NEWMONT MINING CORP /DE/
Form 10-Q/A
July 28, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

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

For the Quarterly Period Ended September 30, 2003

OR

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

For the transition period from to

Commission File Number: 001-31240

NEWMONT MINING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware **(State or Other Jurisdiction of** **Incorporation or Organization)**	**84-1611629** **(I.R.S. Employer** **Identification No.)**
1700 Lincoln Street **Denver, Colorado** **(Address of Principal Executive Offices)**	**80203** **(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

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

There were 366,205,886 shares of common stock outstanding on October 28, 2003 (and 43,237,329 exchangeable shares).

Explanatory Note

This Amendment No. 1 on Form 10-Q/A (this Amendment) amends the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003 filed on November 3, 2003 (the Original Filing). Newmont Mining Corporation has filed this Amendment to correct an error in the Statements of Consolidated Cash Flows as described in Note 23, Restatement of Statements of Consolidated Cash Flows, as well as to make corresponding textual changes in Item 2, Management s Discussion and Analysis of Results of Operations and Financial Condition and to add related information in Item 4, Controls and Procedures. Other information contained herein has not been updated. Therefore, you should read this Amendment together with other documents that we have filed with the Securities and Exchange Commission subsequent to the filing of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in this Amendment. The filing of this Amendment shall not be deemed an admission that the Original Filing, when made, included any known, untrue statement of material fact or knowingly omitted to state a material fact necessary to make a statement not misleading.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended September 30,	
	2003	2002
	(unaudited, in thousands, except per share)	
Revenues		
Sales gold	$ 870,949	$ 697,829
Sales base metals, net	10,211	14,339
Royalties	15,832	7,900
	896,992	720,068
Costs and expenses		
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	457,983	431,756
Base metals	4,881	10,611
Depreciation, depletion and amortization	151,443	133,649
Exploration, research and development	30,646	25,356
General and administrative	28,954	29,742
Write-down of long-lived assets	3,582	283
Other	5,498	6,756
	682,987	638,153
Other income (expense)		
Loss on investments, net	(3,322)	
Loss on gold commodity derivative instruments, net	(46,927)	(11,191)
Gain on extinguishment of NYOL bonds, net	19,617	
Gain on extinguishment of NYOL derivatives liability, net	29,928	
Dividends, interest income, foreign currency exchange and other income	22,376	7,926
Interest expense, net of capitalized interest of $2,617 and $1,618, respectively	(18,756)	(33,082)
	2,916	(36,347)
Pre-tax income before minority interest and equity (loss) income and impairment of affiliates	216,921	45,568
Income tax expense	(80,977)	(10,756)
Minority interest in income of subsidiaries	(57,125)	(32,495)
Equity loss and impairment of Australian Magnesium Corporation	(574)	(486)
Equity income of affiliates	36,189	18,929

Net income applicable to common shares	$ 114,434	$ 20,760
Net income	$ 114,434	$ 20,760
Other comprehensive income (loss), net of tax	33,013	(75,443)
Comprehensive income (loss)	$ 147,447	$ (54,683)
Net income per common share, basic and diluted	$ 0.28	$ 0.05
Basic weighted average common shares outstanding	408,379	401,422
Diluted weighted average common shares outstanding	412,922	402,960
Cash dividends declared per common share	$ 0.04	$ 0.03

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
	(unaudited, in thousands, except per share)	
Revenues		
Sales gold	$ 2,309,531	$ 1,789,579
Sales base metals, net	42,379	46,644
Royalties	40,773	22,902
	2,392,683	1,859,125
Costs and expenses		
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	1,280,692	1,143,806
Base metals	30,216	29,990
Depreciation, depletion and amortization	421,373	359,437
Exploration, research and development	82,365	55,711
General and administrative	86,656	78,709
Write-down of long-lived assets	5,376	283
Other	29,836	6,165
	1,936,514	1,674,101
Other income (expense)		
Gain on investments, net	81,393	47,298
Gain (loss) on gold commodity derivative instruments, net	24,742	(14,338)
Gain on extinguishment of NYOL bonds, net	114,031	
Gain on extinguishment of NYOL derivatives liability, net	106,506	
Loss on extinguishment of debt	(19,530)	
Dividends, interest income, foreign currency exchange and other income	86,020	23,514
Interest expense, net of capitalized interest of $5,665 and $3,912, respectively	(71,371)	(99,320)
	321,791	(42,846)
Pre-tax income before minority interest, equity (loss) income and impairment of affiliates and cumulative effect of a change in accounting principle	777,960	142,178
Income tax expense	(232,578)	(41,765)
Minority interest in income of subsidiaries	(130,721)	(62,329)
Equity loss and impairment of Australian Magnesium Corporation	(120,059)	(1,174)
Equity income of affiliates	62,467	38,341
Net income before cumulative effect of a change in accounting principle	357,069	75,251
Cumulative effect of a change in accounting principle, net of tax of $11,188 and $(4,147), respectively	(34,533)	7,701
Net income	322,536	82,952
Preferred stock dividends		(3,738)

Net income applicable to common shares	$ 322,536	$ 79,214
Net income	$ 322,536	$ 82,952
Other comprehensive income (loss), net of tax	93,172	(17,737)
Comprehensive income	$ 415,708	$ 65,215
Net income per common share before cumulative effect of a change in accounting principle, basic	$ 0.88	$ 0.20
Cumulative effect of a change in accounting principle per common share, basic	(0.08)	0.02
Net income per common share, basic	$ 0.80	$ 0.22
Net income per common share before cumulative effect of a change in accounting principle, diluted	$ 0.88	$ 0.20
Cumulative effect of a change in accounting principle per common share, diluted	(0.09)	0.02
Net income per common share, diluted	$ 0.79	$ 0.22
Basic weighted average common shares outstanding	405,243	360,577
Diluted weighted average common shares outstanding	407,941	362,023
Cash dividends declared per common share	$ 0.12	$ 0.09

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30, 2003	December 31, 2002
	(unaudited, in thousands)	
ASSETS		
Cash and cash equivalents	$ 419,411	$ 401,683
Marketable securities	124,774	13,188
Accounts receivable	52,802	44,510
Inventories	178,076	169,324
Stockpiles and ore on leach pads	242,139	328,993
Prepaid taxes	21,281	28,335
Deferred stripping costs short-term	49,871	32,085
Deferred income tax assets	54,286	51,451
Newmont Australia infrastructure bonds	116,415	
Other current assets	66,103	43,687
Current assets	1,325,158	1,113,256
Property, plant and mine development, net	2,378,020	2,287,030
Mineral interests and other intangible assets, net	1,373,457	1,415,348
Investments	727,134	1,206,705
Deferred stripping costs long-term	33,724	23,302
Long-term stockpiles and ore on leach pads	297,069	199,761
Deferred income tax assets	887,994	761,428
Other long-term assets	95,457	123,112
Goodwill	3,037,201	3,024,576
Total assets	$ 10,155,214	$ 10,154,518
LIABILITIES		
Current portion of long-term debt	$ 175,927	$ 115,322
Accounts payable	148,890	105,277
Deferred income tax liabilities	3,793	28,469
Derivative instruments	5,093	74,999
Employee related benefits short-term	143,038	100,936
Other current liabilities	347,190	268,460
Current liabilities	823,931	693,463
Long-term debt	1,198,126	1,701,282
Reclamation and remediation liabilities	418,340	288,536
Deferred revenue from sale of future production	53,841	53,841
Derivative instruments	8,563	388,659
Deferred income tax liabilities	802,938	656,452
Employee related benefits long-term	205,121	234,103
Other long-term liabilities	312,189	364,376
Total liabilities	3,823,049	4,380,712
Commitments and contingencies (Note 18)		
Minority interest in subsidiaries	368,238	354,558
STOCKHOLDERS EQUITY		

Preferred stock $5.00 par value; Authorized 5.0 million shares Issued and outstanding none		
Common stock $1.60 par value; Authorized 750 million shares at each period end, respectively Issued and outstanding		
Common: 365.8 million and 353.2 million shares issued, less 90 thousand and 9 thousand treasury shares, respectively	585,387	565,019
Exchangeable: 55.9 million shares, less 12 million and 7 million redeemed shares, respectively		
Additional paid-in capital	5,179,677	5,038,468
Accumulated other comprehensive income (loss)	29,146	(64,026)
Retained earnings (deficit)	169,717	(120,213)
Total stockholders equity	5,963,927	5,419,248
Total liabilities and stockholders equity	$ 10,155,214	$ 10,154,518

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED CASH FLOWS

As Restated. See Note 23.

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
	(unaudited, in thousands)	
Operating activities:		
Net income	$ 322,536	$ 82,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	421,373	359,437
Accretion of accumulated reclamation obligations	17,119	
Amortization of deferred stripping costs, net	(29,713)	28,759
Deferred income taxes	15,091	(26,685)
Foreign currency exchange gain	(70,821)	(2,426)
Minority interest, net of dividends of $80,273 and $4,000, respectively	50,448	58,329
Equity loss (income) and impairment of affiliates, net of dividends	63,694	(27,542)
Write-downs of inventories, stockpiles and ore on leach pads	20,433	37,608
Write-down of long-lived assets	5,376	283
Cumulative effect of a change in accounting principle, net of tax	34,533	(7,701)
Gain on investments, net	(81,393)	(47,298)
(Gain) loss on gold commodity derivative instruments, net	(24,742)	14,338
Gain on extinguishment of NYOL bonds, net	(114,031)	
Gain on extinguishment of NYOL derivatives liability, net	(106,506)	
Loss on extinguishment of debt	19,530	
Gain on sale of assets and other	(13,472)	(20,253)
(Increase) decrease in operating assets:		
Accounts receivable	4,780	17,765
Inventories, stockpiles and ore on leach pads	(19,124)	(11,926)
Other assets	2,903	49,013
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	44,916	(50,292)
Derivative instruments	(15,388)	(29,242)
Early settlement of derivative instruments classified as cash flow hedges	(118,591)	(1,168)
Other liabilities	(28,740)	3,939
Net cash provided by operating activities	400,211	427,890
Investing activities:		
Additions to property, plant and mine development	(366,185)	(238,171)
Advances to joint ventures and affiliates, net	(40,013)	(24,750)
Proceeds from sale of investments	232,190	491,445
Proceeds from the sale of TVX Newmont Americas	180,000	
Proceeds from sale of cross currency swaps		50,816
Early settlement of ineffective derivative instruments	(57,741)	(11,857)
Cash consideration for acquisition of Newmont NFM minority interest and other acquisitions	(11,195)	
Cash consideration for acquisition of Normandy and Franco-Nevada, net of cash received and transaction costs		(88,114)
Proceeds from asset sales and other	1,613	30,316
Net cash (used in) provided by investing activities	(61,331)	209,685
Financing activities:		

Proceeds from long-term debt	492,478	493,371
Repayment of long-term debt	(838,583)	(1,026,858)
Dividends paid on common and preferred stock	(48,695)	(37,931)
Proceeds from stock issuance and other	54,848	67,964
Other		(4)
Net cash used in financing activities	(339,952)	(503,458)
Effect of exchange rate changes on cash	18,800	8,600
Net change in cash and cash equivalents	17,728	142,717
Cash and cash equivalents at beginning of period	401,683	149,431
Cash and cash equivalents at end of period	$ 419,411	$ 292,148
Supplemental information:		
Interest paid, net of amounts capitalized of $5,665 and $3,912, respectively	$ 97,413	$ 95,624
Income taxes paid	$ 145,157	$ 65,920

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The following interim Consolidated Financial Statements of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company) are unaudited and prepared in accordance with the rules and regulations of the Securities and Exchange Commission for Form 10-Q. Such rules and regulations allow the omission of certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles as long as the statements are not misleading. In the opinion of management, all adjustments necessary for a fair presentation of these interim statements have been included. These adjustments are of a normal recurring nature, except for the effects of the February 2002 acquisitions (Note 2). These interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of Newmont included in its Annual Report on Form 10-K/A for the year ended December 31, 2002.

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

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

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

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

(2) ACQUISITIONS

Newmont NFM Limited Scheme of Arrangement

On April 2, 2003, the shareholders of Normandy NFM Limited (an Australian corporation trading as Newmont NFM on the Australian Stock Exchange or ASX) voted to approve the proposed scheme of arrangement under which Newmont NFM would become a wholly-owned subsidiary of Newmont Australia Limited, a wholly-owned subsidiary of Newmont Mining Corporation, through the acquisition of the remaining minority interest of Newmont NFM. The Federal Court in Sydney, Australia approved the scheme on April 11, 2003 and the scheme became effective on April 14, 2003 after the orders of the Federal Court were filed with the Australian Securities and Investments Commission. Under the terms of the scheme, Newmont NFM shareholders could receive 4.40 ASX listed Newmont Mining Corporation CHESS Depositary Interests (CDIs) for each Newmont NFM share. Each CDI is equivalent to 0.1 Newmont Mining Corporation common shares. As an alternative to receiving Newmont Mining Corporation CDIs, shareholders could sell their Newmont NFM shares back to the company under a concurrent buy-back offer of A$16.50 per Newmont NFM share. On April 29, 2003, Newmont Mining Corporation issued 4,437,506 common shares to CHESS Depository Nominees Pty Ltd, and in turn, 44,375,060 CDIs were issued to former Newmont NFM shareholders. The market value of the issued Newmont Mining Corporation shares was approximately $105 million, based on the average quoted value of the shares of $23.58 two days before and after November 28, 2002, the date the terms of the transaction were announced. The market value of the issued shares, together with the cash consideration paid to those shareholders who elected to accept the buy-back offer of approximately $10 million (including transaction costs), gave rise to a total purchase price of approximately $115 million. The transaction was accounted for as a purchase of minority interest in accordance with Statement of Financial Accounting Standards (SFAS) No. 141 Business Combinations in the second quarter of 2003. Newmont NFM was delisted from the ASX in April 2003. Newmont has performed a preliminary purchase price allocation based on independent appraisals and valuations that gave rise to goodwill of $77.1 million. The final purchase price allocation is not expected to vary significantly from the preliminary allocation.

Normandy and Franco-Nevada

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

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

	Nine Months Ended September 30, 2002 (unaudited)
Revenues	$ 2,014.5
Net loss applicable to common shares before cumulative effect of a change in accounting principle	$ (67.4)
Net loss applicable to common shares	$ (59.7)
Basic and diluted loss per common share before cumulative effect of a change in accounting principle	$ (0.17)
Basic and diluted loss per common share	$ (0.15)
Basic and diluted weighted average common shares outstanding	396.5

On a pro forma basis during the nine months ended September 30, 2002, the net loss includes mark-to-market losses on derivative instruments totaling $174.7 million, net of tax. The above pro forma amounts do not include the application of hedge accounting prior to the acquisitions to significant portions of the acquired derivative instruments, as hedge accounting documentation was not in place during those periods. The pro forma information is not indicative of the results of operations that would have occurred had the acquisitions been consummated on January 1, 2002. The information is not indicative of the combined company s future results of operations.

Goodwill

Changes in the carrying amount of goodwill allocated to reporting units during 2002 and for the nine months ended September 30, 2003 are summarized in the following table (unaudited, in millions).

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

Balance at March 31, 2003	40.9		40.9			
Purchase price allocation for Newmont NFM Scheme of Arrangement						
Reversal of valuation allowances for acquired deferred tax assets						
Balance at June 30, 2003	40.9		40.9			
Reduction in pre-acquisition contingency accrual and other						
Balance at September 30, 2003	$ 40.9	$	$ 40.9	$	$	$

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	Pajingo	Other Australia	Total Australia	Zarafshan-Newmont	Other International Operations	Total Gold
Balance at January 1, 2002	$	$	$	$	$	$
Purchase price allocation for Normandy and Franco-Nevada acquisitions	56.9	140.8	197.7			238.6
Balance at December 31, 2002	56.9	140.8	197.7			238.6
Reversal of valuation allowances for acquired deferred tax assets		(18.5)	(18.5)			(18.5)
Balance at March 31, 2003	56.9	122.3	179.2			220.1
Purchase price allocation for Newmont NFM Scheme of Arrangement		77.1	77.1			77.1
Reversal of valuation allowances for acquired deferred tax assets		(14.5)	(14.5)			(14.5)
Balance at June 30, 2003	56.9	184.9	241.8			282.7
Reduction in pre-acquisition contingency accrual and other						
Balance at September 30, 2003	$ 56.9	$ 184.9	$ 241.8	$	$	$ 282.7

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

Balance at September 30, 2003	$ 31.5	$ 1,129.5	$ 1,593.5	$	$ 3,037.2

During the nine months ended September 30, 2003, the Company reversed valuation allowances for deferred tax assets related to capital loss carry-forwards in Australia due to capital gains generated by the sale of TVX Newmont Americas, the loss of tax attributes from the extinguishment of Newmont Yandal Operations Pty Ltd (NYOL) bonds (Note 10), and tax benefits arising from the completion of the Newmont NFM Scheme of Arrangement. The valuation allowances were originally recorded as part of the purchase price allocation for the acquisition of Normandy and were therefore reversed against goodwill. In addition, during the three months ended September 30, 2003, the Company revised its estimate for probable loss relating to a pre-acquisition tax contingency accrual that was originally recorded as part of the purchase price allocation for the acquisition of Normandy and Franco-Nevada.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

(3) INVENTORIES

	At September 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current:		
In-process	$ 65,811	$ 46,435
Precious metals	7,460	19,467
Materials, supplies and other	104,805	103,422
	$ 178,076	$ 169,324

The Company recorded aggregate write-downs of $0.3 million and $0.8 million for the three months ended September 30, 2003 and 2002, respectively, to reduce the carrying value of inventories to net realizable value. Write-downs in 2003 related to Golden Grove. Write-downs in 2002 related to Golden Giant, Minahasa and Golden Grove.

The Company recorded aggregate write-downs of $11.2 million and $3.1 million for the nine months ended September 30, 2003 and 2002, respectively, to reduce the carrying value of inventories to net realizable value. Write-downs in 2003 primarily relate to Golden Grove, Minahasa and Martha. Write-downs in 2002 primarily related to Nevada and include the third quarter write-downs in Golden Giant, Minahasa and Golden Grove.

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

(4) STOCKPILES AND ORE ON LEACH PADS

	At September 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current:		
Stockpiles	$ 75,340	$ 104,997
Ore on leach pads	166,799	223,996

	$ 242,139	$ 328,993
Long-term:		
Stockpiles	$ 174,217	$ 136,116
Ore on leach pads	122,852	63,645
	$ 297,069	$ 199,761

The Company recorded aggregate write-downs of $0.3 million and $20.9 million for the three months ended September 30, 2003 and 2002, respectively, to reduce the carrying value of stockpiles to net realizable value. The 2003 stockpile write-downs relate to Yandal. The 2002 stockpile write-downs primarily related to Nevada. The Company also recorded a write-down in Nevada of $1.9 million for the three months ended September 30, 2003 to reduce the carrying value of ore on leach pads to net realizable value.

The Company recorded aggregate write-downs of $7.1 million and $34.5 million for the nine months ended September 30, 2003 and 2002, respectively, to reduce the carrying value of stockpiles to net realizable value. The Company also recorded a write-down in Nevada of $2.1 million for the nine months ended September 30, 2003

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

to reduce the carrying value of ore on leach pads to net realizable value. Stockpile write-downs in 2003 primarily relate to Tanami, Yandal and Martha. The 2002 stockpile write-downs primarily relate to Nevada.

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

(5) GAIN (LOSS) ON INVESTMENTS, NET

Gain (loss) on investment for the three and nine months ended September 30, 2003 and 2002 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Loss on sale on Kinross marketable securities	$ (7,418)	$	$ (7,418)	$
Gain on exchange of Echo Bay shares for Kinross marketable securities			84,337	
Gain on sale of marketable securities of Lihir Gold				47,298
Gain on sale of other marketable securities	4,096		4,474	
Gain (loss) on investments, net	$ (3,322)	$	$ 81,393	$ 47,298

Kinross Gold Corporation

On January 31, 2003, Kinross Gold Corporation (Kinross), Echo Bay Mines Ltd. (Echo Bay) and TVX Gold Inc. (TVX Gold) were combined, and TVX Gold acquired Newmont s 49.9% interest in the TVX Newmont Americas joint venture. Under the terms of the combination and acquisition, Newmont received a 13.8% interest in the restructured Kinross in exchange for its then 45.67% interest in Echo Bay and cash proceeds of $180 million for its interest in TVX Newmont Americas. Newmont recognized a pre-tax gain of $84.3 million on the transaction in *Gain on investments, net* in the *Statement of Consolidated Operations*. During the third quarter of 2003, Newmont sold approximately 28 million Kinross shares representing 66% of its investment in Kinross for total cash proceeds of $224.6 million and recorded a net loss of $7.4 million.

Newmont classified the remaining balance of its investment in Kinross as a short-term, available-for-sale marketable security at September 30, 2003. At that date, the fair value of the Kinross investment was $109.3 million. During the nine months ended September 30, 2003, a loss of $6.8 million, net of tax, was recorded in *Other comprehensive income, net of tax* for the change in market value of the investment.

Gain on Sale of Marketable Securities of Lihir Gold

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

Sales of Debt Securities

As part of the Franco-Nevada acquisition in February 2002, the Company acquired significant investments in marketable debt securities. These debt securities were classified as available-for-sale and recorded at their fair

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

values of $402.6 million under purchase accounting. All such securities were sold immediately after the Franco-Nevada acquisition for net proceeds of $402.9 million, resulting in the recognition of a pre-tax gain of $0.3 million, which is included in *Dividends, interest income, foreign currency exchange, and other income* for the nine months ended September 30, 2002.

(6) DEFERRED STRIPPING COSTS

Movements in the deferred stripping cost balance were as follows:

	Nine Months Ended September 30, 2003	Year Ended December 31, 2002
	(unaudited, in thousands)	
Opening balance	$ 55,387	$ 91,631
Additions	121,117	65,371
Amortization	(92,909)	(101,615)
Closing balance	$ 83,595	$ 55,387

(7) PROPERTY, PLANT AND MINE DEVELOPMENT

	At September 30, 2003			At December 31, 2002		
	Cost	Accumulated Depreciation and Depletion	Net Book Value	Cost	Accumulated Depreciation and Depletion	Net Book Value
			(unaudited, in thousands)			
Land	$ 79,365	$	$ 79,365	$ 71,521	$	$ 71,521
Buildings and equipment	4,206,758	(2,683,172)	1,523,586	4,093,028	(2,371,017)	1,722,011

Mine development	1,197,960	(682,624)	515,336	1,005,166	(580,594)	424,572
Asset retirement cost	131,650	(72,752)	58,898			
Construction-in-progress	200,835		200,835	68,926		68,926
Total	$ 5,816,568	$ (3,438,548)	$ 2,378,020	$ 5,238,641	$ (2,951,611)	$ 2,287,030
Leased assets included above in property, plant and mine development	$ 354,245	$ (159,976)	$ 194,269	$ 361,889	$ (146,884)	$ 215,005

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(Unaudited)

(8) MINERAL INTERESTS AND OTHER INTANGIBLE ASSETS

	At September 30, 2003			At December 31, 2002		
	Carrying Value	Accumulated Amortization	Net Book Value	Carrying Value	Accumulated Amortization	Net Book Value
			(unaudited, in thousands)			
Mineral Interests:						
Production stage						
Mineral interests	$ 803,224	$ (392,910)	$ 410,314	$ 712,098	$ (325,822)	$ 386,276
Royalties net smelter returns	223,684	(24,462)	199,222	222,614	(12,751)	209,863
Royalties net profit interest	18,290	(3,817)	14,473	17,340	(3,231)	14,109
	1,045,198	(421,189)	624,009	952,052	(341,804)	610,248
Development stage						
Mineral interests	123,955		123,955	92,757		92,757
Royalties net smelter returns	1,543		1,543	1,321		1,321
Royalties net profit interest	6,913	(107)	6,806	5,921	(50)	5,871
	132,411	(107)	132,304	99,999	(50)	99,949
Exploration stage						
Mineral interests	547,241	(14,607)	532,634	632,284	(8,449)	623,835
Royalties-net smelter returns	5,293	(537)	4,756	5,700	(314)	5,386
	552,534	(15,144)	537,390	637,984	(8,763)	629,221
Total mineral interests	1,730,143	(436,440)	1,293,703	1,690,035	(350,617)	1,339,418
Oil and Gas:						
Producing property						
Royalties net refining returns	44,309	(8,526)	35,783	37,964	(3,842)	34,122
Working interest	21,518	(2,392)	19,126	18,430	(1,400)	17,030
	65,827	(10,918)	54,909	56,394	(5,242)	51,152
Non-producing property						
Royalties net refining returns	5,547		5,547	4,751		4,751
Working interest	8,316		8,316	7,090		7,090
	13,863		13,863	11,841		11,841
Total oil and gas	79,690	(10,918)	68,772	68,235	(5,242)	62,993

Other	11,471	(489)	10,982	12,937		12,937
Total	$ 1,821,304	$ (447,847)	$ 1,373,457	$ 1,771,207	$ (355,859)	$ 1,415,348

The Company s intangible assets for mineral interests and oil and gas interests are subject to amortization. The aggregate amortization expense for the three months ended September 30, 2003 and 2002 was $30.2 million and $46.9 million, respectively. The aggregate amortization expense for the nine-month periods ended September 30, 2003 and 2002 was $91.3 million and $101.3 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

(9) INVESTMENTS AND EQUITY INCOME OF AFFILIATES

Investments:

	At September 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Investments in affiliates:		
Batu Hijau	$ 717,398	$ 660,928
TVX Newmont Americas		183,028
Echo Bay Mines		210,643
Australian Magnesium Corporation	(574)	44,244
AGR Matthey Joint Venture	10,310	11,213
	727,134	1,110,056
Other:		
Newmont Australia infrastructure bonds long-term		96,649
	$ 727,134	$ 1,206,705
Other:		
Newmont Australia infrastructure bonds short-term	$ 116,415	

Equity Loss and Impairment of Australian Magnesium Corporation

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
	(unaudited, in thousands)			
Australian Magnesium Corporation	$ (574)	$ (486)	$ (120,059)	$ (1,174)

Equity Income of Affiliates:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Batu Hijau	$ 36,035	$ 14,487	$ 61,785	$ 29,424
TVX Newmont Americas and other		4,111	810	8,003
AGR Matthey Joint Venture	154	331	(128)	914
Total	$ 36,189	$ 18,929	$ 62,467	$ 38,341

Investment in Batu Hijau

The Company and an affiliate of Sumitomo Corporation (Sumitomo) are partners with economic interests of 56.25% and 43.75%, respectively, in the Nusa Tenggara Partnership (NTP), which holds 80% of P.T. Newmont Nusa Tenggara (PTNNT), the owner of the Batu Hijau copper/gold mine in Indonesia. Due to the significant participating rights provided to Sumitomo under the terms of the NTP partnership agreement, the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Company uses the equity method to account for its investment in NTP. The Company and Sumitomo have an indirect 45% and 35% interest, respectively, in PTNNT. The remaining 20% interest is held by an unrelated Indonesian company. Because the Company and Sumitomo have carried the investment of the 20% owner, the Company and Sumitomo recognize 56.25% and 43.75% of PTNNT s net income (loss), respectively, until recouping the bulk of the construction investment, including interest. Under the Contract of Work, a portion of PTNNT shares held by the Company and Sumitomo for the benefit of the Nusa Tenggara Partnership must be offered for sale to the Indonesian government or to Indonesian nationals at the higher of replacement cost value, Jakarta stock exchange share value or fair market value as a going concern. Based on the current holding of PTNNT shares by an Indonesian national, the first year in which such an offer of shares would need to be made is 2006. The effect of this provision could potentially reduce the Company and Sumitomo s ownership to 49% by 2010.

The Company s equity investment in PTNNT was $717.4 million and $660.9 million at September 30, 2003 and December 31, 2002, respectively, based on accounting principles generally accepted in the United States. At September 30, 2003, PTNNT s net assets were $528.2 million, of which Newmont s 56.25% equity share was $297.1 million adjusted for (i) $45.2 million for Newmont s contribution prior to the formation of NTP; (ii) $105.8 million for the fair market value adjustment recorded by Newmont in conjunction with the purchase of a subsidiary minority interest, net of amortization; (iii) $397.5 million for the contributions and interest income recorded by Newmont classified as debt and interest expense by PTNNT; (iv) negative $119.5 million for contributions to PTNNT, through NTP, by Sumitomo disproportionate to its equity interest, net of amounts recorded; (v) negative $76.9 million for stockholders equity of the carried interest partner; (vi) $38.9 million for other intercompany charges; (vii) $36.3 million for capitalized interest; and, (viii) negative $7.0 million for other adjustments recorded by Newmont. At December 31, 2002, differences between 56.25% of PTNNT s net assets of $257.6 million and Newmont s investment included (i) $45.2 million for Newmont s contribution prior to the formation of NTP; (ii) $109.1 million for the fair market value adjustment recorded by Newmont in conjunction with the purchase of a subsidiary minority interest, net of amortization; (iii) $391.2 million for the contributions and interest income recorded by Newmont classified as debt and interest expense by PTNNT; (iv) negative $122.6 million for contributions in PTNNT, through NTP, by Sumitomo disproportionate to its equity interest, net of amounts recorded; (v) negative $76.9 million for stockholders equity of the carried interest partner; (vi) $33.3 million for other intercompany charges; (vii) $30.9 million for capitalized interest; and, (viii) negative $6.9 million for other adjustments recorded by Newmont. Certain of these amounts are amortized or depreciated on a units-of-production basis based on proven and probable reserves. Below is a description of Newmont s equity income (loss) in PTNNT, where the net income (loss) reflects the elimination of interest between PTNNT and NTP.

Newmont s equity income in PTNNT for the nine months ended September 30, 2003 was $61.8 million versus $29.4 million for the same period in 2002. PTNNT s net income was $71.1 million for the nine months ended September 30, 2003, of which Newmont s 56.25% equity share was $40.0 million, adjusted for the elimination of $5.2 million of inter-company interest, $7.3 million of inter-company management fees, the cumulative effect of reclamation and remediation liabilities of $8.0 million and other adjustments of $1.3 million. For the comparable 2002 period, PTNNT s net income was $21.5 million, of which Newmont s 56.25% equity share of was $12.1 million, adjusted for the elimination of $6.1 million of inter-company interest, $7.8 million of inter-company management fees, and other adjustments of $3.4 million.

On May 9, 2002, PTNNT completed a restructuring of its $1.0 billion project financing facility (Senior Debt) that provides PTNNT the ability to defer up to $173.5 million in principal payments scheduled for 2002 and 2003. The restructuring was expected to provide a better match between the expected cash flows of the project and the maturities of the debt. Any deferred principal amounts were to be repaid between 2004 and 2010.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Under this restructuring, Batu Hijau is not permitted to pay dividends or make other restricted payments to Newmont or Sumitomo as long as any amount of deferred principal is outstanding; however, there is no restriction on prepaying any of the deferred principal amounts. Amounts outstanding under the project financing were $783.2 million at September 30, 2003 and $913.3 million in December 31, 2002. The amount of deferred principal at September 30, 2003 was $43.4 million and at December 31, 2002 was $173.4 million. During the quarter ended September 30, 2003, no payments were made and during the nine months ended September 30, 2003, $130.1 million was repaid. Newmont and its partner provide a contingent support line of credit to PTNNT. During the nine months ended September 30, 2003 and 2002, Newmont funded zero and $24.8 million, respectively under this contingent support facility as its pro-rata share of capital expenditures. Additional support from Newmont and its partner available under this facility amounts to $115.0 million, of which Newmont s pro-rata share is $64.7 million.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Revenues, net of smelting and refining costs	$ 128,918	$ 95,922	$ 306,509	$ 261,910
Revenues from by-product sales credited to production costs	$ 78,923	$ 53,836	$ 170,870	$ 113,311
Gross profit	$ 85,829	$ 30,177	$ 136,255	$ 42,465
Net income before cumulative effect of a change in accounting principle	$ 54,831	$ 17,780	$ 86,319	$ 21,366
Net income	$ 54,831	$ 17,780	$ 72,101	$ 21,366

In the nine-month period ended September 30, 2003, NTP recorded a charge of $14.2 million to reflect the cumulative effect of the adoption of SFAS No. 143 Accounting for Asset Retirement Obligations.

	At September 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current assets	$ 363,402	$ 313,110
Property, plant and mine development, net	$ 1,656,149	$ 1,658,912
Mineral interests	$ 180,196	$ 188,294
Other assets	$ 290,345	$ 282,133
Debt and related interest to partners and affiliates	$ 262,333	$ 259,793
Other current liabilities	$ 300,155	$ 103,117
Long-term debt third parties (including current portion)	$ 718,947	$ 935,771

Other liabilities	$ 156,986	$ 163,346

For the nine months ended September 30, 2003 and 2002, PTNNT recorded gross revenues, before smelting and refining costs, of $375 million and $339 million, respectively, which were subject to final pricing adjustments. The average price adjustment for copper was 6.75% and (1.89)% for the nine months ended September 30, 2003 and 2002, respectively. The average price adjustment for gold was 1.68% and 4.29% for the nine months ended September 30, 2003 and 2002, respectively. At September 30, 2003, PTNNT had copper derivatives embedded in outstanding shipment contracts of 137.6 million pounds of copper recorded at an

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(Unaudited)

average price of $0.82 per pound. A one-cent movement in the average price used for these derivatives would have an approximate $0.8 million impact on PTNNT s 2003 net income.

By-product commodities, gold and silver, represented 61% and 56% of sales, net of smelting and refining charges, and reduced production costs by 103% and 72% for the three-month periods ended September 30, 2003 and 2002, respectively, and 56% and 43% of sales, net of smelting and refining charges, and reduced production costs by 83% and 58% for the nine-month periods ended September 30, 2003 and 2002, respectively.

PTNNT entered into a series of copper hedging transactions which have been classified as cashflow hedges. The contracts comprise a forward sale at a fixed price and a spot purchase at the average spot price for the delivery month. The physical commodity is sold at the average spot price for the delivery month.

PTNNT had the following copper forward sales contracts outstanding at September 30, 2003 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value	
Copper Forward Contracts:	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total/ Average**	**September 30, 2003**	**December 31, 2002**
(US$ Denominated)								**US$ (000)**	
Tonnes	21,000						21,000	(163)	N/A
Average price	$ 1,783	$	$	$	$	$	$ 1,783		

PTNNT also entered into diesel hedging contracts which have been designated as cash flow hedges. The contracts comprise a forward purchase at a fixed price and a spot sale at the average spot price for the delivery month. The physical product is purchased at spot throughout the delivery month.

PTNNT had the following diesel forward purchase contracts outstanding at September 30, 2003 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value	
Diesel Forward Contracts:	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total/ Average**	**September 30, 2003**	**December 31, 2002**

(US$ Denominated)								**US$ (000)**	
Barrels (000)	15	120	40				175	80	600
Average price	$ 27.5	$ 28.1	$ 27.2	$	$	$	$ 27.8		

The Company is currently evaluating the impact of adoption of Financial Accounting Standards Board Interpretation No. 46 (FIN 46) Consolidation of Variable Interest Entities (Note 16) on its investment in PTNNT.

TVX Newmont Americas and Echo Bay Mines Ltd.

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

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

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(Unaudited)

Australian Magnesium Corporation (AMC)

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

AMC s primary asset is the Stanwell Magnesium Project (the Project), a proprietary chemical and dehydration process for producing anhydrous magnesium chloride as feed for an electrolytic cell to produce molten magnesium metal and magnesium alloys. The original funding arrangements for the Project amounted to approximately A$1.5 billion (approximately $1 billion), including contingencies and cost overrun reserves.

On April 17, 2003, AMC announced that it was unlikely that it would reach agreement with its independent engineering firm for a fixed price contract for the development of the Project. Following this announcement, AMC s share price declined substantially and was A$0.24 per share on May 8, 2003. As a result, Newmont wrote down the carrying value of its investment at March 31, 2003 to the quoted market price of the AMC shares at that date of $A0.43 per share and recorded a loss for an other-than-temporary decline in market value of $11 million.

On June 5, 2003, AMC requested suspension of its securities on the ASX. Subsequently, on June 12, 2003 AMC announced a restructuring agreement with the project s major creditors, including Newmont (the Agreement). The Agreement was designed to give AMC time to assess the Project development options and to search for either a corporate or project partner. Work on the Project has essentially ceased and the site is in a care and maintenance status. It is not known if or when the Project or any other magnesium project will be developed by AMC. In addition, as part of the Agreement, AMC (i) will settle outstanding obligations to its outside creditors from existing cash reserves, (ii) has cancelled the senior debt facilities associated with the Project and the associated foreign exchange and interest rate hedging contracts and (iii) has agreed to release Newmont from the above-mentioned A$90 million (approximately $60.1 million) contingent funding commitment. Newmont has agreed to forgive its A$38 million (approximately $24.8 million) loan receivable and provide support in the form of an A$10 million (approximately $6.6 million) contingent, subordinated credit facility and to maintain the existing guarantee in relation to the QMC Finance Pty Ltd. (QMC) finance facilities, as described below. In September 2003, Newmont made available to AMC A$5 million of this credit facility. Newmont had guaranteed a $30 million obligation payable by AMC to Ford Motor Company (Ford) in the event the Project did not meet certain specified production and operating criteria by November 2005. AMC indemnified Newmont for this obligation, but this indemnity was unsecured. As of June 30, 2003, Newmont and Ford agreed to settle the liability in relation to the guarantee for $10 million in exchange for a release of the guarantee. Newmont has agreed not to seek recovery of this amount from AMC.

As a result of the agreement, Newmont recorded an additional write-down in the second quarter of $107.8 million reducing the carrying value of its investment in AMC to zero. The write-down was attributable to the following: (i) $72.7 million representing the book value of its investment at June 30, 2003, (ii) $24.8 million for

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the loan receivable from AMC, (iii) $10 million charge to settle Newmont s guarantee of the Ford contract (see discussion above), (iv) $6.6 million relating to the contingent credit facility, and (v) $1.1 million for various other items offset by a $7.4 million income tax benefit. During the third quarter, Newmont recorded an equity loss of $0.6 million as a result of Newmont s outstanding guarantees of obligations of AMC s subsidiary, QMC.

During the third quarter of 2003, AMC issued 16,115,754 million of ordinary shares to a shareholder other than Newmont. As a result of the issuance, Newmont s holdings in AMC were diluted to a 26.9% interest in the company. Subsequently, during October 2003, AMC issued an additional 8,036,724 ordinary shares to a shareholder other than Newmont. Newmont did not acquire additional shares and as a result, Newmont s interest in AMC was diluted to 26.7% (Note 21).

Newmont is also the guarantor of an A$71 million (approximately $47 million) amortizing loan facility of QMC of which A$66.4 million (approximately $45.2 million) was outstanding as of September 30, 2003. The QMC loan facility, which is secured by the assets of the Queensland Magnesia Project, expires in November 2006.

QMC is also a party to hedging contracts, which have been guaranteed by Newmont. The contracts include a series of foreign exchange forward contracts and bought put options, the last of which expire in June 2006. As of September 30, 2003, the fair value of these contracts was a positive A$6.6 million (approximately $4.5 million).

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

In accordance with Accounting Principles Board Opinion No. 18, Newmont has recognized a loss of $0.6 million during the three months ended September 30, 2003 in *Equity loss and impairment of Australian Magnesium Corporation* even though its investment in AMC was revalued to zero at June 30, 2003 due to the Company s outstanding guarantees of QMC obligations.

The Company is currently evaluating the impact of adoption of FIN 46 (Note 16) on its investment in AMC and related entities, including QMC.

AGR Matthey Joint Venture

Newmont holds a 40% interest in a joint venture with the West Australian Mint and Johnson Matthey (Australia) Ltd. known as AGR Matthey Joint Venture (AGR). Newmont has no guarantees related to this investment. At September 30, 2003 and December 31, 2002, the difference between Newmont s investment in AGR of $10.3 million ($11.2 million at December 31, 2002) and its share of AGR s net assets consisted of a $2.4 million reduction in long-lived assets recorded by Newmont as part of the purchase accounting for the acquisition of Normandy.

The Company is currently evaluating the impact of adoption of FIN 46 (Note 16) on its investment in AGR.

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Newmont Australia Infrastructure Bonds

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

(10) EXTINGUISHMENT OF NYOL OBLIGATIONS AND NYOL VOLUNTARY ADMINISTRATION

On May 29, 2003, Newmont made an offer through its wholly owned subsidiary, Yandal Bond Company Limited (YBCL), to acquire all of the outstanding 8 $^{7}/8$% Senior Notes due in April 2008 of its wholly owned Australian subsidiary, NYOL. On May 28, 2003, YBCL made a separate offer to acquire all of NYOL s gold hedge contracts from the counterparties. The offer to acquire the Senior Notes was at a price of $500 per $1,000 of principal amount. The offer to acquire the gold hedge contracts was at $0.50 per $1.00 of the net mark-to-market hedge liability as of May 22, 2003.

On July 3, 2003, the board of directors of NYOL resolved to place the company into Voluntary Administration (VA, a form of insolvency proceeding in Australia) as it was insolvent or likely to become insolvent. In conjunction with the VA process, Newmont made an offer to the administrator for NYOL to bring NYOL out of VA. In order to comply with applicable requirements and to allow holders of NYOL s outstanding 8 $^{7}/8$% Senior Notes more time to assess these developments, YBCL extended the expiration of the offer to acquire the Senior Notes to July 11, 2003. As of that date, YBCL had received binding tenders for the Senior Notes totaling $237.0 million, representing 99.9% of the total $237.2 million outstanding third-party principal amount at the date of its initial offer. Six of the total of seven counterparties to the gold hedge contracts, representing 94% of the gold ounces in the NYOL hedge book and 76% of the mark-to-market May 22, 2003 hedge liability, had assigned their hedge contracts to YBCL prior to the NYOL entering into VA.

Newmont s offer to the administrator effectively valued the assets in excess of $200 million and would have resulted in NYOL s outstanding third-party Senior Note holders and the remaining hedge contract counterparty receiving not more than $0.40 on the dollar. It would also have resulted in Newmont honoring any prior unpaid obligations to NYOL s employees and payment in full to trade creditors. On August 29, 2003 NYOL s creditors passed a resolution to accept Newmont s offer and on September 8, 2003, Newmont s offer, in the form of Deeds of Company Arrangement, were signed by the administrators. On September 10, 2003, the conditions precedent to the offer were fulfilled and the offer became effective, so NYOL was returned to the control of its directors, and its employees continued their employment.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

In accordance with the terms of Newmont s offer, a NYOL subsidiary, Clynton Court Pty Limited (Clynton Court), subject to deed of company arrangement assumed the liabilities to be settled, including the outstanding third-party Senior Notes, the liability to the remaining hedge contract counterparty and the liabilities to trade creditors that existed at July 3, 2003 (the applicable liabilities). Newmont also contributed sufficient cash to Clynton Court to settle the applicable liabilities and to pay the fees of the administrator. Upon assumption by Clynton Court, the applicable liabilities of NYOL were extinguished.

The above transactions gave rise to a *Gain on extinguishment of NYOL bonds, net* of $19.6 million and $114.0 million, net of transaction costs, for the three months and nine months ended September 30, 2003, respectively. The transactions also gave rise to a *Gain on extinguishment of NYOL derivatives liability, net* of $29.9 million and $106.5 million, net of transaction costs, for the three months and nine months ended September 30, 2003, respectively. Total cash payments to extinguish the NYOL bonds and the NYOL derivatives liabilities (including costs) were $98.5 million and $103.6 million during the nine months ended September 30, 2003.

During the period from July 3, 2003 to September 10, 2003, during which NYOL was in VA, Newmont did not consolidate NYOL while it was under the temporary control of the administrator. However, upon NYOL s emergence from VA, Newmont reconsolidated NYOL effective July 1, 2003.

On September 3, 2003, J Aron & Co. commenced proceedings in the Supreme Court of New South Wales (Australia) against Newmont Yandal Operations Pty Ltd (NYOL) in relation to the recently completed voluntary administration of the NYOL group. J. Aron & Co., an NYOL creditor, initially sought injunctive relief that was denied by the court on September 8, 2003. On October 30, 2003, J. Aron & Co. filed a statement of claim alleging various deficiencies in the implementation of the voluntary administration process and seeking damages and other relief against NYOL and other parties.

(11) LONG-TERM DEBT

	At September 30, 2003	At December 31, 2002
	(unaudited, in thousands)	
Sale-leaseback of refractory ore treatment plant	$ 296,979	$ 307,880
8 3/8% debentures, net of discount	181,476	204,658
8 5/8% notes, due May 2011, net of discount	231,362	284,559
Newmont Australia 7 5/8% notes, net of premium	121,006	152,690
Newmont Australia 7 1/2% notes, net of premium	91,350	101,850
NYOL 8 7/8% notes		237,220
6% convertible subordinated debentures	99,980	99,980
Medium-term notes	17,000	32,000
Newmont Australia infrastructure bonds	118,376	99,680

Prepaid forward sales obligation	145,000	145,000
Revolving credit facility		
Interest rate swaps	(16,308)	(16,904)
Project financing, capital leases and other	87,832	167,991
	1,374,053	1,816,604
Current maturities	(175,927)	(115,322)
	$ 1,198,126	$ 1,701,282

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Scheduled minimum long-term debt repayments as of September 30, 2003 are $12.3 million for the remainder of 2003, $178.9 million in 2004, $434.5 million in 2005, $86.9 million in 2006, $74.8 million in 2007 and $586.7 million thereafter.

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

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

On May 27, 2003, Newmont initiated an offer through YBCL to acquire all of the outstanding 8 $^{7}/8$% Senior Notes due April 2008 issued by NYOL. At September 30, 2003, the 8 $^{7}/8$% Senior Notes had been extinguished (Note 10).

On September 22, 2003, Newmont announced that it had initiated the early redemption of $100 million in aggregate principal of Battle Mountain Gold 6% Convertible Subordinated Debentures, due January 4, 2005. On October 10, 2003, Newmont also announced that its wholly-owned subsidiary, Newmont USA Limited, had initiated a tender offer for any and all of its 8 $^{3}/8$% Senior Debentures due 2005 totaling $177 million of principal. Furthermore, on October, 23, 2003, Newmont announced that its wholly-owned subsidiary, Newmont Capital Limited, had initiated a tender offer for any and all of the 7.5% Guaranteed Notes due 2005 totaling $90 million of principal. See Note 21 for details of these transactions.

(12) RECLAMATION AND REMEDIATION

The Company s mining and exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

Effective January 1, 2003, the Company adopted SFAS No. 143 Accounting for Asset Retirement Obligations. As a result, *Reclamation and remediation liabilities* increased by $120.7 million for the fair value of the estimated asset retirement obligations, *Other accrued liabilities* increased by $2.3 million for worker participation bonuses in Peru (bonuses required by law at Minera Yanacocha based on net income), *Deferred income tax assets* increased by $6.9 million, *Property, plant and mine development, net* increased by $69.1 million, *Minority interest in subsidiaries* decreased by $16.2 million and a $34.5 million loss was recorded for the *Cumulative effect of a change in accounting principle, net of tax.* At September 30, 2003 and December 31, 2002, $377.2 million and $254.1 million, respectively, were accrued for reclamation obligations relating to currently or recently producing mineral properties.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites involved. At September 30, 2003 and December 31, 2002, $61.3 million and $48.1 million, respectively, were accrued for such obligations. These amounts are also included in *Reclamation and remediation liabilities*.

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

Balance December 31, 2002	$ 302,229
Impact of adoption of SFAS No. 143	120,707
Additions to liabilities	21,496
Liabilities settled	(23,029)
Accretion expense	17,119
Balance September 30, 2003	$ 438,522

The current portions of *Reclamation and remediation liabilities* of $20.2 million and $13.7 million at September 30, 2003 and December 31, 2002, respectively, are included in *Other accrued liabilities*.

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

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

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

	Three Months Ended September 30,	Nine Months Ended September 30,

Increase/(decrease) to net income	2003	2002 (pro forma)	2003	2002 (pro forma)
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)				
Gold	$ 7,260	$ 2,900	$ 17,372	$ 4,805
Base metals	90		269	
Depreciation, depletion, and amortization	(3,418)	(3,307)	(10,251)	(9,921)
Income tax (expense) benefit	(1,376)	142	(2,587)	1,790
Minority interest	(1,687)	411	(3,640)	1,615
Equity loss of affiliate	(38)	(260)	(838)	(801)
Net income (loss) before cumulative effect of a change in accounting principle	$ 831	$ (114)	$ 325	$ (2,512)
Net income (loss) before cumulative effect of a change in accounting principle per common share, basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ (0.01)

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

	Three Months Ended September 30, 2002		Nine Months Ended September 30, 2002	
	Net income applicable to common shares	Net income per common share, basic and diluted, before cumulative effect of a change in accounting principle	Net income applicable to common shares before cumulative effect of a change in accounting principle	Net income per common share, basic and diluted, before cumulative effect of a change in accounting principle
As reported	$ 20,760	0.05	$ 71,513	$ 0.20
Change in accounting method SFAS No. 143	(114)		(2,512)	(0.01)
Pro forma	$ 20,646	$ 0.05	$ 69,001	$ 0.19

(13) SALES CONTRACTS, COMMODITY AND DERIVATIVE INSTRUMENTS

Newmont has a no hedging philosophy and generally sells its gold production at market prices. Newmont has, on a limited basis, entered into derivative contracts to protect the selling price for certain anticipated gold production and to manage risks associated with sales contracts, commodities, interest rates and foreign currency. In addition, at the time of Normandy s acquisition, three of its affiliates had a substantial derivative instrument position. These three affiliates are now known as Newmont Gold Treasury Pty Ltd., Newmont NFM and NYOL. Newmont is not required to place collateral with respect to its commodity instruments and there are no margin calls associated with such contracts.

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 September 30, 2003 of US$0.68 per A$1.

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

At the close of the offer YBCL had acceptances from six of the seven gold hedge book counterparties. All of the six counterparties elected to receive $0.50 for each dollar of net mark-to-market liability, as calculated by YBCL as of May 22, 2003. This resulted in a total cash payment from YBCL to the counterparties of approximately $77 million.

NYOL was placed into VA on July 3, 2003. In conjunction with the VA process, Newmont made an offer to the administrator for NYOL that, if accepted, would bring NYOL out of VA. On September 8, 2003, Newmont s offer was accepted. On September 10, 2003, the conditions precedent to the offer were fulfilled and the offer became effective, so NYOL was returned to the control of its directors, and its employees continued their employment.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

In accordance with the terms of Newmont s offer, a new entity was formed, Clynton Court, into which NYOL transferred the liabilities to be settled, including the liability to the remaining hedge contract counterparty. Newmont also contributed sufficient cash to Clynton Court to settle these liabilities and to pay the fees of the administrators. Upon assumption by Clynton Court, the remaining hedge contract liabilities of NYOL were extinguished.

The above transactions gave rise to a *Gain on extinguishment of NYOL derivatives liability, net* of $29.9 million and $106.5 million, net of transaction costs, for the three months and nine months ended September 30, 2003, respectively. Total cash payments to extinguish the NYOL derivatives liability (including transaction costs) were $103.6 million during the nine months ended September 30, 2003.

On September 3, 2003, J. Aron & Co. commenced proceedings in the Supreme Court of New South Wales (Australia) against Newmont Yandal Operations Pty Ltd (NYOL) in relation to the recently completed voluntary administration of the NYOL group. J. Aron & Co., an NYOL creditor, initially sought injunctive relief that was denied by the court on September 8, 2003. On October 30, 2003, J. Aron & Co. filed a statement of claim alleging various deficiencies in the implementation of the voluntary administration process and seeking damages and other relief against NYOL and other parties.

For the three months ended September 30, 2003 and 2002, losses of $1.6 million and $8.1 million, respectively, were included in income in *Gain (loss) on gold commodity derivative instruments, net* for the ineffective portion of derivative instruments designated as cash flow hedges, and losses of $45.3 million and $3.1 million, respectively, for the change in fair value of gold commodity contracts that do not qualify as hedges. For the nine months ended September 30, 2003 and 2002, a gain of $29.4 million and a loss of $2.6 million, respectively, were included in income in *Gain (loss) on gold commodity derivative instruments, net* for the ineffective portion of derivative instruments designated as cash flow hedges, and losses of $4.7 million and $11.7 million, respectively, for the change in fair value of gold commodity contracts that do not qualify as hedges. The amount anticipated to be reclassified from *Accumulated other comprehensive income (loss),* to income for derivative instruments during the next 12 months is a gain of approximately $15.5 million. The maximum period over which hedged forecasted transactions are expected to occur is 8.2 years.

Gold Forward Sales Contracts

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

Gold Forward Contracts **(A$ denominated)**	**US $ (000)**
Fixed Forwards	$ (138,095)
Floating Rate Forwards	(37,401)

Synthetic Forwards	(34,222)
Total:	$ (209,718)

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Gold Put Option Contracts

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

	Expected Maturity Date or Transaction Date							Fair Value	
Put Option Contracts:	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total/ Average**	**September 30, 2003**	**December 31, 2002**
								US$ (000)	
US$ Denominated Fixed Purchased Puts:									
Ounces	52	203	205	100	20		580	$ (10,545)	$ (6,773)
Average price	$ 292	$ 292	$ 292	$ 338	$ 397	$	$ 304		
A$ Denominated Fixed Purchased Puts:									
Ounces								$	$ (3,690)
Average price									
A$ Denominated Floating Forward Purchased Puts:									
Ounces								$	$ (12,140)
Average price									
Total:									
Ounces	52	203	205	100	20		580	$ (10,545)	$ (22,603)
Average price	$ 292	$ 292	$ 292	$ 338	$ 397	$	$ 304		

Note: Through December 31, 2002, the floating forward purchased put option contracts were accounted for as cash flow hedges as they were statistically proven to qualify as highly effective cash flow hedges through that date. However, due to changes in market conditions during the first quarter of 2003, these contracts were no longer considered highly effective cash flow hedges. The effect of this change was a gain of $10.7 million that was recorded in *Gain (loss) on gold commodity derivative instruments, net* in income during the nine months ended September 30, 2003. These positions were closed out during the second quarter as part of the extinguishment of the NYOL hedge book (Note 10).

Convertible Put Options and Other Instruments

Newmont had no gold convertible put option contracts and other instruments outstanding at September 30, 2003, although positions existed at December 31, 2002. The fair values of these contracts at December 31, 2002 were as follows:

Convertible Put Options and Other Instruments

(A$ denominated)	US $ (000)
Floating Convertible Put Options	$ (102,952)
Knock-out/knock-in Contracts	(6,794)
Indexed Forward Contracts	(15,740)
Total:	$ (125,486)

Sold Convertible Put Options

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

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Sold Put Options

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

Price-Capped Sales Contracts

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

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

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

US$/Gold Swap Contracts

Newmont Australia entered into a US$/gold swap contract whereby principal payments on US$ bonds were swapped into gold-denominated payments of 600,000 ounces in 2008. Newmont Australia also received US$ fixed interest payments and paid gold lease rates, which are indexed to market rates. This instrument was marked to market at each period end, with the change reflected in income up until the contract was closed out during the YBCL buy back transaction (Note 10). However, the indexed portion of the transaction was held with the one counterparty who did not take up the offer. This position was extinguished as part of the NYOL voluntary administration process (Note 10). The fair value of this instrument at December 31, 2002 was a negative $87.2 million.

Other Sales Contracts, Commodity and Derivative Instruments

Foreign Currency Contracts

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

Newmont also acquired currency swap contracts to receive A$ and pay US$ designated as hedges of A$ denominated debt. The A$-denominated debt was repaid during the quarter ended June 30, 2002 and the contracts are currently undesignated. The contracts are accounted for on a mark-to-market basis. At September 30, 2003 and December 31, 2002 they had a negative fair value of $0.6 million and $21.9 million, respectively.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Interest Rate Swap Contracts

During the last half of 2001, Newmont entered into contracts to hedge the interest rate risk exposure on a portion of its $275 million 8.625% notes and its $200 million 8.375% debentures. Newmont receives fixed-rate interest payments at 8.625% and 8.375% and pays floating-rate interest amounts based on periodic LIBOR settings plus a spread, ranging from 2.60% to 4.25%. The notional principal amount of these transactions (representing the amount of principal tied to floating interest rate exposure) was $200 million at both September 30, 2003 and December 31, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. For the quarters ended September 30, 2003 and September 30, 2002, these transactions resulted in a reduction in interest expense of $1.9 million and $1.4 million, respectively, and $5.5 million and $4.2 million for the nine months ended September 30, 2003 and 2002, respectively. These transactions have been designated as fair value hedges and had positive fair values of $16.3 million and $13.8 million at September 30, 2003 and December 31, 2002, respectively.

Silver Commodity Contracts

During the three months ended September 30, 2003 Newmont entered into silver fixed forward contracts. These contracts have been designated as cash flow hedges of future silver sales and as such, changes in the market value have been recorded in *Other comprehensive income, net of tax*. Newmont had the following silver forward contracts outstanding at September 30, 2003 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value	
Silver Forward Contracts:	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total/ Average**	**September 30, 2003**	**December 31, 2002**
(US$ Denominated)								**US$ (000)**	
Ounces (in thousands)	150	600	450				1,200	28	N/A
Average price	$ 5	$ 5	$ 5	$	$	$	$ 5		

(14) STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
	(unaudited, in thousands)			

Net income	$ 114,434	$ 20,760	$ 322,536	$ 82,952
Other comprehensive income (loss), net of tax:				
Sale of marketable securities of Lihir, net of tax $10,732				(18,273)
Unrealized (loss) gain on marketable equity securities, net of tax of $(12,084), $1,389, $571 and $281, respectively	41,397	(3,369)	(7,670)	(656)
Foreign currency translation adjustments	(2,677)	(14,091)	29,431	4,034
Changes in fair value of cash flow hedge instruments, net of tax of $2,848, $24,850, $(18,135) and $1,218, respectively	(5,707)	(57,983)	66,839	(2,842)
Exchange of Echo Bay shares for Kinross shares			4,572	
Total other comprehensive income (loss), net of tax	33,013	(75,443)	93,172	(17,737)
Comprehensive income (loss)	$ 147,447	$ (54,683)	$ 415,708	$ 65,215

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(unaudited, in thousands)			
Interest income	$ 924	$ 2,920	$ 5,944	$ 10,818
Foreign currency exchange gains (losses)	18,937	2,411	70,821	2,426
Gain (loss) on sale of exploration properties	(925)	(769)	537	5,633
Other	3,440	3,364	8,718	4,637
Total	$ 22,376	$ 7,926	$ 86,020	$ 23,514

(16) ACCOUNTING CHANGES

Depreciation, Depletion and Amortization

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

Reclamation and Remediation

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

Financial Accounting Standards Board Interpretation No. 46 (FIN 46): Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN 46, which provides guidance on the identification and reporting for entities over which control is achieved through means other than voting rights. Newmont must apply FIN 46 to any variable interest entity (VIE) created after January 31, 2003 no later than the interim or annual period beginning after June 15, 2003. As of September 30, 2003, Newmont had no interest in a VIE created after January 31, 2003. A FASB Staff Position issued in October 2003 deferred the effective date of FIN 46 to the first interim or annual period ending after December 15, 2003 for entities created before February 1, 2003 if certain criteria are met.

Newmont is currently evaluating the impact FIN 46 will have on its financial statements for any VIE created before February 1, 2003 in which the Company has an interest. Newmont has identified certain entities in which

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

it has interests that have capital structures or contractual relationships that may result in classification of such entities as VIEs under FIN 46. However, Newmont has not completed its evaluation to determine if such entities are VIEs, nor has it completed its evaluation to determine if the Company would be the primary beneficiary and therefore would be required to consolidate the entities if they were determined to be VIEs.

The table below summarizes the entities under evaluation (unaudited, in thousands):

Entity	Ownership percentage	Nature of activities	Maximum exposure to loss (1) At September 30, 2003
Batu Hijau(3)	56.25%	Copper and gold mine	$ 782,098
QMC(2, 3)	26.9%	Magnesium	$ 44,426
AGR(3)	40%	Gold refining	$ 10,310
Proportionately-consolidated joint ventures	Various	Gold mining	$ 568,684
Fully-consolidated joint ventures	Various	Gold mining	$ 429,220

(1) Maximum exposure to loss is composed of Newmont s investment in the entity, the balance of loans or other receivables outstanding from the entity, and any contingent obligations for which Newmont could be liable in the future such as loan guarantees or support agreements.
(2) Newmont has a 26.7% indirect interest in QMC through its 26.7% ownership of AMC (see Note 9).
(3) Newmont accounts for its investment in this entity under the equity method.

(17) SEGMENT INFORMATION

During the third quarter of 2003, Newmont made certain reclassifications in its segment presentation for the three and nine months ended September 30, 2003 and 2002 to conform to changes in presentation reflected in its internal management reporting. The primary reclassifications are as follows: (i) the amortization to *Sales, net* of *Accumulated other comprehensive income (loss)* related to closed out derivative positions that were previously classified as cash flow hedges has been reclassified from Other Australia to Corporate and Other; and (ii) interest expense not specifically related to project financing has been reclassified from Other Australia to Corporate and Other. The reclassifications resulted in decreases in Other Australia and increases in Corporate and Other in *Sales, net* of $5.6 million and $15.7 million for the three and nine months ended September 30, 2003, respectively, and of $2.5 million and $4.0 million for the three and nine months ended September 30, 2002, respectively. The reclassification also resulted in decreases in Other Australia and increases in Corporate and Other in *Interest expense* of $3.7 million and $16.5 million for the three and nine months ended September 30, 2003, respectively, and of $15.5 million and $31.5 million for the three and nine months ended September 30, 2002, respectively.

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NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Financial information relating to Newmont s segments is as follows:

Three Months Ended September 30, 2003

(Unaudited, in millions)

	North America			South America			Australia		
	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America	Pajingo	Other Australia	Total Australia
Sales, net	$ 251.6	$ 33.1	$ 284.7	$ 320.1	$ 18.0	$ 338.1	$ 33.2	$ 153.8	$ 187.0
Royalties	$	$	$	$	$	$	$	$	$
Gain on investments, net	$	$	$	$	$	$	$	$	$
Gains on extinguishment of debt and derivatives liability, net	$	$	$	$	$	$	$	$	$
Interest income	$	$ 0.1	$ 0.1	$ 0.2	$	$ 0.2	$	$ 0.6	$ 0.6
Interest expense	$	$	$	$ 0.2	$	$ 0.2	$	$	$
Exploration, research and development	$ 5.4	$ 0.1	$ 5.5	$ 4.2	$	$ 4.2	$ 1.3	$ 1.2	$ 2.5
Depreciation, depletion and amortization	$ 37.1	$ 6.7	$ 43.8	$ 48.5	$ 1.7	$ 50.2	$ 8.2	$ 24.7	$ 32.9
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	$ 37.1	$ 4.4	$ 41.5	$ 160.2	$ 4.7	$ 164.9	$ 12.3	$ 22.5	$ 34.8
Equity loss and impairment of Australian Magnesium Corporation	$	$	$	$	$	$	$	$	$
Equity income (loss) affiliates	$	$	$	$	$	$	$	$ 0.2	$ 0.2
Amortization of deferred stripping, net	$ (8.5)	$	$ (8.5)	$	$	$	$	$ (2.7)	$ (2.7)
Write-down of long-lived assets	$	$	$	$	$	$	$	$ 1.6	$ 1.6
Capital expenditures (as restated see Note 23)	$ 33.6	$ 0.8	$ 34.4	$ 54.9	$ 0.1	$ 55.0	$ 4.9	$ 30.2	$ 35.1
Deferred stripping costs	$ 57.9	$ 6.6	$ 64.5	$	$	$	$	$ 12.0	$ 12.0
Total assets	$ 1,507.0	$ 138.7	$ 1,645.7	$ 1,306.1	$ 24.2	$ 1,330.3	$ 181.3	$ 1,117.4	$ 1,298.7

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

	Zarafshan-Newmont, Uzbekistan	Other International Operations	Total Gold	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Sales, net	$ 18.1	$ 37.4	$ 865.3	$ 10.2	$	$	$ 5.6	$ 881.1
Royalties	$	$	$	$	$	$ 15.9	$	$ 15.9
Gain on investments, net	$	$	$	$	$	$ (3.3)	$	$ (3.3)
Gains on extinguishment of debt and derivatives liability, net	$	$	$	$	$	$ 49.5	$	$ 49.5
Interest income	$ 0.1	$ (0.1)	$ 0.9	$	$	$	$	$ 0.9
Interest expense	$ 0.1	$	$ 0.3	$	$	$	$ 18.5	$ 18.8
Exploration, research and development	$	$ 2.9	$ 15.1	$ 1.1	$ 7.9	$ 1.5	$ 5.1	$ 30.7
Depreciation, depletion and amortization	$ 2.5	$ 10.8	$ 140.2	$ 2.0	$ 0.8	$ 7.2	$ 1.3	$ 151.5
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	$ 7.8	$ 6.0	$ 255.0	$ 2.1	$ (8.7)	$ 52.7	$ (84.1)	$ 217.0
Equity loss and impairment of Australian Magnesium Corporation	$	$	$	$	$	$	$ (0.6)	$ (0.6)
Equity income (loss) affiliates	$	$	$ 0.2	$	$	$	$ 36.0	$ 36.2
Amortization of deferred stripping, net	$	$ (4.4)	$ (15.6)	$	$	$	$	$ (15.6)
Write-down of long-lived assets	$	$	$ 1.6	$	$	$	$ 2.0	$ 3.6
Capital expenditures (as restated see Note 23)	$ 1.8	$ 10.4	$ 136.7					