared by an independent third party and may or may not reflect the actual trading value of this instrument.

Interest Rate Swaps

During the last half of 2001, the Company entered into contracts to hedge the interest rate risk exposure on a portion of its $275 million 8 5/8% notes and its $200 million 8 3/8% debentures. The Company receives fixed-rate interest payments at 8 5/8% or 8 3/8% and pays floating-rate interest amounts based on periodic London Interbank Offered Rate (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 December 31, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. See Note 12 for additional information.

Newmont Australia 7 5/8% notes

In July 1998, Normandy Finance Limited (NFL) issued $150 million of ten year 7 5/8% guaranteed notes. The notes are guaranteed by NAL and certain of its wholly owned subsidiaries. In conjunction with the Normandy acquisition, NFL was acquired by Newmont in February 2002. Interest on the notes is paid semi-annually in arrears in January and July and the notes are not redeemable prior to maturity. The notes were

recorded at their fair values at February 15, 2002 as part of the purchase accounting for the acquisition of Normandy. Using prevailing interest rates on similar instruments, the estimated fair value of these notes was $167.3 million at December 31, 2002. The estimated fair value quoted above was prepared by an independent third party and may or may not reflect the actual trading value of this instrument.

Newmont Australia 7 1/2% notes

In July 1998, NFL issued $100 million of seven year 7 1/2% guaranteed notes. The notes are guaranteed by NAL and certain of its wholly owned subsidiaries. In conjunction with the Normandy acquisition, NFL was acquired by Newmont in February 2002. Interest on the notes is paid semi-annually in arrears in January and July

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and the notes are not redeemable prior to maturity. The notes were recorded at their fair values at February 15, 2002 as part of the purchase accounting for the acquisition of Normandy. Using prevailing interest rates on similar instruments, the estimated fair value of these notes was $108 million at December 31, 2002. The estimated fair value quoted above was prepared by an independent third party and may or may not reflect the actual trading value of this instrument.

Yandal 8 7/8% notes

In April 1998, Normandy Yandal Operations Limited (NYOL), an indirect, wholly-owned subsidiary of Newmont, issued $300 million of ten year 8 7/8% senior unsecured notes. In conjunction with the Normandy acquisition, NYOL was acquired by Newmont in February 2002. In March 2002, Newmont, through an indirect, wholly-owned subsidiary, 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 repurchase offer was made pursuant to the terms of an Indenture dated as of April 7, 1998, between NYOL and The Bank of New York, as Trustee. The Indenture requires that Newmont Yandal, following a Change of Control as defined in the Indenture, make an offer to repurchase the notes at a repurchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest to the repurchase date. Although the applicable provisions of the Indenture can be read to the contrary, Newmont took the position that a Change of Control occurred on February 20, 2002 when Newmont acquired control of Normandy. The Indenture provides that NYOL is not required to make the Change of Control Offer if a third party makes the offer. Newmont s offer, however, should not be construed as a commitment by Newmont to provide ongoing financial or credit support to NYOL. The Change of Control Offer was open until May 14, 2002, resulted in redemption of $62.8 million of the outstanding notes and gave rise to a $0.6 million loss on extinguishment recorded in *Other expenses*. At December 31, 2002, $237.2 million was outstanding in the Consolidated Financial Statements. The NYOL notes are non-recourse to Newmont and have not been assumed or otherwise guaranteed by Newmont. Interest on the notes is paid semi-annually in arrears in April and October. Certain financial instruments were entered into whereby NYOL has agreed to exchange US dollar fixed interest amounts payable with gold interest rate exposure. Of the total, US$183.6 million has been swapped into a gold interest rate exposure, of which half is fixed at 3.87% and half is floating. The floating rate at December 31, 2002 was 0.865%. Because these notes are specialized, it is not practicable to estimate the fair value of the debt. See Note 12 for additional information.

6% Convertible Subordinated Debentures

Unsecured debentures in an aggregate principal amount of $100 million maturing January 2005 bearing an annual interest rate of 6% were outstanding at December 31, 2002 and 2001. Interest is payable annually in January and the debentures are convertible at the option of the holders into shares of common stock at any time on or after January 10, 2001 and prior to maturity, unless previously redeemed at the option of the Company. The conversion rate is 25.45 shares for each $5,000 principal amount of debentures converted. Approximately 509,000 shares of common stock have been registered for issuance upon conversion of these debentures. Using prevailing interest rates on similar instruments, the book value of these debentures approximated fair value at December 31, 2002 and 2001. The estimated fair value quoted above was prepared by an independent third party and may or may not reflect the actual trading value of this instrument.

Medium-Term Notes

Unsecured notes with a principal amount of $32 million maturing on various dates from early 2003 to late 2004, bearing an annual weighted average interest rate of 7.68%, were outstanding at December 31, 2002 and 2001. Interest is payable semi-annually in March and September and the notes are not redeemable prior to maturity. Using prevailing interest rates on similar instruments, the estimated fair value of these notes was

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$33.2 million and $32.7 million at December 31, 2002 and 2001, respectively. The estimated fair value quoted above was prepared by an independent third party and may or may not reflect the actual trading value of this instrument.

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 ($63.2 million) and A$21.9 million ($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. The estimated fair values of these notes were A$188.5 million ($106.4 million) and A$36.9 million ($20.8 million), respectively, as at December 31, 2002, including interest accrued through that date. 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 (See Note 9) in the *Consolidated Balance Sheets*. The estimated fair value of the receivable from DBA was A$184.1 million ($103.9 million) and A$36.1 million ($20.8 million) in respect of each bond issue as at December 31, 2002. The estimated fair values quoted above were prepared by an independent third party and may or may not reflect the actual trading value of these instruments.

Prepaid Forward Transaction

In July 1999, the Company entered into a prepaid forward gold sales contract (the Prepaid Forward) and a forward gold purchase contract (the Forward Purchase). Under the Prepaid Forward, the Company agreed to sell 483,333 ounces of gold, to be delivered in June of each of 2005, 2006 and 2007 in annual installments of 161,111 ounces (the Annual Delivery Requirements). The Company also agreed under the Prepaid Forward to deliver semi-annually 17,951 ounces of gold, beginning June 2000 through June 2007 (the Semi-Annual Delivery Requirements) for a total gold delivery obligation over the life of the Prepaid Forward of 752,598 ounces. At the time the Prepaid Forward was entered into, the Company received net proceeds of $137.2 million ($145 million of gross proceeds before transaction costs of $653,000 and the purchase of a $7.1 million surety bond to guarantee delivery of the Annual Delivery Requirements). The Company may also be entitled to receive additional proceeds in the future in connection with the annual deliveries of 161,111 ounces, to be determined at each delivery date based on the excess, if any, of the then market price for gold (up to a maximum of $380 per ounce) over $300 per ounce.

At the time the Company entered into the Prepaid Forward, it also entered into the Forward Purchase, with the same counterparty, to hedge the price risk with respect to the Semi-Annual Delivery Requirements. The Forward Purchase provides for semi-annual purchases of 17,951 ounces of gold on each semi-annual delivery date under the Prepaid Forward at prices increasing from $263 per ounce in 2000 to $354 per ounce in 2007. On each semi-annual delivery date, the ounces purchased under the Forward Purchase were delivered in satisfaction of the Company s delivery requirements under the Prepaid Forward. The transaction has been accounted for as a single borrowing of $145 million, with interest accruing, based on an effective interest rate recognized over the full term of the borrowing. Using relevant future market conditions and financial

models, the estimated fair value of these contracts was approximately $186.7 million and $171.6 million at December 31, 2002 and 2001, respectively.

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Canadian Imperial Bank of Commerce (CIBC) Loan

Battle Mountain Canada entered into a $145 million loan with CIBC in conjunction with its purchase of Niugini Mining that was secured by Niugini Mining stock. In January 2001, the loan was paid in full from a $40 million collateral cash account and from the Company s revolving credit facility. The interest rates were variable and the weighted average interest rate was 7.6% for 2000.

Project Financings

Minera Yanacocha

Trust Certificates: Minera Yanacocha issued debt through the sale of $100 million 8.4% Series A Trust Certificates to various institutional investors. At December 31, 2002 and 2001, $44 million and $64 million, respectively, was outstanding under the financing. Interest on the Certificates is fixed at 8.4% and repayments are required quarterly through 2004. The Certificates are secured by certain of Minera Yanacocha a assets, certain restricted funds and also are specifically secured by future gold sales, through a trust agreement with the Bank of New York. Because these Certificates are specialized, it is not practicable to estimate the fair value of this debt.

$100 million Credit Facility: In December 1999, Minera Yanacocha entered into a $100 million credit facility with the International Finance Corporation. The two-tier facility (a $20 million A Tranche and an $80 million B Tranche) is revolving and converts thereafter into term loans. The A Tranche has a five-year revolving availability period and converts thereafter to a five-year term loan. The B Tranche had a three-year revolving availability period that converted to a four-year term loan in December 2002. Initial drawdowns under the loan were used for development of the La Quinua project; however, the loan accommodates repayments during the revolving availability period and any subsequent borrowings may be used for other development purposes. Interest applicable to the A Tranche is based on LIBOR plus 2.375%. Interest applicable to the B Tranche is based on LIBOR plus 2.0% through the second anniversary of the agreement, LIBOR plus 2.25% from year two to year four and after the fourth anniversary LIBOR plus 2.5%.

The A Tranche interest rate was 4.2% and 5.5% at December 31, 2002 and 2001, respectively. The weighted average rate was 4.3% and 7.7% for 2002 and 2001, respectively. The B Tranche interest rate was 4.1% and 5.2% at December 31, 2002 and 2001, respectively. The weighted average rate was 4.1% and 7.3% for 2002 and 2001, respectively. The outstanding amount under this credit line was $50 million and $100 million at December 31, 2002 and 2001, respectively. Of the $50 million outstanding at December 31, 2002, $40 million was outstanding under the B Tranche and was converted to a four-year term loan using prevailing interest rates on similar instruments, the estimated fair value of this debt approximated the carrying value at December 31, 2002 and 2001.

$40 million Credit Facility: Minera Yanocaha has a $40 million line of credit with Banco de Credito del Peru that expires in July 2004. The interest rate is LIBOR plus 0.75% through June 30, 2003 and plus 2% thereafter and is adjusted annually to current market rates. The interest rate was 2.8% and 4.6% at December 31, 2002 and 2001, respectively. The weighted average interest rate was 2.8% and 6.5% for 2002 and 2001, respectively. The outstanding amount under this credit line was $6 million and $13 million at December 31, 2002 and 2001, respectively. The estimated fair value of this debt approximated the carrying value at December 31, 2002 and 2001.

$20 million Credit Facility: During 2002, Minera Yanacocha obtained a $20 million credit facility with BBV Banco Continental that expires on June 30, 2003. The interest rate is LIBOR plus 0.8%. There was no outstanding balance at December 31, 2002.

Leases: In December 1999, Minera Yanacocha assumed certain lease and purchase agreements for mining equipment that expire at various dates from December 2002 to June 2006. The net present value of future

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minimum payments was $2.6 million and $6.3 million at December 31, 2002 and 2001, respectively, with an interest component of 6.2% and 8.7% for 2002 and 2001, respectively. Because these assets are specialized, it is not practicable to estimate the fair value of this debt.

All Minera Yanacocha debt is non-recourse to the Company and is secured by substantially all of Minera Yanacocha s property, plant and equipment (approximately $0.7 billion); see above for specific security on the Trust Certificates.

Nevada

During 2002, the Nevada operations entered into equipment leases that expire in 2003 and 2004. The net present value of future payments was $6 million at December 31, 2002.

Zarafshan-Newmont

The Company, through a wholly-owned subsidiary, is a 50% participant in the Zarafshan-Newmont joint venture (Zarafshan-Newmont) in the Republic of Uzbekistan. The other participants are two Uzbek government entities. Zarafshan-Newmont had a loan with the European Bank for Reconstruction and Development (EBRD) secured by the assets of the project that was paid off during 2002. The outstanding amount was $12 million at December 31, 2001. The loan was repaid in semi-annual installments of $6 million, which began in July 2001. The interest rate was based on the three-month LIBOR plus 4.25%. The weighted average interest rate was 8.7% for 2001 and the interest rate at December 31, 2001 was 6.1%. Using prevailing interest rates on similar instruments, the estimated fair value of this debt approximated the carrying value at December 31, 2001.

In December 2000, Zarafshan-Newmont completed an additional $30 million loan under the EBRD facility primarily for capital expansion. The outstanding amount on this loan was $30 million at December 31, 2002 and 2001, of which $15 million was the Company s share. The loan facility will be repaid in eight equal semi-annual payments of $3.75 million, beginning July 2003 and ending January 2007. The interest rate is based on the three-month LIBOR plus 3.25%. The interest rate was 5.1% at December 31, 2002 and 2001 and the weighted average interest rate was 5.3% and 8.3% for 2002 and 2001, respectively. Using prevailing interest rates on similar instruments, the estimated fair value of this debt approximated the carrying value at December 31, 2002 and 2001.

The assets of Zarafshan-Newmont secure both loans and in addition, the Company has guaranteed 50% of the loans and the Uzbek partners have guaranteed the remaining 50%.

Other Project Financing, Capital Leases and Other

In conjunction with the development of its properties, Newmont has several facilities maturing through 2008 with various international lending institutions with interest rates ranging from 3.5% to 10.3%, with approximately $44.4 million and $9.9 million outstanding at December 31, 2002 and 2001, respectively.

Credit Facilities

The Company s $1.0 billion revolving credit facility, entered into June 1997, was replaced in October 2001 with two unsecured multi-currency revolving credit facilities with a consortium of banks: a $200 million facility with an initial term of 364 days, which may be extended annually to October 2006; and a $400 million revolving facility, which matures in October 2006. In February 2002, in connection with the Normandy deal, Newmont acquired an additional A$490 million committed revolving multi-option facility with a syndicate of banks. In May 2002, Newmont repaid the $170.6 million outstanding under this facility, closed it and added an additional $150 million Australian bank tranche, which also matures in 2006, to the existing facilities for a total of $750 million. Interest rates and facility fees vary based on the Company s credit rating. Borrowings under the facilities bear interest equal to either the LIBOR plus a margin ranging from 0.70% to 0.975% or the greater of

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the federal funds rate or the lead bank s prime rate. Annual fees vary from 0.10% to 0.40% of the commitment. At December 31, 2002, the fees were 0.15%, 0.175% and 0.30% of the commitment, for the $200 million, the $400 million and the $150 million facilities, respectively. There were no borrowings under the facilities as of December 31, 2002. The Company is in compliance with all covenants.

Debt Covenants

Certain of Newmont s current debt facilities contain various common public debt covenants and default provisions including payment defaults, limitation on liens, limitation on sales and leaseback agreements and merger restrictions. These debt instruments include the Medium Term Notes, 8 5/8% Notes, 8 3/8% Debentures, Sale-Leaseback of the Refractory Ore Treatment Plant and the 6% Convertible Subordinated Debentures. None of the aforementioned public debt instruments contain financial ratio covenants or credit rating provisions that could create liquidity issues for the Company.

The Yandal $300 million notes contain various debt covenants and default provisions that include limitations on indebtedness, distributions, asset sales and liens, and transactions with affiliates, in addition to standard public debt default covenants. There are no financial ratio covenants or credit rating provisions in this facility.

In addition, the Newmont Corporate Revolving Credit Facility contains financial ratio covenants requiring the Company to maintain a net debt to EBITDA (Earnings before interest expense, income taxes, depreciation and amortization) ratio of less than or equal to 4.0 and a net debt (total debt net of cash) to total capitalization ratio of less than or equal to 62.5%. Furthermore, the Newmont Corporate Revolving Credit Facility contains covenants limiting the sale of certain assets, certain change of control provisions and a negative pledge on certain assets.

Certain of the Company s project debt facilities contain various common project debt covenants and default provisions including limitations on dividends subject to certain debt service cover ratios, limitations on sales of assets, negative pledges on certain assets, change of control provisions and limitations of additional permitted debt.

At December 31, 2002, the Company and its subsidiaries were in full compliance with all debt covenants and default provisions.

NOTE 12 SALES CONTRACTS, COMMODITY AND FINANCIAL INSTRUMENTS

Newmont has a no hedging philosophy and generally sells its 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 Newmont Yandal Operations Limited (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 Newmont Yandal Operation Limited s (NYOL) hedging positions, however, are governed by agreements that confer on the relevant counterparty 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 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.

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Effective January 1, 2001, Newmont adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, to recognize derivative instruments on the balance sheet as either assets or liabilities and measurement at fair value. Unless specific hedging criteria are met, changes in the derivative s fair value are recognized currently in earnings. Gains and losses on derivative hedging instruments are recorded in either *Other comprehensive income (loss)*, *net of tax* or *Net income (loss)*, depending on the nature of the instrument.

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 December 31, 2002 of US$0.56 per A$1. For all floating rate instruments, the average prices quoted are gross contractual prices. The net forward prices ultimately realized on floating gold hedging contracts are the sum of the gross contractual forward prices less any associated future financing costs arising from gold borrowing commitments related to such floating rate instruments. Floating put option valuations include a deferred premium cost which is payable in gold ounces upon expiration of the options.

For the year ended December 31, 2002, a net loss of $18.3 million was included in income for the ineffective portion of derivative instruments designated as cash flow hedges and a net loss of $21.5 million for the change in fair value of gold commodity contracts that do not qualify as hedges (included in *Gain (loss) on derivative instruments*). The amount to be reclassified from *Other comprehensive income (loss)*, *net of tax* to income for derivative instruments during the next 12 months is a loss of approximately $11.3 million. The maximum period over which hedged forecasted transactions are expected to occur is 9 years.

Gold Forward Sales Contracts

Newmont had the following gold forward sales contracts at December 31, 2002:

	Expected Maturity Date or Transaction Date						Fair Value
Gold Forward Sales Contracts:	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**US$ (000)**
(A$ Denominated)							
Fixed Forwards:							
Ounces	1,022	1,060	227	52	26	2,387	$ (138,095)
Average price	$ 297	$ 300	$ 293	$ 266	$ 254	$ 297	
Floating Rate Forwards:							
Ounces			61	231	214	506	$ (37,401)
Average price	$	$	$ 332	$ 342	$ 352	$ 345	
Synthetic Forwards:							

Ounces	39	80	80	80	160	439	$ (34,222)
Average price	$ 313	$ 305	$ 305	$ 305	$ 305	$ 306	
Total:							
Ounces	1,061	1,140	368	363	400	3,332	$ (209,717)
Average Price	$ 298	$ 300	$ 302	$ 323	$ 327	$ 305	

Notes: *Fixed forward sales contracts* provide for delivery of a specified number of ounces at a specified price and date and are accounted for as cash flow hedges. *Floating rate forward contracts* provide for a gold lease rate component in the price that takes into account market lease rates over the term of the contract. Gold lease rates reflect the borrowing cost for gold. Variations in gold lease rates have historically not materially impacted on the actual realized price achieved on the contract. As such, these contracts have been statistically proven to qualify as highly effective cash flow hedges under FAS 133. *Synthetic forward contracts* represent combinations of purchased put options and written call options at the same strike price, maturity date and number of ounces. The combination achieves the same risk management result as gold forward sales contracts. Both floating rate forwards and synthetic forwards are accounted for as cash flow hedges.

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Gold Put Option Contracts

Newmont had the following gold put option contracts outstanding at December 31, 2002:

Put Option Contracts:	Expected Maturity Date or Transaction Date 2003	2004	2005	2006	Thereafter	Total/ Average	Fair Value US$ (000)
US$ Denominated Fixed Purchased Puts:							
Ounces	209	203	205	100	20	737	$ (6,774)
Average price	$ 292	$ 292	$ 292	$ 338	$ 397	$ 301	
A$ Denominated Fixed Purchased Puts:							
Ounces	91	88	49			228	$ (3,690)
Average price	$ 312	$ 318	$ 309	$	$	$ 314	
A$ Denominated Floating Purchased Puts:							
Ounces	16		207	69	287	579	$ (12,140)
Average price	$ 316	$	$ 332	$ 342	$ 344	$ 338	
Total:							
Ounces	316	291	461	169	307	1,544	$ (22,603)
Average Price	$ 299	$ 300	$ 312	$ 340	$ 347	$ 317	

Notes: *Fixed purchased put option contracts* provide the right, but not the obligation, to sell a specified number of ounces at a specified strike price and are accounted for as cash flow hedges. *Floating forward purchased put option contracts* provide for a variable gold lease rate component in the strike price. Variations in gold lease rates have historically not materially impacted on the actual realized price achieved on the contract. As such, these contracts have been statistically proven to qualify as highly effective cash flow hedges under FAS 133. These options are accounted for as cash flow hedges.

Convertible Put Options and Other Instruments

Newmont had the following gold convertible put option contracts and other instruments outstanding at December 31, 2002:

Convertible Put Options and Other Instruments:	Expected Maturity Date or Transaction Date 2003	2004	2005	2006	Thereafter	Total/ Average	Fair Value US$ (000)

(A$ Denominated)							
Floating Convertible Put Options:							
Ounces					1,131	1,131	$ (102,952)
Average price	$	$	$	$	$ 376	$ 376	
Knock-out/knock-in Contracts:							
Ounces	46	37	49			132	$ (6,794)
Average price	$ 311	$ 311	$ 311	$	$	$ 311	
Indexed Forward Contracts:							
Ounces			33	65	98	196	$ (15,740)
Average price	$	$	$ 305	$ 305	$ 305	$ 305	
Total:							
Ounces	46	37	82	65	1,229	1,459	$ (125,486)
Average price	$ 311	$ 311	$ 308	$ 305	$ 371	$ 361	

Notes: *Convertible put option contracts and other instruments* are composed of: a) Convertible option contracts that provide minimum price protection for covered ounces, while providing the opportunity to participate in higher market prices under certain market conditions, and are accounted for as cash flow hedges. These contracts have a floating lease rate component. Variations in gold lease rates have historically not materially impacted on the actual realized price achieved on the contract. As such, these contracts have been statistically proven to qualify as highly effective cash flow hedges under FAS 133; b) *Knock-out/knock-in option contracts* are contingent sold call options that either terminate (knock-out) or convert (knock-in) to sold call options,

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depending on certain market conditions, and are marked to market with the change reflected in income; and c) *Indexed forward contracts* that are potentially convertible to purchased put options, depending on the market gold price at set future value dates during the term of the contract, and are marked to market, with the change reflected in income.

Sold Convertible Put Options

Newmont had the following gold convertible put option contracts and other instruments outstanding at December 31, 2002:

Sold Convertible Put Options:	Expected Maturity Date or Transaction Date 2003	2004	2005	2006	Thereafter	Total/ Average	Fair Value US$ (000)
(A$ Denominated)							
Ounces		30	60	60	90	240	$ (14,295)
Average price	$	$ 331	$ 334	$ 337	$ 340	$ 337	

Notes: *Sold convertible put options* are contracts that commit Newmont to buying gold ounces under certain market conditions at a predetermined price on a specified future date. At December 31, 2002 Newmont had a sold gold convertible put position of 240,000 ounces. This position was originally overlaid with a bought convertible put position, however, the bought position was closed out during the year. As the contracts are to buy gold, they cannot be treated as cash flow hedges; they are therefore marked to market with the change reflected in income. The cash flow on the close out of this bought position was an outflow of $10.9 million.

Price-Capped Sales Contracts

In mid-1999, Newmont purchased near-term put option contracts for 2.85 million ounces of gold, with a strike price of $270 per ounce. These contracts expired between August 1999 and December 2000. This purchase was paid for by selling call option contracts for 2.35 million ounces at average strike prices ranging from $350 to $386 per ounce. The initial fair value of the put options of $37.6 million was amortized over the term of the options. The call option contracts, with an initial fair value of $37.6 million, were marked to market at each reporting date. Non-cash gains of $1.8 million were recorded for the year ended December 31, 2001.

In September 2001, Newmont entered into transactions that closed out these call options. The options were replaced with a series of forward sales contracts requiring physical delivery of the same quantity of gold over slightly extended future periods. Under the terms of the contracts, Newmont will realize the lower of the spot price on the delivery date or the capped price ranging from $350 per ounce in 2005 to $392 per ounce in 2011. The fair value of the forward sales contracts of $53.8 million was recorded as deferred revenue 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 133.

Newmont had the following price-capped forward sales contracts outstanding at December 31, 2002:

	Expected Maturity Date or Transaction Date		Total/ Average	Fair Value
Price-capped contracts:	**2003**	**2004**		