

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q/A

(Amendment No. 1)

(Mark One)

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

For the Quarterly Period Ended March 31, 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)

84-1611629
(I.R.S. Employer)

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Incorporation or Organization)

Identification No.)

1700 Lincoln Street
Denver, Colorado
(Address of Principal Executive Offices)

80203
(Zip Code)

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

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

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

There were 359,372,160 shares of common stock outstanding on May 8, 2003 (and 46,824,774 exchangeable shares).

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME

Unaudited

	Three Months Ended March 31,	
	2003	2002
	(in thousands, except per share)	
Revenues		
Sales - gold	\$ 714,556	\$ 482,234
Sales - base metals, net	19,433	9,370
Royalties	14,480	3,800
	<u>748,469</u>	<u>495,404</u>
Costs and expenses		
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	399,009	328,535
Base metals	15,362	10,705
Depreciation, depletion and amortization	130,593	102,186
Exploration and research	21,472	11,567
General and administrative	26,410	21,315
Other	22,019	870
	<u>614,865</u>	<u>475,178</u>
Other income (expense)		
Gain on investments, net	84,337	
Gain on gold commodity derivative instruments, net	55,025	6,331
Loss on extinguishment of debt	(19,530)	
Dividends, interest, foreign currency exchange and other income	31,839	415
Interest expense, net of capitalized interest of \$1,290 and \$1,222, respectively	(29,946)	(31,137)
	<u>121,725</u>	<u>(24,391)</u>
Pre-tax income (loss) before minority interest, equity income and impairment of affiliates and cumulative effect of a change in accounting principle	255,329	(4,165)
Income tax expense	(62,563)	(1,188)
Minority interest in income of subsidiaries	(37,789)	(10,550)
Equity (loss) income and impairment of affiliates	(3,189)	1,404

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Net income (loss) before cumulative effect of a change in accounting principle	151,788	(14,499)
Cumulative effect of a change in accounting principle, net of tax of \$11,188 and (\$4,147), respectively	(34,533)	7,701
Net income (loss)	117,255	(6,798)
Preferred stock dividends		(1,869)
Net income (loss) applicable to common shares	\$ 117,255	\$ (8,667)
Net income (loss)	\$ 117,255	\$ (6,798)
Other comprehensive income, net of tax	41,029	27,878
Comprehensive income	\$ 158,284	\$ 21,080
Net income (loss) per common share before cumulative effect of a change in accounting principle, basic and diluted	\$ 0.38	\$ (0.06)
Cumulative effect of a change in accounting principle per common share, basic and diluted	(0.09)	0.03
Net income (loss) per common share, basic and diluted	\$ 0.29	\$ (0.03)
Basic weighted average common shares outstanding	401,890	281,467
Diluted weighted average common shares outstanding	404,219	281,467
Cash dividends declared per common share	\$ 0.04	\$ 0.03

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

CONSOLIDATED BALANCE SHEETS

Unaudited

	March 31, 2003	December 31, 2002
	(in thousands)	
ASSETS		
Cash and cash equivalents	\$ 380,316	\$ 401,683
Marketable securities - short-term	12,024	13,188
Accounts receivable	27,519	44,510
Inventories	256,370	169,324
Stockpiles and ore on leach pads	246,843	328,993
Prepaid taxes	19,365	28,335
Derivative instruments	1,446	4,575
Deferred stripping costs - short term	30,184	32,085
Deferred income tax assets	47,912	51,451
Other current assets	38,977	39,112
	<hr/>	<hr/>
Current assets	1,060,956	1,113,256
Property, plant and mine development, net	2,360,336	2,317,880
Mineral interests and other intangible assets, net	1,408,284	1,415,348
Investments	820,500	1,155,852
Marketable securities - long-term	266,444	
Deferred stripping costs - long-term	31,565	23,302
Long-term stockpiles and ore on leach pads	228,828	199,761
Derivative instruments	3,986	3,022
Deferred income tax assets	834,886	761,428
Other long-term assets	146,704	140,093
Goodwill	3,006,086	3,024,576
	<hr/>	<hr/>
Total assets	\$ 10,168,575	\$ 10,154,518
	<hr/>	<hr/>
LIABILITIES		
Current portion of long-term debt	\$ 82,858	\$ 115,322
Accounts payable	126,879	105,277
Deferred income tax liabilities	7,478	28,469
Derivative instruments	53,371	74,999
Other accrued liabilities	431,695	369,396
	<hr/>	<hr/>
Current liabilities	702,281	693,463
Long-term debt	1,577,054	1,701,282
Reclamation and remediation liabilities	423,617	288,536
Deferred revenue from sale of future production	53,841	53,841
Derivative instruments	189,925	388,659
Deferred income tax liabilities	678,042	656,452
Employee related benefits	225,777	234,103
Other long-term liabilities	369,747	364,376
	<hr/>	<hr/>
Total liabilities	4,220,284	4,380,712
	<hr/>	<hr/>
Commitments and contingencies (Notes 11 and 17)		
Minority interest in subsidiaries	375,124	354,558
	<hr/>	<hr/>
STOCKHOLDERS EQUITY		

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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, respectively Issued and outstanding		
Common: 353.8 million and 353.2 million shares issued, less 59 thousand and 9 thousand treasury shares, respectively	566,276	565,019
Exchangeable: 55.9 million shares, less 7.5 million and 7.1 million redeemed shares, respectively		
Additional paid-in capital	5,032,846	5,038,468
Accumulated other comprehensive loss	(22,997)	(64,026)
Retained deficit	(2,958)	(120,213)
	<u>5,573,167</u>	<u>5,419,248</u>
Total stockholders' equity	5,573,167	5,419,248
	<u>\$ 10,168,575</u>	<u>\$ 10,154,518</u>
Total liabilities and stockholders' equity	\$ 10,168,575	\$ 10,154,518

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED CASH FLOWS

Unaudited

	Three Months Ended March 31,	
	2003	2002
(in thousands)		
Operating activities:		
Net income (loss)	\$ 117,255	\$ (6,798)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	130,593	102,186
Amortization of deferred stripping costs, net	(6,362)	6,049
Deferred tax benefit	(35,400)	(4,293)
Foreign currency exchange (gain) loss	(19,973)	3,621
Minority interest, net of dividends	37,789	10,550
Undistributed (gains) losses of affiliated companies	8,514	(1,404)
Write-down of inventories, stockpiles and ore on leach pads	7,688	8,253
Cumulative effect of a change in accounting principle, net of tax	34,533	(7,701)
Loss on extinguishment of debt	19,530	
Gain on investments, net	(84,337)	
Loss (gain) on sale of assets and other	1,168	(4,451)
Gain on gold commodity derivative instruments, net	(64,849)	(6,331)
(Increase) decrease in operating assets:		
Accounts receivable	5,855	18,920
Inventories	(23,480)	5,305
Other assets	(1,991)	16,642
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	61,018	(40,744)
Derivatives	(17,328)	(9,776)
Early settlement of derivatives classified as cash flow hedges	(32,779)	
Other liabilities	(1,448)	(18,873)
Net cash provided by operating activities	135,996	71,155
Investing activities:		
Additions to property, plant and mine development	(81,311)	(51,830)
Advances to joint ventures and affiliates	(56,224)	(24,750)
Proceeds from sale of short-term investments		406,731
Proceeds from the sale of TVX Newmont Americas	170,625	
Early settlement of other derivatives	(4,097)	
Cash consideration for Normandy shares		(440,528)
Cash received from acquisitions, net of transaction costs		422,215
Proceeds from asset sales and other	2,381	269
Net cash provided by investing activities	31,374	312,107
Financing activities:		
Proceeds from long-term debt		450,431
Repayment of long-term debt	(182,787)	(475,244)
Dividends paid on common and preferred stock	(16,089)	(13,792)
Proceeds from stock issuance and other	934	15,739
Net cash used in financing activities	(197,942)	(22,866)

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Effect of exchange rate changes on cash	9,205	1,731
Net change in cash and cash equivalents	(21,367)	362,127
Cash and cash equivalents at beginning of period	401,683	149,431
Cash and cash equivalents at end of period	\$ 380,316	\$ 511,558
Supplemental information:		
Interest paid, net of amounts capitalized of \$1,290 and \$1,222, respectively	\$ 29,557	\$ 31,916
Income taxes paid	\$ 21,560	\$ 13,974

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

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

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) ACQUISITIONS OF NORMANDY AND FRANCO-NEVADA AND GOODWILL

During the first quarter of 2002, Newmont acquired Franco-Nevada and Normandy. The effective date for accounting purposes of the acquisitions was February 15, 2002. For more information on the acquisitions and the related purchase price allocation, see Note 3 to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2002, filed on March 27, 2003.

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):

	Three months ended
	March 31, 2002
Revenues	\$ 651.3
Net loss applicable to common shares before cumulative effect of a change in accounting principle	\$ (149.7)
Net loss applicable to common shares	\$ (142.0)
Basic and diluted loss per common share before cumulative effect of a change in accounting principle	\$ (0.38)
Basic and diluted loss per common share	\$ (0.36)
Basic and diluted weighted average common shares outstanding	393.9

On a pro forma basis during the quarter ended March 31, 2002, the net loss reflects mark-to-market losses on derivative instruments totaling \$161.3 million, net of tax. The above pro forma amounts do not include the application of hedge accounting to significant portions of the acquired derivative instruments, as hedge accounting documentation was not in place during those periods prior to the acquisition. The pro forma information is not indicative of the results of operations that would have occurred had the acquisitions been consummated on January 1, 2002. The information is not indicative of the combined company's future results of operations.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	<u>Nevada</u>	<u>Other North America</u>	<u>Total North America</u>	<u>Yanacocha</u>	<u>Other South America</u>	<u>Total South America</u>
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			
Reversal of allowances for acquired deferred tax assets						
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at March 31, 2003	\$ 40.9	\$	40.9	\$	\$	\$

	<u>Pajingo</u>	<u>Other Australia</u>	<u>Total Australia</u>	<u>Zarafshan- Newmont</u>	<u>Other International Operations</u>	<u>Total Gold</u>
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
Reversal of allowances for acquired deferred tax assets		(18.5)	(18.5)			
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at March 31, 2003	\$ 56.9	\$ 122.3	\$ 179.2	\$	\$	\$ 220.1

	<u>Base Metals</u>	<u>Exploration</u>	<u>Merchant Banking</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Balance at January 1, 2002	\$	\$	\$	\$	\$

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Purchase price allocation	31.5	1,129.5	1,625.0		3,024.6
Impairment losses					
Gain (loss) on disposal of separate reporting units					
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2002	31.5	1,129.5	1,625.0		3,024.6
Reversal of allowances for acquired deferred tax assets					(18.5)
Impairment losses					
Gain (loss) on disposal of separate reporting units					
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2003	\$ 31.5	\$ 1,129.5	\$ 1,625.0	\$	\$ 3,006.1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the three months ended March 31, 2003, the Company reversed a valuation allowance for deferred tax assets related to capital loss carryforwards in Australia due to capital gains generated by the sale of TVX Newmont Americas during the period. The valuation allowance was originally recorded as part of the purchase price allocation for the acquisition of Normandy and was therefore reversed against goodwill.

(3) INVENTORIES

	At March 31, 2003	At December 31, 2002
(unaudited, in thousands)		
Current:		
In-process	\$ 115,814	\$ 46,435
Precious metals	32,277	19,467
Materials and supplies	106,782	103,310
Other	1,497	112
	<u>\$ 256,370</u>	<u>\$ 169,324</u>

Write-downs of inventories included in *Costs applicable to sales* totaled \$5.8 million and \$1.5 million for the first quarters of 2003 and 2002, respectively. Write-downs in 2003 include write-downs of precious metals inventory of \$1.3 million at Minahasa, \$0.7 million at Bronzewing, \$0.6 million at Martha and \$3.2 million at Golden Grove. Write-downs in 2002 primarily related to \$1.1 million for in-process inventories at Nevada.

(4) STOCKPILES AND ORE ON LEACH PADS

	At March 31, 2003	At December 31, 2002
(unaudited, in thousands)		
Current:		
Stockpiles	\$ 102,974	\$ 104,997
Ore on leach pads	143,869	223,996
	<u>\$ 246,843</u>	<u>\$ 328,993</u>
Long-term:		
Stockpiles	\$ 147,082	\$ 136,116
Ore on leach pads	81,746	63,645

\$ 228,828	\$ 199,761
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Write-downs of stockpiles and ore on leach pads included in *Costs applicable to sales* totaled \$1.9 million and \$6.8 million for the first quarters of 2003 and 2002, respectively, to reduce the carrying value of stockpiles and ore on leach pads to net realizable value. Stockpile and ore on leach pad write-downs in 2003 included \$0.9 million at Martha for stockpiles and \$0.8 million and \$0.2 million, respectively, for stockpiles and ore on leach pads at Nevada. Write-downs in 2002 primarily related to \$6.7 million for stockpiles at Nevada.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) GAIN ON INVESTMENTS, NET

Gain on investments for the three months ended March 31, 2003 and 2002 is summarized as follows:

	Three months ended March 31,	
	2003	2002
Gain on exchange of Echo Bay shares for Kinross marketable securities	\$ 84,337	\$

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 month period ended March 31, 2002, unrealized holding gains of \$11.0 million were credited to *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 the *Statement of Consolidated Operations*.

Kinross Gold Corporation

On January 31, 2003, Kinross Gold Corporation (Kinross), Echo Bay Mines Ltd. (Echo Bay) 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 then 45.67% interest in Echo Bay and \$180 million for its interest in TVX Newmont Americas. Cash proceeds of \$170.6 million were received immediately after the close of the transaction. The remaining \$9.4 million, originally held in escrow, was received subsequent to the end of the first quarter. Newmont recognized a pre-tax gain of \$84.3 million in the transaction.

Newmont classifies its investment in Kinross as a long-term, available-for-sale marketable security. Changes in the fair value of the investment in Kinross are marked-to-market with the changes recorded in *Other comprehensive income, net of tax*. At March 31, 2003, the fair value of the Kinross investment was \$266.4 million. During the quarter ended March 31, 2003, a loss of \$46.0 million was recorded to *Other comprehensive income, net of tax* for changes in the fair value of the investment (see Note 12). If the decline in value of the Kinross shares continues, Newmont may record a loss for an other-than-temporary decline in value in a future period.

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 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* for the quarter ended March 31, 2002.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) DEFERRED STRIPPING COSTS

Movements in the deferred stripping costs balance were as follows:

	At March 31, 2003	At December 31, 2002
	(unaudited, in thousands)	
Opening balance	\$ 55,387	\$ 91,631
Additions	40,566	65,371
Amortization	(34,204)	(101,615)
Closing balance	\$ 61,749	\$ 55,387

(7) PROPERTY, PLANT AND MINE DEVELOPMENT

	At March 31, 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	\$ 72,236	\$	\$ 72,236	\$ 71,521	\$	\$ 71,521
Buildings and equipment	4,171,224	(2,480,413)	1,690,811	4,129,292	(2,376,431)	1,752,861
Mine development	1,073,584	(639,671)	433,913	1,005,166	(580,594)	424,572
Asset retirement cost	131,493	(65,790)	65,703			
Construction-in-progress	97,673		97,673	68,926		68,926
Total	\$ 5,546,210	\$ (3,185,874)	\$ 2,360,336	\$ 5,274,905	\$ (2,957,025)	\$ 2,317,880
Leased assets included above in property, plant and mine development are as follows:						
Leased assets	\$ 361,889	\$ (154,231)	\$ 207,658	\$ 361,889	\$ (146,884)	\$ 215,005

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) MINERAL INTERESTS AND OTHER INTANGIBLE ASSETS

	At March 31, 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	\$ 793,949	\$ (346,538)	\$ 447,411	\$ 712,098	\$ (325,822)	\$ 386,276
Royalties net smelter returns	223,089	(16,225)	206,864	222,614	(12,751)	209,863
Royalties net profit interest	17,767	(3,294)	14,473	17,340	(3,231)	14,109
	<u>1,034,805</u>	<u>(366,057)</u>	<u>668,748</u>	<u>952,052</u>	<u>(341,804)</u>	<u>610,248</u>
Development stage						
Mineral interests	114,832		114,832	92,757		92,757
Royalties net smelter returns	1,420		1,420	1,321		1,321
Royalties net profit interest	6,363	(68)	6,295	5,921	(50)	5,871
	<u>122,615</u>	<u>(68)</u>	<u>122,547</u>	<u>99,999</u>	<u>(50)</u>	<u>99,949</u>
Exploration stage						
Mineral interests	542,435	(10,602)	531,833	632,284	(8,449)	623,835
Royalties-net smelter returns	5,751	(394)	5,357	5,700	(314)	5,386
	<u>548,186</u>	<u>(10,996)</u>	<u>537,190</u>	<u>637,984</u>	<u>(8,763)</u>	<u>629,221</u>
Total mineral interests	<u>1,705,606</u>	<u>(377,121)</u>	<u>1,328,485</u>	<u>1,690,035</u>	<u>(350,617)</u>	<u>1,339,418</u>
Oil and Gas:						
Producing property						
Royalties net refining returns	40,798	(4,831)	35,967	37,964	(3,842)	34,122
Working interest	19,805	(1,713)	18,092	18,430	(1,400)	17,030
	<u>60,603</u>	<u>(6,544)</u>	<u>54,059</u>	<u>56,394</u>	<u>(5,242)</u>	<u>51,152</u>
Non-producing property						
Royalties net refining returns	5,106		5,106	4,751		4,751
Working interest	7,619		7,619	7,090		7,090
	<u>12,725</u>		<u>12,725</u>	<u>11,841</u>		<u>11,841</u>
Total oil and gas	<u>73,328</u>	<u>(6,544)</u>	<u>66,784</u>	<u>68,235</u>	<u>(5,242)</u>	<u>62,993</u>

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Other	<u>13,015</u>	<u></u>	<u>13,015</u>	<u>12,937</u>	<u></u>	<u>12,937</u>
Total	<u>\$ 1,791,949</u>	<u>\$ (383,665)</u>	<u>\$ 1,408,284</u>	<u>\$ 1,771,207</u>	<u>\$ (355,859)</u>	<u>\$ 1,415,348</u>

The Company's mineral interests and oil and gas interests intangible assets are subject to amortization. The aggregate amortization expense for the three-month periods ended March 31, 2003 and 2002 was \$21.5 million and \$15.4 million, respectively.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) INVESTMENTS AND EQUITY INCOME OF AFFILIATES

Investments in Affiliates:

	At March 31,	At December 31,
	2003	2002
	(unaudited, in thousands)	
Investments in affiliates:		
Batu Hijau	\$ 610,002	\$ 610,075
TVX Newmont Americas		183,028
Echo Bay Mines		210,643
Australian Magnesium Corporation	95,757	44,244
AGR Matthey Joint Venture	11,588	11,213
	<u>\$ 717,347</u>	<u>\$ 1,059,203</u>
Other:		
Newmont Australia infrastructure bonds	103,153	96,649
	<u>\$ 820,500</u>	<u>\$ 1,155,852</u>

Equity Income (Loss) of Affiliates:

	Three Months Ended March 31,	
	2003	2002
	(unaudited, in thousands)	
Batu Hijau	\$ 7,353	\$ 1,404
TVX Newmont Americas	810	
Australian Magnesium Corporation	(11,727)	
AGR Matthey Joint Venture	375	
	<u>\$ (3,189)</u>	<u>\$ 1,404</u>
Total	<u>\$ (3,189)</u>	<u>\$ 1,404</u>

Investment in Batu Hijau

The Company and an affiliate 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. 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 \$610.0 million and \$610.1 million at March 31, 2003 and December 31, 2002, respectively, based on accounting principles generally accepted in the United States. At March 31, 2003, differences between 56.25% of PTNNT 's net assets of \$253.2 million and Newmont 's investment included (i) \$45.2 million for Newmont 's contribution prior to the formation of NTP;

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(ii) \$108.0 million for the fair market value adjustment recorded by Newmont in conjunction with the purchase of a subsidiary minority interest, net of amortization; (iii) \$393.4 million for the contributions and interest income recorded by Newmont classified as debt and interest expense by PTNNT; (iv) negative \$121.6 million for contributions to PTNNT, through NTP, by Sumitomo disproportionate to its equity interest, net of amounts recorded; (v) negative \$76.9 million for stockholders' equity of the carried interest partner; (vi) \$9.2 million for other intercompany charges; and (vii) negative \$0.5 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) \$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 or 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 first quarter equity income in PTTNT was \$7.4 million for 2003 versus \$1.4 million for the same period in 2002. Newmont's equity income for the three months ended March 31, 2003 was based on 56.25% of PTTNT's net loss of \$8.9 million, adjusted for the elimination of \$1.8 million of inter-company interest, \$1.7 million of inter-company management fees, the cumulative effect of reclamation and remediation liabilities of \$8.0 million and other adjustments of \$0.9 million. For the comparable 2002 period, Newmont's equity income was based on 56.25% of PTNNT's net loss of \$6.4 million, adjusted for the elimination of \$1.1 million of inter-company interest, \$2.7 million of inter-company management fees, and amortization adjustments of \$1.2 million.

Newmont and its partner provide a contingent support line of credit to PTNNT. During the three month periods ended March 31, 2003 and 2002, respectively, Newmont funded \$0.0 and \$24.8 million under this facility as its pro-rata share for capital expenditures. Additional support from NTP's partners available under this facility is \$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 March 31,	
	2003	2002
	(unaudited, in thousands)	
Revenues, net of smelting and refining costs	\$ 74,873	\$ 71,905
Revenues from by-product sales credited to production costs	\$ 33,612	\$ 22,133
Gross profit (loss)	\$ 10,155	\$ (4,326)
Net income (loss) before cumulative effect of a change in accounting principle	\$ 5,960	\$ (4,430)
Net income (loss)	\$ (8,258)	\$ (4,430)

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In the three-month period ended March 31, 2003, NTP recorded a charge of \$14.2 million to reflect the cumulative effect of the adoption of Statement of Financial Accounting Standards (SFAS) No. 143 Accounting for Asset Retirement Obligations.

	At March 31, 2003	At December 31, 2002
	(unaudited, in thousands)	
Current assets	\$ 350,435	\$ 313,110
Property, plant and mine development, net	\$ 1,634,458	\$ 1,658,912
Mineral interest	\$ 185,844	\$ 188,294
Other assets	\$ 345,622	\$ 282,133
Debt and related interest to partners and affiliates	\$ 260,726	\$ 259,793
Other current liabilities	\$ 194,366	\$ 103,117
Long-term debt third parties (including current portion)	\$ 935,771	\$ 935,771
Other liabilities	\$ 152,159	\$ 163,346

For the three months ended March 31, 2003 and 2002, PTNNT recorded gross revenues, before smelting and refining costs, of \$78.9 million and \$95 million, respectively, which were subject to final pricing adjustments. The average price adjustment for copper was 6.3% and 2.2% for the three months ended March 31, 2003 and 2002, respectively. The average price adjustment for gold was 1.6% and 0.6% for the three months ended March 31, 2003 and 2002, respectively.

By-product commodities, gold and silver, represented 45% and 31% of sales, net of smelting and refining charges, and reduced production costs by 45% and 39% for the three-month periods ended March 31, 2003 and 2002, respectively.

At March 31, 2003, PTNNT had consolidated embedded copper derivatives on 108.6 million pounds of copper recorded at an average price of \$0.73 per pound. These derivatives are expected to be finally priced during the second quarter of 2003. A one-cent movement in the average price used for these derivatives will have an approximate \$0.7 million impact on PTNNT's 2003 net income.

PTNNT entered into a series of copper hedging transactions in March 2002. At March 31, 2002, 23,400 metric tonnes of copper were hedged. These contracts were settled during the second quarter of 2002. These contracts allowed PTNNT to realize an average price of \$1,619 per metric tonne (approximately \$0.73 per pound).

In 2001, PTNNT entered into two diesel hedging contracts for 360,000 barrels each at a fixed price of \$27.39 per barrel and \$27.98 per barrel, respectively. Each of these contracts covers purchases of 15,000 barrels monthly and will expire in August and September of 2003, respectively. Each contract is settled monthly. In December 2002, PTNNT entered into an additional hedge contract for 60,000 barrels over the following 12 months at a fixed price of \$27.50 per barrel. These contracts have all been designated as cash flow hedges and the fair value at March 31, 2003 and December 31, 2002 was \$1.3 million and \$0.6 million, respectively. At March 31, 2003, 140,000 barrels are outstanding for these contracts.

TVX Newmont Americas and Echo Bay Mines Ltd.

Newmont had a 49.9% interest and an equity investment of \$183.0 million in TVX Newmont Americas joint venture at December 31, 2002. The Company's equity income from TVX Newmont Americas was \$0.8 million, and \$5.3 million in dividends were received during the quarter ended March 31, 2003. On January 31, 2003, Newmont sold its interest in TVX Newmont Americas for \$180 million.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On January 31, 2003, Kinross, Echo Bay and TVX Gold Inc. were combined. Under the terms of the combination and acquisition, Newmont received a 13.8% interest in the restructured Kinross in exchange for its then 45.67% interest in Echo Bay. Newmont recorded a pre-tax gain on the transactions of \$83.4 million (See Note 4).

Australian Magnesium Corporation

As of December 31, 2002, Newmont had a 22.8% equity and voting interest in Australian Magnesium Corporation (AMC) and a loan receivable from AMC in the amount of A\$37 million (approximately \$22 million). On January 3, 2003, Newmont contributed A\$100 million (approximately \$56.2 million) in equity to AMC increasing its ownership to 40.9%. However, due to additional equity contributions by other shareholders on January 31, 2003, Newmont's interest decreased to 27.8%. At March 31, 2003, the Company's investment in AMC, exclusive of the loan receivable, was \$95.8 million.

In the first quarter of 2003, Newmont's equity loss in AMC was \$0.7 million and Newmont recorded an increase of \$7.0 million to *Additional paid-in capital* on the dilution of its interest in AMC (discussed above). In addition, the Company recorded a write down of \$11.0 million to the investment balance for an other than temporary decline in value. See Note 18, Subsequent Events.

At March 31, 2003, differences between the Company's share of \$107.8 million of AMC's net assets and Newmont's investment include: (i) a negative \$105.0 million adjustment for the fair market value of property, plant and mine development; (ii) \$22.5 million for an outstanding receivable from AMC; and (iii) total fair market value increases of \$70.4 million to mineral interests. 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) a \$11.2 million provision for Newmont's liability to contribute additional equity at a share price above fair market value; (iii) \$22.5 million for an outstanding receivable from AMC; and (iv) total fair market value increases of \$34.8 million to mineral interests.

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 March 31, 2003 and December 31, 2002, the difference between Newmont's investment in AGR and its \$11.9 million (\$11.5 million at December 31, 2002) share of AGR's net assets consisted of a \$0.3 million reduction in long-lived assets recorded by Newmont.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) LONG-TERM DEBT

	March 31, 2003	December 31, 2002
	(unaudited, in thousands)	
Sale-leaseback of refractory ore treatment plant	\$ 298,944	\$ 307,880
8 3/8% debentures, net of discount	182,553	204,658
8 5/8% notes, due May 2011, net of discount	222,222	274,339
Newmont Australia 7 5/8% notes, net of premium	121,100	152,690
Newmont Australia 7 1/2% notes, net of premium	91,493	101,850
Newmont Yandal 8 7/8% notes	237,220	237,220
6% convertible subordinated debentures	99,980	99,980
Medium-term notes	17,000	32,000
Newmont Australia infrastructure bonds	105,965	99,680
Prepaid forward sales obligation	145,000	145,000
Interest rate swaps	(8,078)	(6,684)
Project financings, capital leases and other	146,513	167,991
	1,659,912	1,816,604
Current maturities	(82,858)	(115,322)
	\$ 1,577,054	\$ 1,701,282

Scheduled minimum long-term debt repayments are \$58.3 million for the remainder of 2003, \$176.8 million in 2004, \$439.2 million in 2005, \$86.0 million in 2006, \$74.8 million in 2007 and \$824.8 million thereafter.

During the three months ended March 31, 2003, the Company repurchased \$23.0 million of 8 3/8% debentures, \$52.3 million of 8 5/8% debentures 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.

(11) 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. 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 in the *Cumulative effect of a change in accounting principle, net of tax*. At March 31, 2003 and December 31, 2002, \$376.0 million and \$254.1 million, respectively, were accrued for reclamation obligations relating to currently or recently producing mineral properties.

In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

remediation plans at the various sites involved. \$66.7 million and \$48.1 million were accrued for such obligations at March 31, 2003 and December 31, 2002, respectively. 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	20,533
Liabilities settled	(6,478)
Accretion expense	5,744
Revisions	
	<hr/>
Balance March 31, 2003	\$ 442,735
	<hr/>

The current portions of *Reclamation and remediation liabilities* of \$19.1 million and \$13.7 million at March 31, 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 March 31, 2003.

The table below presents the impact of the accounting change for the three-month period ended March 31, 2003 and the pro forma effect for the three-month period ended March 31, 2002 as if the change had been in effect for that period (unaudited, in thousands, except per share data):

	Three months ended	
	March 31, 2003	March 31, 2002
<u>Increase/(decrease) to net income</u>	<u>March 31, 2003</u>	<u>(Pro forma)</u>
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	\$ 5,302	\$ 153

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Base Metals	90	
Depreciation, depletion, and amortization	(3,413)	(3,307)
Income tax (expense) benefit	(693)	1,104
Minority interest	(958)	627
Equity loss of affiliate	(480)	(340)
	<u> </u>	<u> </u>
Net income (loss) before cumulative effect of a change in accounting principle	\$ (152)	\$ (1,763)
	<u> </u>	<u> </u>
Net income (loss) before cumulative effect of a change in accounting principle per common share, basic and diluted	\$ 0.00	\$ (0.01)
	<u> </u>	<u> </u>

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The table below presents pro forma net income and earnings per share before cumulative effect of a change in accounting principle for the three-month period ended March 31, 2002 as if the Company had adopted the SFAS No. 143 as of January 1, 2002 (unaudited, in thousands, except per share data):

	<u>Three months ended March 31, 2002</u>	
	<u>Net loss applicable to common shares before cumulative effect of a change in accounting principle</u>	<u>Loss per share before cumulative effect of a change in accounting principle, basic and diluted</u>
As reported	\$ (16,368)	\$ (0.06)
Change in accounting method SFAS No. 143	(1,763)	(0.01)
Pro forma	<u>\$ (18,131)</u>	<u>\$ (0.07)</u>

(12) 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 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 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 result in an immediate cash settlement of that contract based on the contract's market value on the date of termination. Exercise of termination rights may result in a cash settlement obligation to NYOL hedge counterparties in excess of funds available to NYOL. NYOL obligations, however, are non-recourse to Newmont and its other subsidiaries.

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 March 31, 2003 of US\$0.60 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 options

valuations include a deferred premium cost which is payable in gold ounces upon expiration of the options.

For the quarters ended March 31, 2003 and 2002, gains of \$22.9 million and \$1.0 million, respectively, were included in income in *Gain on gold commodity derivative instruments* for the ineffective portion of derivative instruments designated as cash flow hedges, and gains of \$32.1 million and \$5.3 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 loss*, to income for derivative instruments during the next 12 months is a gain of approximately \$9.2 million. The maximum period over which hedged forecasted transactions are expected to occur is 8.7 years.

Gold Forward Sales Contracts

Newmont had the following gold forward sales contracts at March 31, 2003 (unaudited):

Gold Forward Sales Contracts:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value	
	2003	2004	2005	2006	2007	Thereafter		March 31, 2003	December 31, 2002
(A\$ denominated)									
US\$ (000)									
Fixed Forwards:									
Ounces	743	306	52	52	25		1,178	\$ (48,615)	\$ (138,095)
Average price	\$ 310	\$ 302	\$ 297	\$ 283	\$ 271	\$	\$ 305		
Floating Rate Forwards:									
Ounces			61	231	256	26	574	\$ (24,983)	\$ (37,401)
Average price	\$	\$	\$ 354	\$ 365	\$ 376	\$ 387	\$ 370		
Synthetic Forwards:									
Ounces	39	80	80	80	80	80	439	\$ (17,587)	\$ (34,222)
Average price	\$ 334	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325	\$ 326		
Total:									
Ounces	782	386	193	363	361	106	2,191	\$ (91,185)	\$ (209,717)
Average price	\$ 311	\$ 307	\$ 327	\$ 345	\$ 357	\$ 340	\$ 326		

Gold Put Option Contracts

Newmont had the following gold put option contracts at March 31, 2003 (unaudited):

Put Option Contracts:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value	
	2003	2004	2005	2006	2007	Thereafter		March 31, 2003	December 31, 2002
US\$ (000)									
US\$ Denominated Fixed Purchased Puts:									
Ounces	157	203	205	100	20		685	\$ (6,234)	\$ (6,774)
Average price	\$ 292	\$ 292	\$ 292	\$ 338	\$ 397	\$	\$ 302		
A\$ Denominated Fixed Purchased Puts:									
Ounces	83	88	33				204	\$ (1,913)	\$ (3,690)
Average price	\$ 333	\$ 339	\$ 321		\$	\$	\$ 334		
A\$ Denominated Floating Forward Purchased Puts:									
Ounces			207	69	2	213	491	\$ (1,407)	\$ (12,140)
Average price	\$	\$	\$ 354	\$ 365	\$ 376	\$ 367	\$ 361		
Total:									
Ounces	240	291	445	169	22	213	1,380	\$ (9,554)	\$ (22,603)

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Convertible Put Options and Other Instruments

Newmont had the following gold convertible put option contracts and other instruments outstanding at March 31, 2003 (unaudited):

Convertible Put Options and Other Instruments:	Expected Maturity Date or Transaction Date						Fair Value		
	2003	2004	2005	2006	2007	Thereafter	Total/ Average	March 31, 2003	December 31, 2002
(A\$ denominated)	US\$ (000)								
Floating Convertible Put Options:									
Ounces					42	982	1,024	\$ (56,963)	\$ (102,952)
Average price	\$	\$	\$	\$	\$ 376	\$ 405	\$ 404		
Knock-out/knock-in Contracts:									
Ounces	46	37	49				132	\$ (3,619)	\$ (6,794)
Average price	\$ 331	\$ 331	\$ 331	\$	\$	\$	\$ 331		
Indexed Forward Contracts:									
Ounces			33	65	65	33	196	\$ (12,482)	\$ (15,740)
Average price	\$	\$	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325		
Total:									
Ounces	46	37	82	65	107	1,015	1,352	\$ (76,064)	\$ (125,486)
Average price	\$ 331	\$ 331	\$ 329	\$ 325	\$ 345	\$ 402	\$ 385		

Sold Convertible Put Options

Newmont had the following gold convertible put option contracts and other instruments outstanding at March 31, 2003 (unaudited):

Sold Convertible Put Options Contracts:	Expected Maturity Date or Transaction Date						Fair Value		
	2003	2004	2005	2006	2007	Thereafter	Total/ Average	March 31, 2003	December 31, 2002
(A\$ denominated)	US\$ (000)								
Ounces		30	60	60	60	30	240	\$ 7,596	\$ 14,295
Average price	\$	\$ 353	\$ 356	\$ 359	\$ 362	365	\$ 359		

Sold Put Options

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Newmont had the following sold put option contracts and other instruments outstanding at March 31, 2003 (unaudited):

Sold Put Options Contracts:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value	
	2003	2004	2005	2006	2007	Thereafter		March 31, 2003	December 31, 2002
(A\$ Denominated)								US\$ (000)	
Ounces			48	64	64	32	208	\$ (4,690)	\$
Average price	\$	\$	\$ 350	\$ 354	\$ 359	\$ 362	\$ 356		

Note: Sold put options are contracts that give a third party the right, but not the obligation, to sell a specified number of gold ounces to Newmont at a specified strike price on a set date. This position was originally overlaid with a bought put position, however, the bought position was closed out during the three months ended March 31, 2003. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Price-Capped Sales Contracts

Newmont had the following price-capped forward sales contracts outstanding at March 31, 2003 (unaudited):

Price-capped Contracts:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value	
	2003	2004	2005	2006	2007	Thereafter		March 31, 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 are swapped into gold-denominated payments of 600,000 ounces in 2008. Newmont Australia also receives US\$ fixed interest payments and pays gold lease rates, which are indexed to market rates. This instrument is marked to market at each period end, with the change reflected in income, and at March 31, 2003 and December 31, 2002 had a negative fair value of \$50.9 million and \$87.2 million, respectively.

Other Sales Contracts, Commodity and Derivative Instruments*Foreign Currency Contracts*

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

Newmont also acquired currency swap contracts to receive A\$ and pay US\$ designated as hedges of A\$ denominated debt. The A\$-denominated debt was repaid during the quarter ended June 30, 2002 and the contracts are currently undesignated. The contracts are accounted for on a mark-to-market basis. At March 31, 2003 and December 31, 2002 they had a negative fair value of \$13.3 million and \$21.9 million, respectively.

Interest Rate Swap Contracts

During the last half of 2001, Newmont entered into contracts to hedge the interest rate risk exposure on a portion of its \$275 million 8.625% notes and its \$200 million 8.375% debentures. Newmont receives fixed-rate interest payments at 8.625% and 8.375% and pays floating-rate interest amounts based on periodic LIBOR settings plus a spread, ranging from 2.60% to 4.25%. The notional principal amount of these transactions (representing the amount of principal tied to floating interest rate exposure) was \$200 million at both March 31, 2003 and December 31, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. For the quarters ended March 31, 2003 and March 31, 2002, these transactions resulted in a reduction in interest expense of \$1.7 million and \$1.5 million, respectively. These transactions have been designated as fair value hedges and had a fair value of \$18.2 million and \$13.8 million at March 31, 2003 and December 31, 2002, respectively.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31,	
	2003	2002
	(unaudited, in thousands)	
Net income (loss)	\$ 117,255	\$ (6,798)
Other comprehensive income, net of tax:		
Unrealized (loss) gain on marketable equity securities, net of tax of \$14,995 and (\$5,911), respectively	(50,843)	10,978
Foreign currency translation adjustments	5,963	836
Changes in fair value of cash flow hedge instruments, net of tax of (\$32,103) and (\$6,885), respectively	74,907	16,064
Exchange of Echo Bay shares for Kinross shares, net of tax of (\$5,924)	11,002	
Total other comprehensive income, net of tax	41,029	27,878
Comprehensive income	\$ 158,284	\$ 21,080

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

	Three Months Ended March 31,	
	2003	2002
	(unaudited, in thousands)	
Interest income	\$ 2,205	\$ 2,796
Foreign currency exchange gains (losses)	24,706	(7,626)
Loss on sale of marketable securities		(368)
Gain on sale of exploration properties	1,273	1,736
Insurance settlements		3,500
Other	3,655	377
Total	\$ 31,839	\$ 415

(15) 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 three months ended March 31, 2002 by \$7.7 million, net of tax of \$4.1 million, and increased net income per share by \$0.03.

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 11 for complete disclosure of the impact of adopting SFAS 143.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) SEGMENT INFORMATION

Financial information relating to Newmont's segments is as follows:

Three Months Ended March 31, 2003

(Unaudited, in millions)

	North America			South America			Australia		
	Nevada	Other	Total	Yanacocha	Other	Total	Pajingo	Other	Total
		North	North		South	South		South	Australia
Sales, net	\$ 221.0	\$ 40.3	\$ 261.3	\$ 229.5	\$ 20.7	\$ 250.2	\$ 25.8	\$ 124.6	\$ 150.4
Royalties	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gain on investments, net	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loss on extinguishment of debt	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest income	\$	\$	\$	\$ 0.4	\$	\$ 0.4	\$	\$ 1.3	\$ 1.3
Interest expense	\$	\$	\$	\$ 1.4	\$	\$ 1.4	\$	\$ 8.9	\$ 8.9
Exploration and research expense	\$ 3.3	\$	\$ 3.3	\$ 1.9	\$	\$ 1.9	\$ 0.3	\$ 1.4	\$ 1.7
Depreciation, depletion and amortization	\$ 31.6	\$ 10.2	\$ 41.8	\$ 35.5	\$ 2.1	\$ 37.6	\$ 5.6	\$ 22.0	\$ 27.6
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	\$ 37.4	\$ 3.0	\$ 40.4	\$ 104.1	\$ 5.7	\$ 109.8	\$ 11.1	\$ (3.5)	\$ 7.6
Equity loss and impairment of Australian Magnesium Corporation	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equity income of affiliates	\$	\$	\$	\$	\$	\$	\$	\$ 1.2	\$ 1.2
Cumulative effect of a change in accounting principal, net of tax	\$ (14.4)	\$ (3.4)	\$ (17.8)	\$ (32.4)	\$ (0.2)	\$ (32.6)	\$ 0.8	\$ (1.1)	\$ (0.3)
Amortization of deferred stripping, net	\$ (6.6)	\$ (0.1)	\$ (6.7)	\$	\$	\$	\$	\$ (1.0)	\$ (1.0)
Capital expenditures	\$ 20.4	\$ 0.4	\$ 20.8	\$ 35.4	\$ 0.5	\$ 35.9	\$ 1.6	\$ 10.1	\$ 11.7
Deferred stripping costs	\$ 43.9	\$ 6.5	\$ 50.4	\$	\$	\$	\$	\$ 10.9	\$ 10.9
Total assets	\$ 1,488.8	\$ 138.6	\$ 1,627.4	\$ 1,203.4	\$ 29.6	\$ 1,233.0	\$ 180.5	\$ 1,578.2	\$ 1,758.7

	Zarafshan-			Base Metals	Exploration	Merchant Banking	Corporate and	
	Newmont, Uzbekistan	Other International Operations	Total Gold				Other	Consolidated
Sales, net	\$ 21.2	\$ 31.5	\$ 714.6	\$ 19.4	\$	\$	\$	\$ 734.0
Royalties	\$	\$	\$	\$	\$	\$ 14.5	\$	\$ 14.5

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Gain on investments, net	\$	\$	\$	\$	\$	\$	84.3	\$	84.3
Loss on extinguishment of debt	\$	\$	\$	\$	\$	\$	(19.5)	\$	(19.5)
Interest income	\$	\$	\$	1.7	\$	\$	0.1	\$	0.4
Interest expense	\$	0.2	\$	10.5	\$	\$		\$	19.4
Exploration and research expense	\$		\$	1.8	\$	8.7	\$	0.7	7.4
Depreciation, depletion and amortization	\$	2.6	\$	7.2	\$	116.8	\$	7.1	0.8
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	\$	9.8	\$	2.2	\$	169.8	\$	(3.8)	(8.1)
Equity loss and impairment of Australian Magnesium Corporation	\$		\$		\$		\$		
Equity income of affiliates	\$		\$		\$	1.2	\$		
Cumulative effect of a change in accounting principal, net of tax	\$	(1.3)	\$	(3.2)	\$	(55.2)	\$	(0.2)	
Amortization of deferred stripping, net	\$		\$	(1.3)	\$	(6.4)	\$		
Capital expenditures	\$	0.5	\$	6.3	\$	75.2	\$	2.2	0.1
Deferred stripping costs	\$		\$	0.5	\$	61.8	\$		
Total assets	\$	104.7	\$	173.4	\$	4,897.2	\$	245.3	1,276.7
								\$	2,262.2
								\$	1,487.2
								\$	10,168.6

Newmont has made corrections for certain misclassifications resulting from clerical errors that existed in the disclosure of *Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect* by segment for the three months ended March 31, 2003; the corrections resulted in an increase of \$7.6 million,

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

\$7.6 million and \$3.9 million for Nevada, Other Australia and Corporate and Other, respectively, and a decrease of \$19.1 million in Merchant Banking. Furthermore, Newmont has reclassified the \$11.7 million *Equity loss and impairment of Australian Magnesium Corporation* from Other Australia to Corporate and Other.

Three Months Ended March 31, 2002

(Unaudited, in millions)

	North America			South America			Australia		
	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America	Pajingo	Other Australia	Total Australia
Sales, net	\$ 176.3	\$ 35.6	\$ 211.9	\$ 140.2	\$ 19.9	\$ 160.1	\$ 16.8	\$ 56.2	\$ 73.0
Royalties	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest income	\$	\$	\$	\$ 0.1	\$	\$ 0.1	\$ 0.2	\$ 1.4	\$ 1.6
Interest expense	\$ 0.1	\$	\$ 0.1	\$ 2.9	\$ 0.1	\$ 3.0	\$ 0.2	\$ 5.9	\$ 6.1
Exploration and research expense	\$ 2.4	\$	\$ 2.4	\$ 1.8	\$ 0.4	\$ 2.2	\$ 0.2	\$ 0.6	\$ 0.8
Depreciation, depletion and amortization	\$ 26.8	\$ 8.6	\$ 35.4	\$ 35.0	\$ 3.1	\$ 38.1	\$ 3.5	\$ 12.0	\$ 15.5
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	\$ (8.9)	\$ 2.4	\$ (6.5)	\$ 27.7	\$ 4.9	\$ 32.6	\$ 7.8	\$ (11.8)	\$ (4.0)
Equity income (loss) of affiliates	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amortization of deferred stripping, net	\$ 6.3	\$ (0.3)	\$ 6.0	\$	\$	\$	\$	\$	\$
Cumulative effect	\$ 0.9	\$ 7.2	\$ 8.1	\$	\$	\$	\$ (0.4)	\$	\$ (0.4)
Capital expenditures	\$ 8.7	\$ 3.2	\$ 11.9	\$ 26.4	\$ 0.2	\$ 26.6	\$ 2.1	\$ 5.3	\$ 7.4
Total assets	\$ 1,811.5	\$ 180.0	\$ 1,991.5	\$ 1,054.6	\$ 45.6	\$ 1,100.2	\$ 264.0	\$ 2,211.4	\$ 2,475.4

	Zarafshan-		Total Gold	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
	Newmont, Uzbekistan	Other International Operations						
Sales, net	\$ 15.2	\$ 22.0	\$ 482.2	\$ 9.4	\$	\$	\$	\$ 491.6
Royalties	\$	\$	\$	\$	\$	\$ 3.8	\$	\$ 3.8
Interest income	\$	\$	\$ 1.7	\$	\$	\$ 0.8	\$ 0.3	\$ 2.8
Interest expense	\$ 0.1	\$	\$ 9.3	\$	\$	\$	\$ 21.8	\$ 31.1
Exploration and research expense	\$	\$	\$ 5.4	\$ 0.1	\$ 3.4	\$	\$ 2.7	\$ 11.6
Depreciation, depletion and amortization	\$ 2.3	\$ 5.4	\$ 96.7	\$ 0.3	\$ 1.5	\$ 2.2	\$ 1.5	\$ 102.2
Pre-tax income (loss) before minority interest, equity income (loss) and cumulative effect	\$ 5.4	\$ 2.3	\$ 29.5	\$ (1.3)	\$ (4.9)	\$ 1.3	\$ (28.8)	\$ (4.2)
Equity income (loss) of affiliates	\$	\$	\$	\$	\$	\$ (0.5)	\$ 1.9	\$ 1.4
Amortization of deferred stripping, net	\$	\$	\$ 6.0	\$	\$	\$	\$	\$ 6.0

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Cumulative effect	\$	\$	\$ 7.7	\$	\$	\$	\$	\$ 7.7
Capital expenditures	\$ 1.9	\$ 0.8	\$ 48.6	\$ 1.6	\$ 0.2	\$	\$ 1.4	\$ 51.8
Total assets	\$ 108.0	\$ 541.2	\$ 6,216.3	\$ 534.3	\$ 230.8	\$ 2,082.2	\$ 1,056.2	\$ 10,117.8

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) COMMITMENTS AND CONTINGENCIES

General

The Company follows Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated losses from loss contingencies are accrued by a charge to income when information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred and the amount of the loss can be reasonably estimated. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a loss may be incurred.

Operating Segments

The Company's operating segments are identified in Note 16. Except as noted in this paragraph, all of the Company's commitments and contingencies specifically described in this Note 17 relate to the Corporate and Other category. The Newmont Madencilik A.S. matters are related to the Other International operating segment. The Nevada Operations matters under Newmont USA Limited are related to the Nevada operating segment. The Minera Yanacocha matters are related to the Yanacocha operating segment. The Yandal Gold Pty Ltd. and the Newmont Australia Limited are related to the Other Australia operating segment.

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 March 31, 2003 and December 31, 2002, \$376.0 million and \$254.1 million, respectively, were accrued for reclamation costs relating to currently or recently producing mineral properties.

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, \$66.7 million and \$48.1 million were accrued for such obligations at March 31, 2003 and December 31, 2002, 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 46% greater or 33% lower than the amount accrued at March 31, 2003. 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.

Details about certain of the more significant sites involved are discussed below.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Battle Mountain Resources, Inc.-100% Newmont Owned

San Luis, Colorado: The San Luis open-pit gold mine in southern Colorado was operated by Battle Mountain Resources, Inc. and ceased operations in November 1996. Since then, substantial closure and reclamation work has been performed. In August 1999, the Colorado Department of Public Health and Environment (CDPHE) issued a notice of violation of the Water Quality Control Act and in October 1999 amended the notice to authorize operation of a water treatment facility and the discharge of treated water. Battle Mountain Resources has made all submittals required by the CDPHE notice and conducted the required response activities. Battle Mountain Resources negotiated a settlement with CDPHE resolving alleged violations that became effective September 1, 2000. In October 2000, the CDPHE received an Application for Reconsideration of Order for Civil Penalty filed by project opponents, seeking to appeal the terms of the settlement. The application was denied by CDPHE. Project opponents filed a judicial appeal in the District Court for Costilla County, Colorado and Battle Mountain intervened to protect its interest in the settlement. In May 2002 this matter was resolved and the settlement was upheld in favor of CDPHE and Battle Mountain Resources.

Dawn Mining Company LLC (Dawn) 51% Newmont Owned

Midnite Mine Site: Dawn previously leased an open-pit uranium mine, currently inactive, on the Spokane Indian Reservation in the State of Washington. The mine site is subject to regulation by agencies of the U.S. Department of Interior (the Bureau of Indian Affairs and the Bureau of Land Management), as well as the United States Environmental Protection Agency (EPA).

In 1991, Dawn's mining lease at the mine was terminated. As a result, Dawn was required to file a formal mine closure and reclamation plan. The Department of Interior commenced an analysis of Dawn's proposed plan and alternate closure and reclamation plans for the mine. Work on this analysis has been suspended indefinitely. In mid-2000, the mine was included on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). In March 2003, the EPA notified Dawn and Newmont that it had thus far expended \$11.5 million on the remedial investigation feasibility study under CERCLA.

The EPA has asserted that Dawn and Newmont are liable for reclamation or remediation work and costs at the mine. Dawn does not have sufficient funds to pay for the reclamation plan it proposed or for any alternate plan, or for any additional remediation work or costs at the mine. Newmont intends to vigorously contest any claims as to its liability.

Newmont cannot reasonably predict the likelihood or outcome of any future action against Dawn or Newmont arising from this matter.

Dawn Mill: Dawn also owns a uranium mill site facility, located on private land near Ford, Washington, which is subject to state and federal regulation. In late 1999, Dawn sought state approval for a revised mill closure plan that, if implemented, would expedite the reclamation process at the mill. The State of Washington has approved this revised plan. The currently approved plan for the mill is secured by a \$14.1 million bond, which is guaranteed by Newmont.

Idarado Mining Company (Idarado)-80.1% Newmont Owned

Telluride and Ouray, Colorado: In July 1992, Newmont and Idarado signed a consent decree with the State of Colorado (State), which was agreed to by the U.S. District Court of Colorado to settle a lawsuit brought by the State under CERCLA.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Idarado agreed in the consent decree to undertake specified remediation work at its former mining site in the Telluride/Ouray area of Colorado. Remediation work at this property is substantially complete. If the remediation does not achieve specific performance objectives defined in the consent decree, the State may require Idarado to implement supplemental activities at the site, also as defined in the consent decree. Idarado and Newmont have obtained a \$5.8 million reclamation bond to secure their potential obligations under the consent decree. In addition, Idarado settled natural resources damages and past and future response costs, and agreed to habitat enhancement work under the consent decree. All of this work is substantially completed.

Newmont Madencilik A.S. 100% Newmont Owned

The Ovacik mine has a long history of legal challenges to the operation of the mine and, in particular, its use of cyanide in gold production. These challenges involve a multitude of proceedings and have a complex procedural history that, in June 2001, resulted in a judicial order granting the plaintiffs' request to cancel Ovacik's operating permits. Newmont has appealed this decision and, at present, the mine continues to operate under interim licenses pending the outcome of Newmont's appeal. In addition, the Ovacik mine is the subject of a separate action being brought against the Turkish government in the European Court of Human Rights (ECHR). The plaintiffs in that case assert that the Turkish government's authorization of operating permits and use of cyanide for the Ovacik mine violates Turkish law and Turkey's obligations under the European Convention on Human Rights. Plaintiffs have asked, among other things, that the ECHR grant interim relief ordering the shutdown of the mine pending the ECHR's hearing and decision on the merits. Newmont has filed an application to intervene in this action, but as yet has not received permission to do so. Newmont cannot reasonably predict the final outcome of any of the above described legal proceedings. Either the Turkish courts or the ECHR, however, might grant relief that could require the closure of the mine or the interruption of mining activities.

Newmont Capital Limited 100% Newmont Owned

Lava Cap Mine Site: In February 1999, EPA placed the Lava Cap mine site in Nevada County, California on the National Priorities List under CERCLA. The EPA then initiated a remedial investigation/feasibility study under CERCLA to determine environmental conditions and remediation options at the site.

Newmont Capital owned the property for approximately three years from 1984 to 1986 but never mined or conducted exploration at the site. The EPA asserts that Newmont Capital is responsible for clean up costs incurred at the site. Newmont Capital has sought to resolve this matter through a de minimis settlement with EPA. The parties have entered into a tolling agreement until December 31, 2003 to facilitate settlement negotiations with respect to potential claims under CERCLA. Based on Newmont Capital's limited involvement at Lava Cap mine, it does not believe it has any liability for environmental conditions at the site, and intends to vigorously defend any formal claims by the EPA. Newmont cannot reasonably predict the likelihood or outcome of any future action against it arising from this matter.

Newmont USA Limited 100% Newmont Owned

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Pinal Creek: Newmont is a defendant in a lawsuit brought in U.S. District Court in Arizona by the Pinal Creek Group, alleging that the company and others are responsible for some portion of costs incurred to address groundwater contamination emanating from copper mining operations located in the area of Globe and Miami, Arizona. Two former subsidiaries of Newmont, Pinto Valley Copper Corporation and Magma Copper Company (now known as BHP Copper Inc.), owned some of the mines in the area between 1983 and 1987. The court has dismissed plaintiffs' claims seeking to hold Newmont liable for the acts or omissions of its former subsidiaries.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Based on information presently available, Newmont believes it has strong defenses to plaintiffs' remaining claims, including, without limitation, that Newmont's agents did not participate in any pollution causing activities; that Newmont's liabilities, if any, were contractually transferred to one of the plaintiffs; that portions of plaintiffs' claimed damages are not recoverable; and that Newmont's equitable share of liability, if any, is small. While Newmont has denied liability and is vigorously defending these claims, we cannot reasonably predict the final outcome of this lawsuit.

Nevada Operations: In November 2002, Great Basin Mine Watch and the Mineral Policy Center (Appellants) filed suit in U.S. District Court in Nevada against the Department of the Interior and the Bureau of Land Management (BLM), challenging and seeking to enjoin the BLM's July 2002 Record of Decision approving the company's amended Plan of Operations covering the Gold Quarry South Layback Project, and the BLM's September 2002 Record of Decision approving a new Plan of Operations for the company's proposed Leeville Mine. Appellants seek a declaration that the BLM's decisions were unlawful and an injunction prohibiting Newmont's approved activities. Newmont has intervened in this action on behalf of the government defendants and has filed an answer denying all of Appellants' claims. While Newmont believes that this appeal is without merit, an unfavorable outcome could result in additional conditions on operations that could have a material adverse effect on the company's financial position or results of operations.

In October 2002, Great Basin Mine Watch (Appellant) filed an appeal with the Nevada State Environmental Commission, challenging the Nevada Division of Environmental Protection's (NDEP) renewal of the Clean Water Act discharge permit for Newmont's Gold Quarry Mine. This permit governs the conditions under which Newmont may discharge mine-dewatering water in connection with its ongoing mining operations. Appellant alleges that the terms of the renewed permit violate the Clean Water Act and Nevada water quality laws. Newmont has intervened in this action on behalf of the NDEP. While Newmont believes that this appeal is without merit, an unfavorable outcome could result in additional conditions on operations that could have a material adverse effect on the company's financial position or results of operations.

In December 2002, Great Basin Mine Watch filed an appeal with the Nevada State Environmental Commission challenging NDEP's November 2002 decision renewing a water pollution control permit for Newmont's Lone Tree Mine. This appeal alleges that NDEP's renewal violated various procedural and substantive requirements under Nevada's water quality laws. Newmont has intervened in this appeal. A hearing before the Nevada State Environmental Commission was held on February 25-26, 2003 in Carson City, Nevada. At the close of the hearing, the Commission ruled in favor of NDEP on all claims, and affirmed NDEP's renewal of the permit. Great Basin Mine Watch appealed this decision in the Nevada District Court in Carson City.

Gray Eagle Mine Site: By letter dated September 3, 2002, the EPA notified Newmont that the EPA had expended \$2.6 million in response costs to address environmental conditions associated with a historic tailings pile located at the Grey Eagle Mine site near Happy Camp, California, and requested that Newmont pay those costs. The EPA has identified four potentially responsible parties, including Newmont. Newmont does not believe it has any liability for environmental conditions at the Grey Eagle Mine site, and intends to vigorously defend any formal claims by the EPA. Newmont cannot reasonably predict the likelihood or outcome of any future action against it arising from this matter.

Resurrection Mining Company (Resurrection) 100% Newmont Owned

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Leadville, Colorado: Newmont, Resurrection and other defendants were named in lawsuits filed by the State of Colorado under CERCLA in 1983, which were subsequently consolidated with a lawsuit filed by EPA in 1986. These proceedings sought to compel the defendants to remediate the impacts of pre-existing, historic

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

mining activities near Leadville, Colorado, which date back to the mid-1800s, and which the government agencies claim are causing substantial environmental problems in the area.

In 1988 and 1989, the EPA issued administrative orders with respect to one area on the site and the defendants have collectively implemented those orders by constructing a water treatment plant, which was placed in operation in early 1992. Remaining remedial work for this area primarily consists of water treatment plant operation and continuing environmental monitoring and maintenance activities. Newmont and Resurrection are currently responsible for 50% of these costs, but their share of such costs could increase in the event other defendants become unable to pay their share of such costs.

The parties also have entered into a consent decree with respect to the remaining areas at the site, which apportions liabilities and responsibilities for these areas. The EPA has approved remedial actions for selected components of Resurrection's portion of the site, which were initiated in 1995. The EPA has not yet selected the final remedy for the site. Accordingly, Newmont cannot yet determine the full extent or cost of its share of the remedial action that will be required. The government agencies may also seek to recover for damages to natural resources. In March 1999, the parties entered into a Memorandum of Understanding (MOU) to facilitate the settlement of natural resources damages claims under CERCLA for the upper Arkansas River Basin. The MOU provides a structure for evaluation of damages and possible restoration activities that may be required if it is concluded such damages have occurred.

Other Legal Matters

Newmont USA Limited 100% Newmont Owned

Peru: In February 2002, a French citizen filed a complaint against the Company and certain of its subsidiaries and former officers, Compañía de Minas Buenaventura, S.A.A. (Buenaventura), one of Buenaventura's subsidiaries, and other individuals, in U.S. District Court in Denver. The plaintiff alleges that he had an arrangement with Normandy Mining Limited, under which his fee was dependent on the outcome of the Minera Yanacocha shareholder dispute (which was resolved in 2000 pursuant to a comprehensive settlement agreement among the parties). The suit alleges that the defendants violated the federal Racketeer Influenced Corrupt Organization Act (RICO), and a parallel Colorado statute, by corrupting the Peruvian Supreme Court in 1998. Various common law torts including conspiracy, defamation, and tortious interference with beneficial economic interests are also alleged. The suit seeks damages of not less than \$25 million plus interest (which could be subject to trebling), as well as unspecified punitive damages. A motion to dismiss this lawsuit is currently pending before the Court, and the Company is and will continue to vigorously defend itself against these allegations.

Minera Yanacocha 51.35% Newmont Owned

Choropampa: 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 (85 kilometers) southwest of the mine. Elemental mercury is a byproduct 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.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On September 10, 2001, Minera Yanacocha, various wholly owned subsidiaries of Newmont, and other defendants were named in a lawsuit filed by over 900 Peruvian citizens in Denver District Court for the State of Colorado. This action seeks compensatory and punitive damages based on claims associated with the elemental mercury spill incident. This action was dismissed by the Denver District Court on May 22, 2002, and this ruling was reaffirmed by the court on July 30, 2002. Plaintiffs' attorneys have appealed this dismissal.

In July 2002, other lawsuits were served against Minera Yanacocha, various wholly owned subsidiaries of Newmont and/or other defendants in the Denver District Court for the State of Colorado and in the United States District Court for the District of Colorado, by approximately 140 additional Peruvian plaintiffs and by the same plaintiffs who filed the September 2001 lawsuit. These actions also seek compensatory and punitive damages based on claims associated with the elemental mercury spill incident. All but one of these lawsuits has been stayed pending the outcome of the appeal in the September 2001 matter. A motion to stay the one remaining lawsuit is currently pending before the Denver District Court.

Additional lawsuits relating to the Choropampa incident were filed against Minera Yanacocha in the local courts of Cajamarca, Peru, in May 2002 by over 900 Peruvian citizens. A significant number of the plaintiffs in these lawsuits previously have entered into settlement agreements with Minera Yanacocha.

Neither Newmont nor Minera Yanacocha can reasonably predict the final outcome of any of the above-described lawsuits.

Cerro Quilish: Minera Yanacocha is involved in a dispute with the Provincial Municipality of Cajamarca regarding the authority of that governmental body to regulate the development of the Cerro Quilish ore deposit (which contains reserves of 1.9 million equity ounces). Cerro Quilish is located in the same watershed in which the City of Cajamarca is located. The Municipality has enacted an ordinance declaring Cerro Quilish and its watershed to be a reserved and natural protected area. Minera Yanacocha challenged this ordinance on the grounds that, under Peruvian law, local governments lack authority to create such areas. The case was heard in early 2003, and on April 30, 2003, the Constitutional Tribunal issued a decision holding that, because Minera Yanacocha acquired the mining concessions in the Cerro Quilish area many years before the adoption of the contested ordinance, its rights were not impacted by the ordinance.

Minera Yanacocha is committed to completing a full environmental impact study prior to initiating any development at Cerro Quilish, and will adopt mitigation measures necessary to protect the quality and quantity of the water supply of the City of Cajamarca. While the central government has the primary responsibility and the necessary technical expertise to regulate this matter, the Company is also committed to working with the local government and other affected stakeholders in completing the required studies and designing and implementing any necessary mitigation measures.

Newmont Australia Limited 100% Newmont Owned

Australian Taxation Office Review: In February 1999, Normandy (now Newmont Australia Limited) sold certain subsidiary companies in a transaction that resulted in net cash proceeds of A\$663 million. The sale did not give rise to any tax liability to Newmont Australia Limited

because of the tax basis that Newmont Australia Limited had in the shares in the subsidiaries and the capital losses available to Newmont Australia Limited to offset the net gain of the sale. This transaction is currently the subject of a review by the Australian Taxation Office (ATO), which commenced in early 2001 and is still ongoing. The ATO has sought documents from Newmont Australia Limited, the buyer of the subsidiaries and other parties. It is not yet known whether the ATO will disagree with the tax treatment of the transaction. Newmont Australia Limited believes that its tax treatment

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

was in accordance with the provisions of the relevant tax laws. The Company cannot reasonably predict what future action the ATO may take in relation to this matter.

Yandal Gold Pty Ltd. 100% Newmont Owned

Newmont Yandal Operations: In a Federal Court action brought by the Australian Securities and Investment Commission (ASIC) against Yandal Gold Pty Ltd., a subsidiary of Newmont Australia Limited, Edensor Nominees Pty Ltd (Edensor), and others in relation to the 1999 acquisition of Great Central Mines (GCM, now named Newmont Yandal Operations Limited), the judge found violations of the Australian Corporations Law and ordered payment by Edensor to ASIC of A\$28.5 million for distribution to former GCM shareholders. The judge also entered an order allowing the former shareholders to elect to reacquire their shares in GCM. After appeals to the Full Federal Court and the High Court on jurisdictional matters, the Full Federal Court rejected Edensor's appeal on the merits and in September 2002, the High Court declined further review of the matter. Newmont Australia Limited had previously agreed to pay one-half of the A\$28.5 million and, after finalizing an additional commercial transaction with Edensor in relation to certain mining properties and interests, Newmont Australia Limited paid in full A\$28.5 million plus interest to ASIC in September 2002 all of which has been accounted for as part of the Normandy purchase price. Newmont Australia Limited filed a motion with the Federal Court to negate that portion of its original order granting former GCM shareholders the right to reacquire their shares and ASIC consented to the orders sought in this motion. On February 18, 2003, the Court granted the application for the consent orders such that the former GCM shareholders will not have the opportunity to reacquire their shares in GCM.

Income Taxes

The Company operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes with under the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, but many of which are the general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Company will undergo a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation of the rules or the application of certain rules to the Company's business conducted within the country involved. As of March 31, 2003 and December 31, 2002 the Company has income taxes (and related interest and penalties, if applicable) in the amount of \$321.5 million. This amount represents what the Company believes will be the probable outcome from the settlement of such disputes for all tax years for which additional income taxes can be assessed.

Guarantee of Third Party Indebtedness

Newmont USA Limited has guaranteed Pollution Control Revenue Bonds with a principal amount of \$35.7 million, due 2009, of BHP Copper Inc., formerly known as Magma Copper Company. At the time the bonds were issued, Magma was a wholly-owned subsidiary of Newmont USA Limited. Magma was spun-off as an independent, separately traded company in 1987, and was acquired in 1995 by the company now known as BHP Billiton Limited. Newmont USA Limited will be required to perform under the guarantee in the event that BHP Copper defaults on the bonds; in that event, Newmont USA Limited would be liable for the amount of any unpaid principal and interest outstanding at the time of the default. It is expected that Newmont USA Limited will be required to remain liable on this guarantee as long as the bonds remain

outstanding. Newmont USA Limited currently has no carrying value for this contingent liability, because it does not expect to have to pay any

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

amount under the guarantee in the future given the financial strength of BHP Copper's parent company. In the event that it does have to perform under the guarantee, Newmont USA Limited would have a right of subrogation to the bondholders.

Other Commitments and Contingencies

In a 1993 asset exchange, a wholly-owned subsidiary transferred a coal lease under which the subsidiary had collected advance royalty payments totaling \$484 million. From 1994 to 2018, remaining advance payments under the lease to the transferee total \$390 million. In the event of title failure as stated in the lease, this subsidiary has a primary obligation to refund previously collected payments and has a secondary obligation to refund any of the \$390 million collected by the transferee, if the transferee fails to meet its refund obligation. The subsidiary has no direct liability to the lessor and has title insurance on the leased coal deposits of \$240 million covering the secondary obligation. The Company and the subsidiary regard the circumstances entitling the lessor to a refund as remote. The Company has agreed to maintain the subsidiary's net worth at \$108 million until July 1, 2025.

The Company has minimum royalty obligations on one of its producing mines in Nevada for the life of the mine. Amounts paid as a minimum royalty (where production royalties are less than the minimum obligation) in any year are recoverable in future years when the minimum royalty obligation is exceeded. Although the minimum royalty requirement may not be met in a particular year, the Company expects that over the mine life, gold production will be sufficient to meet the minimum royalty requirements.

As part of its ongoing business and operations, the Company and its affiliates are required to provide surety bonds, bank letters of credit and bank guarantees as financial support for various purposes, including environmental reclamation, exploration permitting, workers compensation programs and other general corporate purposes. At March 31, 2003 and December 31, 2002, there were \$195.0 million and \$177.0 million of outstanding letters of credit, surety bonds and bank guarantees (excluding the surety bond supporting the prepaid forward transaction described in the Financing Activities section of Management's Discussion and Analysis of Results of Operations and Financial Condition). The surety bonds, letters of credit and bank guarantees reflect fair value as a condition of their underlying purpose and are subject to fees competitively determined in the market place. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As the specific requirements are met, the beneficiary of the associated instrument cancels and/or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding closure. Generally, bonding requirements associated with environmental regulation are becoming more restrictive. In addition, the surety markets for certain types of environmental bonding used by the Company have become increasingly constrained. The Company, however, believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements, through existing or alternative means, as they arise.

Newmont is from time to time involved in various legal proceedings related to its business. Except as discussed above, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) PRO FORMA STOCK OPTION COMPENSATION EXPENSE

The Company applies the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for stock options. Accordingly, because stock option exercise prices equal the market value on the date of grant, no compensation cost has been recognized for its stock options. Had compensation cost for the options been determined based on market value at grant dates in 2003 and 2002 as prescribed by SFAS No. 123, Accounting for Stock Based Compensation, the Company's net income and earnings per share would have been the pro forma amounts indicated below (in millions, except per share):

	Three Months Ended March 31,	
	2003	2002
Net income (loss) applicable to common shares		
As reported	\$ 117.3	\$ (8.7)
SFAS 123 expense	(2.8)	(1.7)
Pro forma	\$ 114.5	\$ (10.4)
Net income (loss) per share, basic and diluted		
As reported	\$ 0.29	\$ (0.03)
SFAS 123 expense	(0.01)	(0.01)
Pro forma	\$ 0.28	\$ (0.04)

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Consolidating Statement of Operations	Three Months Ended March 31, 2003				
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
	(unaudited, in millions)				
Revenues					
Sales gold	\$	\$ 557.7	\$ 156.9	\$	\$ 714.6
Sales base metals, net			19.4		19.4
Royalties			15.0	(0.5)	14.5
		557.7	191.3	(0.5)	748.5
Costs and expenses					
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)					
Gold		292.0	107.6	(0.6)	399.0
Base metals			15.4		15.4
Depreciation, depletion and amortization		87.5	43.1		130.6
Exploration and research		10.8	10.7		21.5
General and administrative		19.9	6.4	0.1	26.4
Other		24.6	4.9	(7.6)	21.9
		434.8	188.1	(8.1)	614.8
Other income (expense)					
Gain on investments, net			91.9	(7.6)	84.3
Gain on gold commodity derivative instruments			55.0		55.0
Loss on extinguishment of debt		(14.3)	(5.2)		(19.5)
Dividends, interest, foreign, currency exchange and other income (loss) intercompany	24.9	2.8	4.1		31.8
Dividends, interest, foreign currency exchange and other income (loss)	4.9	4.2	3.9	(13.0)	
Interest expense intercompany	(2.2)	(3.4)	(7.4)	13.0	
Interest, net of capitalized interest	(0.5)	(20.6)	(8.8)		(29.9)
	27.1	(31.3)	133.5	(7.6)	121.7
Pre-tax income before minority interest, equity income and impairment of affiliates, and cumulative effect of a change in accounting principle	27.1	91.6	136.7		255.4
Income tax expense	(9.5)	(20.9)	(32.2)		(62.6)
Minority interest in (income) loss of subsidiaries		(39.0)	(3.6)	4.8	(37.8)

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Equity income (loss) and impairment of affiliates	<u>99.6</u>	<u>7.4</u>	<u>4.2</u>	<u>(114.4)</u>	<u>(3.2)</u>
Net income (loss) before cumulative effect of a change in accounting principle	117.2	39.1	105.1	(109.6)	151.8
Cumulative effect of a change in accounting principle, net of tax		<u>(31.5)</u>	<u>(3.0)</u>		<u>(34.5)</u>
Net income (loss)	117.2	7.6	102.1	(109.6)	117.3
Preferred stock dividends					
Net income (loss) applicable to common shares	<u>\$ 117.2</u>	<u>\$ 7.6</u>	<u>\$ 102.1</u>	<u>\$ (109.6)</u>	<u>\$ 117.3</u>

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Three Months Ended March 31, 2002

Consolidating Statement of Operations	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
(unaudited, in millions)					
Revenues					
Sales gold	\$	\$ 403.9	\$ 78.3	\$	\$ 482.2
Sales base metals, net			9.4		9.4
Royalties		0.6	3.4	(0.2)	3.8
		404.5	91.1	(0.2)	495.4
Costs and expenses					
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)					
Gold		276.0	52.6	(0.1)	328.5
Base metals			10.7		10.7
Depreciation, depletion and amortization		81.1	21.1		102.2
Exploration and research		9.0	2.6		11.6
General and administrative		16.8	4.5		21.3
Other		3.0	(2.1)		0.9
		385.94	89.4	(0.1)	475.2
Other income (expense)					
Gain on gold commodity derivative instruments			6.3		6.3
Dividends, interest, foreign currency exchange and other income (loss) intercompany		0.5	2.1	(2.6)	
Dividends, interest, foreign currency exchange and other income (loss)		5.1	(4.7)		0.4
Interest expense intercompany			(2.9)	2.9	
Interest, net of capitalized interest		(25.2)	(5.9)		(31.1)
		(19.6)	(5.1)	0.3	(24.4)
Pre-tax (loss) income before minority interest, equity income (loss) and impairment of affiliates, and cumulative effect of a change in accounting principle		(1.0)	(3.4)	0.2	(4.2)
Income tax benefit (expense)		1.7	(2.9)		(1.2)
Minority interest in (income) loss of subsidiaries		(10.7)	1.7	(1.5)	(10.5)
Equity income (loss) and impairment of affiliates	(6.8)	1.5	(1.5)	8.2	1.4
Net (loss) income before cumulative effect of a change in accounting principle	(6.8)	(8.5)	(6.1)	6.9	(14.5)
Cumulative effect of a change in accounting principle, net of tax		7.7			7.7

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Net (loss) income	(6.8)	(0.8)	(6.1)	6.9	(6.8)
Preferred stock dividends	(1.9)				(1.9)
Net (loss) income applicable to common shares	\$ (8.7)	\$ (0.8)	\$ (6.1)	\$ 6.9	\$ (8.7)

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At March 31, 2003

<u>Consolidating Balance Sheets</u>	<u>Newmont Mining Corporation</u>	<u>Newmont USA</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Newmont Mining Corporation Consolidated</u>
(unaudited, in millions)					
Assets					
Cash and cash equivalents	\$	\$ 257.2	\$ 123.1	\$	\$ 380.3
Marketable securities short-term		0.6	11.4		12.0
Accounts receivable	6.9	11.9	160.3	(151.6)	27.5
Inventories		195	60.7		256.4
Stockpiles and ore on leach pads		220.4	26.4		246.8
Prepaid taxes		19.4			19.4
Derivative instruments			1.4		1.4
Deferred stripping costs short-term		24.8	5.4		30.2
Deferred income tax assets		(3.8)	51.7		47.9
Other current assets	361.7	58.1	226.5	(607.3)	39.0
Current assets	368.6	784.3	666.9	(758.9)	1,060.9
Property, plant and mine development, net		1,968.2	392.1		2,360.3
Mineral interests and other intangible assets, net		263.5	1,144.8		1,408.3
Investments		610.0	1,062.8	(852.3)	820.5
Investment in subsidiaries	4,653.0		1,930.8	(6,583.8)	
Marketable securities long-term			266.4		266.4
Deferred stripping costs long-term		25.6	6.0		31.6
Long-term stockpiles and ore on leach pads		206.5	22.3		228.8
Derivative instruments			4.0		4.0
Deferred income tax assets	25.4	481.3	328.2		834.9
Other long-term assets	0.9	337.7	37.2	(229.0)	146.8
Goodwill		93.7	2,912.4		3,006.1
Total assets	\$ 5,047.9	\$ 4,770.8	\$ 8,773.9	\$ (8,424.0)	\$ 10,168.6
Liabilities					
Current portion of long-term debt	\$	\$ 59.4	\$ 23.5	\$	\$ 82.9
Accounts payable	108.7	77.5	90.9	(150.2)	126.9
Deferred income tax liabilities		8.1	(0.6)		7.5
Derivative instruments			53.4		53.4
Other accrued liabilities	70.1	457.2	512.3	(608.0)	431.6
Current liabilities	178.8	602.2	679.5	(758.2)	702.3
Long-term debt		1,004.7	572.4		1,577.1
Reclamation and remediation liabilities		297.2	126.4		423.6
Deferred revenue from sale of future production		53.8			53.8
Derivative instruments			189.9		189.9
Deferred income tax liabilities	49.0	156.7	472.3		678.0
Employee related benefits		216.5	9.3		225.8
Other long-term liabilities	162.9	106.1	329.8	(229.0)	369.8

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Total liabilities	390.7	2,437.2	2,379.6	(987.2)	4,220.3
Minority interest in subsidiaries		402.5	382.1	(409.5)	375.1
Stockholders' equity					
Preferred stock			60.7	(60.7)	
Common stock	566.3		0.1	(0.1)	566.3
Additional paid-in capital	4,116.9	2,031.7	5,673.7	(6,789.5)	5,032.8
Accumulated other comprehensive (loss) income	(23.0)	(49.6)	(30.5)	80.1	(23.0)
Retained (deficit) earnings	(3.0)	(51.0)	308.2	(257.1)	(2.9)
Total stockholders' equity	4,657.2	1,931.1	6,012.2	(7,027.3)	5,573.2
Total liabilities and stockholders' equity	\$ 5,047.9	\$ 4,770.8	\$ 8,773.9	\$ (8,424.0)	\$ 10,168.6

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2002					
Consolidating Balance Sheets	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
(unaudited, in millions)					
Assets					
Cash and cash equivalents	\$	\$ 165.1	\$ 236.6	\$	\$ 401.7
Marketable securities short-term		0.6	12.6		13.2
Accounts receivable	14.2	43.1	184.4	(197.2)	44.5
Inventories		126.4	42.9		169.3
Stockpiles and ore on leach pads		308.9	20.1		329.0
Prepaid taxes		28.3			28.3
Derivative instruments			4.6		4.6
Deferred stripping costs short-term		25.1	7.0		32.1
Deferred income tax assets		4.6	46.9		51.5
Other current assets	331.9	163.8	216.4	(673.0)	39.1
Current assets	346.1	865.9	771.5	(870.2)	1,113.3
Property, plant and mine development, net		1,947.4	370.5		2,317.9
Mineral interests and other intangible assets, net		243.6	1,171.7		1,415.3
Marketable securities long-term		610.1	3,276.7	(2,731.0)	1,155.8
Investment in subsidiaries	4,516.9			(4,516.9)	
Deferred stripping costs long-term		18.6	4.7		23.3
Long-term inventories		171.1	28.7		199.8
Derivative instruments			3.0		3.0
Deferred income tax assets		481.1	280.3		761.4
Other long-term assets	1.0	338.3	28.0	(227.2)	140.1
Goodwill		93.7	2,930.9		3,024.6
Total assets	\$ 4,864.0	\$ 4,769.8	\$ 8,866.0	\$ (8,345.3)	\$ 10,154.5
Liabilities					
Current portion of long-term debt	\$	\$ 91.5	\$ 23.8	\$	\$ 115.3
Accounts payable	115.9	81.4	104.9	(196.9)	105.3
Deferred income tax liabilities		26.9	1.6		28.5
Derivative instruments			75.0		75.0
Other accrued liabilities	48.3	486.3	508.2	(673.4)	369.4
Current liabilities	164.2	686.1	713.5	(870.3)	693.5
Long-term debt		1,090.1	611.2		1,701.3
Reclamation and remediation liabilities		168.0	120.5		288.5
Deferred revenue from sale of future production		53.8			53.8
Derivative instruments			388.7		388.7
Deferred income tax liabilities	49.0	155.2	452.2		656.4
Employee related benefits		232.8	1.3		234.1
Other long-term liabilities	161.0	95.1	335.6	(227.3)	364.4
Total liabilities	374.2	2,481.1	2,623.0	(1,097.6)	4,380.7

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Minority interest in subsidiaries		379.3	365.1	(389.8)	354.6
Stockholders' equity					
Convertible preferred stock			60.7	(60.7)	
Common stock	565.0		0.1	(0.1)	565.0
Additional paid-in capital	4,109.0	2,022.2	5,688.7	(6,781.5)	5,038.4
Accumulated other comprehensive income (loss)	(64.0)	(54.3)	(74.7)	129.0	(64.0)
Retained (deficit) earnings	(120.2)	(58.5)	203.1	(144.6)	(120.2)
Total stockholders' equity	4,489.8	1,909.4	5,877.9	(6,857.9)	5,419.2
Total liabilities and stockholders' equity	\$ 4,864.0	\$ 4,769.8	\$ 8,866.0	\$ (8,345.3)	\$ 10,154.5

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Adjustments to reconcile net income (loss) to net cash provided by operating activities		90.2	16.3		106.5
Change in working capital		(39.6)	12.0	(0.9)	(28.5)
Net cash (used in) provided by operating activities	(11.3)	49.8	22.2	10.5	71.2
Investing activities:					
Additions to property, plant and mine development		(40.9)	(10.9)		(51.8)
Proceeds from sale of short-term investments			406.7		406.7
Net cash effect of acquisitions			(18.3)		(18.3)
Investments in affiliates and other	11.3	(24.7)	0.3	(11.4)	(24.5)
Net cash provided by (used in) investing activities	11.3	(65.6)	377.8	(11.4)	312.1
Financing activities:					
Net borrowings (repayments)		(23.7)	(1.1)		(24.8)
Dividends paid on common and preferred stock	(13.8)				(13.8)
Proceeds from stock issuance and other	13.8	183.3	(181.3)		15.8
Net cash provided by (used in) financing activities		159.6	(182.4)		(22.8)
Effect of exchange rate changes on cash		0.3	1.4		1.7
Net change in cash and cash equivalents		144.1	219.0	(0.9)	362.2
Cash and cash equivalents at beginning of period		149.4			149.4
Cash and cash equivalents at end of period	\$	\$ 293.5	\$ 219.0	\$ (0.9)	\$ 511.6

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) SUBSEQUENT EVENTS

Australian Magnesium Corporation

On April 17, 2003, Australian Magnesium Corporation (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 Stanwell Magnesium Project (the Project). The Project, which is AMC s primary asset, is 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 existing funding arrangements for the Project amount to approximately A\$1.5 billion (approximately \$870 million), including contingencies and cost overrun reserves. Preliminary indications by AMC are that the project may now require A\$150 million to A\$200 million (approximately \$87 million to \$116 million) of funds in addition to the existing funding arrangements and potentially some form of third-party project financing support. AMC is currently reviewing various options for funding and developing the Project and has engaged another engineering firm to conduct a detailed cost and schedule analysis by June 2003.

At December 31, 2002, Newmont had a 22.8% equity and voting interest in AMC and a loan receivable from AMC in the amount of A\$37 million (approximately \$22.5 million). In addition, Newmont had an obligation to contribute to AMC A\$100 million in equity by January 31, 2003 and a Newmont subsidiary had provided to AMC an A\$90 million contingent equity commitment in the event that the Project does not achieve 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%. However, due to additional equity contributions by other shareholders on January 31, 2003, Newmont s interest was decreased to 27.8%. In support of the project financing effort, Newmont restructured the A\$90 million contingent equity commitment during the first quarter into an A\$75 million (approximately \$45 million) contingent convertible debt and equity facility that would be available to fund certain project cost overruns. At March 31, 2003, the Company s investment in AMC, exclusive of the loan receivable, was \$73.3 million.

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

Following the April 17, 2003 announcement, AMC s share price has 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 an other than temporary decline in market value of \$11 million. At current prices, Newmont would expect to record an additional write down in the second quarter of approximately \$30 million. Recovery of Newmont s remaining investment in AMC, collection of its loan receivable from AMC, and the Project s satisfaction of the obligation to Ford are largely dependent on AMC s ability to obtain the necessary funding to satisfactorily complete the Project.

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Newmont is also the guarantor of an A\$71 million (approximately \$43 million) amortizing loan facility of AMC's subsidiary, QMC Finance Pty Ltd (QMC), of which A\$69.8 million (approximately \$42 million) was outstanding as of March 31, 2003. The QMC loan facility, which is secured by the assets of Queensland Magnesia Pty Ltd, 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 March 31, 2003, the fair value of these contracts was a negative A\$3.8 million (approximately \$2.4 million).

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 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, Newmont would have a right of subrogation to the lender under Australian law.

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. 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 Depository Interests (CDIs), with each CDI equivalent to 0.1 Newmont Mining Corporation common shares. As an alternative to receiving Newmont Mining Corporation CDIs, shareholders may 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 the CHESS Depository Nominees Pty Ltd., and in turn, 44,375,060 CDIs were issued to former 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 agreed upon and announced. The market value of the issued shares, together with the cash consideration of approximately \$10 million paid to those shareholders who elected to accept the buy-back offer, gave rise to a total purchase price of approximately \$115 million. The Company is in the process of quantifying the direct costs of the transaction, which will also be treated as part of the purchase price. The transaction will be accounted for as a purchase of minority interest in accordance with SFAS No. 141 Business Combinations in the second quarter of 2003. Newmont NFM was delisted from the ASX in April 2003.

Hedge Book Settlements

In line with the Company's no-hedging philosophy, the combined Newmont and Normandy hedge books were reduced by 1,053,203 committed ounces and by 116,713 uncommitted ounces from April 1, 2003 through May 2, 2003. The total ounce reduction included scheduled deliveries of 91,633 ounces and the buy-back of 1,078,283 ounces at a cost of \$21.0 million. As of May 2, 2003, the Normandy hedge books were reduced to 2,641,469 million committed ounces of gold.

(21) SUPPLEMENTARY DATA

Ratio of Earnings to Fixed Charges

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The ratio of earnings to fixed charges for the three-month period ended March 31, 2003 was 8.7. For the three-month period ended March 31, 2002, the ratio of earnings to fixed charges was less than 1:1 as earnings were inadequate to cover fixed charges by a deficiency of \$1.8 million. The ratio of earnings to fixed charges represents income before income taxes and interest expense divided by interest expense. Interest expense includes amortization of capitalized interest and the portion of rent expense representative of interest. Newmont guarantees certain third party debt; however, it has not been and does not expect to be required to pay any amounts associated with such debt. Therefore, related interest on such debt has not been included in the ratio of earnings to fixed charges.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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 Management's Discussion and Analysis included in Newmont's Annual Report on Form 10-K for the year ended December 31, 2002. References to A\$ refer to Australian currency, CDN\$ to Canadian currency, and US\$ or \$ to United States currency.

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, net 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 three months ended March 31, 2002 by \$7.7 million, net of tax of \$4.1 million, and increased net income per share by \$0.03.

Reclamation

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations, which established uniform methodology for accounting for estimated reclamation and abandonment costs. Newmont adopted the statement on January 1, 2003 when the Company recorded the estimated fair value of 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. The cumulative effect of this change in accounting principle decreased net income during the quarter ended March 31, 2003 by \$34.5 million, net of tax of \$6.9 million, and decreased net income per share by \$0.09.

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.

The table below presents the impact of the accounting change for the three-month period ended March 31, 2003 and the pro forma effect for the three-month period ended March 31, 2002 as if the change had been in effect for that period (unaudited, in thousands, except per share data):

Increase/(decrease) to net income	Three months ended	
	March 31, 2003	March 31, 2002 (Pro forma)
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)		
Gold	\$ 5,302	\$ 153
Base metals	90	
Depreciation, depletion, and amortization	(3,413)	(3,307)
Income tax (expense) benefit	(693)	1,104
Minority interest	(958)	627
Equity loss of affiliate	(480)	(340)
Net income (loss) before cumulative effect of a change in accounting principle	\$ (152)	\$ (1,763)
Net income (loss) before cumulative effect of a change in accounting principle per common share, basic and diluted	\$ 0.00	\$ (0.01)

The table below presents pro forma net income and earnings per share before cumulative effect of a change in accounting principle for the three-month period ended March 31, 2002 as if the Company had adopted the SFAS No. 143 as of January 1, 2002 (unaudited, in thousands, except for per share data):

	Three months ended March 31, 2002	
	Net loss applicable to common shares before cumulative effect of a change in accounting principle	Net loss per share before cumulative effect of a change in accounting principle, basic and diluted
As reported	\$ (16,368)	\$ (0.06)
Change in accounting method SFAS No. 143	(1,763)	(0.01)
Pro forma	\$ (18,131)	\$ (0.07)

Acquisitions of Normandy Mining Limited and Franco-Nevada Mining Corporation Limited

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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 in the capital of Normandy. For accounting purposes, the effective date of the Normandy acquisition was the close of business on February 15, 2002, when Newmont received the 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.

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 has 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 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 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.

Summary

Newmont recognized net income applicable to common shares of \$117.3 million (\$0.29 per share) in the first quarter of 2003 compared with a net loss of \$8.7 million (\$0.03 per share) in the first quarter of 2002. The first quarter of 2003 included, net of tax, \$42.2 million (\$0.10 per share) for non-cash gains on derivative instruments, \$68.0 million gain (\$0.17 per share) for the exchange of Echo Bay Mines Ltd. (Echo Bay) shares for shares of Kinross Gold Corporation (Kinross), \$14.9 million (\$0.04 per share) gain on the translation of intercompany loans with Canadian subsidiaries, a write-down of the investment in Australian Magnesium Corporation of \$11.0 million (\$0.03 per share) for an other-than-temporary decline in value, \$13.0 million (\$0.03 per share) loss on extinguishment of debt and a \$34.5 million loss (\$0.09 per share) for the cumulative effect of a change in accounting principle associated with the January 1, 2003 adoption of SFAS No. 143, related to additional reclamation and remediation liabilities. The first quarter of 2002 included, net of tax, \$4.4 million (\$0.02 per share) for non-cash gains on derivative instruments and a \$7.7 million gain for the cumulative effect of a change in accounting principle related to depreciation at certain underground operations. Total equity gold sales ounces (ounces attributable to Newmont's ownership or economic interest), total cash costs, total production costs and average realized gold prices per ounce were as follows:

	Three Months Ended March 31,	
	2003	2002
Equity gold sales ounces (000)	1,781	1,465
Total cash costs per ounce	\$ 201	\$ 195
Average price realized per ounce	\$ 351	\$ 292

See reconciliation of total cash costs per ounce to *Costs applicable to sales gold* on page 45.

Results of Operations*Gold Sales and Total Cash Costs*

	<u>Equity Ounces</u>		<u>Total Cash Costs</u>	
	<u>Three Months Ended March 31,</u>			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(unaudited, in thousands)			
North America:				
Nevada	632.9	606.1	\$ 226	\$ 238
Golden Giant, Canada	65.2	62.3	249	215
Holloway, Canada	18.1	27.9	294	194
Mesquite, California	14.6	15.5	173	156
La Herradura, Mexico	16.6	15.6	128	183
Total/Weighted Average	747.4	727.4	226	231
South America:				
Yanacocha, Peru	335.1	248.1	124	137
Kori Kollo, Bolivia	51.8	60.6	172	163
Total/Weighted Average	386.9	308.7	130	142
Australia:				
Pajingo	74.0	57.0	113	78
Yandal	139.3	87.1	275	184
Tanami	105.5	53.5	257	196
Kalgoorlie	89.0	41.1	247	214
Total/Weighted Average	407.8	238.7	235	167
Other Operations:				
Minahasa, Indonesia	31.7	41.8	236	183
Zarafshan-Newmont, Uzbekistan	60.1	52.4	142	143
Martha, New Zealand	19.6	14.5	219	185
Ovacik, Turkey	35.0	16.8	126	155
Total/Weighted Average	146.4	125.5	169	163
Equity Investments and other:				
Batu Hijau, Indonesia	54.3	40.3	n/a	n/a
Echo Bay	21.2	n/a	n/a	n/a
TVX Newmont Americas	14.5	24.2	n/a	n/a
Golden Grove	2.0	n/a	n/a	n/a
Newmont Total/Weighted Average	1,780.5	1,464.8	\$ 201	\$ 195

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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, Yanacocha, Kori Kollo, Martha and Golden Grove, 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. A reconciliation of total cash costs to *Costs applicable to sales* in total and by segment is provided below.

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 principles (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.

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

For the Three Months Ended March 31,	Nevada		Mesquite		La Herradura		Golden Giant	
	2003	2002	2003	2002	2003	2002	2003	2002
	(in millions)							
Costs applicable to sales per financial statements	\$ 145.5	\$ 154.4	\$ 2.6	\$ 2.4	\$ 2.2	\$ 2.9	\$ 16.7	\$ 13.7
Minority interest								
Reclamation/accretion expenses	(1.2)	(1.5)	(0.1)				(0.5)	(0.3)
Non-cash inventory adjustment		(0.8)						
Write-down of inventories, stockpiles and ore on leach pads	(1.0)	(7.9)						
Other	(0.4)							
Total cash cost for per ounce calculation	\$ 142.9	\$ 144.2	\$ 2.5	\$ 2.4	\$ 2.2	\$ 2.9	\$ 16.2	\$ 13.4
Equity ounces sold (000)	632.9	606.1	14.6	15.5	16.6	15.6	65.2	62.3
Equity cash cost per ounce sold	\$ 226	\$ 238	\$ 173	\$ 156	\$ 128	\$ 183	\$ 249	\$ 215

Total

	Holloway		North America		Yanacocha		Kori Kollo	
	2003	2002	2003	2002	2003	2002	2003	2002
	(in millions)							
Costs applicable to sales per financial statements	\$ 5.4	\$ 5.6	\$ 172.4	\$ 179.0	\$ 85.5	\$ 69.2	\$ 10.6	\$ 11.5
Minority interest					(43.2)	(35.0)	(1.3)	(1.4)
Reclamation/accretion expense	(0.1)	(0.1)	(1.9)	(1.9)	(0.8)	(0.8)	(0.4)	(0.2)
Write-down of inventories, stockpiles and ore on leach pads			(1.0)	(7.9)				
Non-cash inventory adjustment				(0.8)				
Other			(0.4)		0.1	0.6		
Total cash cost for per ounce calculation	\$ 5.3	\$ 5.5	\$ 169.1	\$ 168.4	\$ 41.6	\$ 34.0	\$ 8.9	\$ 9.9
Equity ounces sold (000)	18.1	27.9	747.4	727.4	335.1	248.1	51.8	60.6
Equity cash cost per ounce sold	\$ 294	\$ 194	\$ 226	\$ 231	\$ 124	\$ 137	\$ 172	\$ 163

Total

	South America		Pajingo		Yandal		Tanami	
	2003	2002	2003	2002	2003	2002	2003	2002
	(in millions)							
Costs applicable to sales per financial statements	\$ 96.1	\$ 80.7	\$ 8.4	\$ 5.2	\$ 39.7	\$ 17.2	\$ 31.6	\$ 12.8
Minority interest	(44.5)	(36.4)					(4.4)	(1.7)
Reclamation/accretion expense	(1.2)	(1.0)		(0.2)	(0.7)	(0.5)	0.1	(0.2)
Write-down of inventories, stockpiles and ore on leach pads					(0.7)	(0.2)		
Non-cash inventory adjustment				(0.6)		(0.5)		(0.3)
Other	0.1	0.6						
Total cash cost for per ounce calculation	\$ 50.5	\$ 43.9	\$ 8.4	\$ 4.4	\$ 38.3	\$ 16.0	\$ 27.3	\$ 10.6
Equity ounces sold (000)	386.9	308.7	74.0	57.0	139.3	87.1	105.5	53.5
Equity cash cost per ounce sold	\$ 130	\$ 142	\$ 113	\$ 78	\$ 275	\$ 184	\$ 257	\$ 196

	Kalgoorlie		Total Australia		Minahasa		Martha	
	2003	2002	2003	2002	2003	2002	2003	2002

	Ovacik		Zarafshan- Newmont		Total Other International		Total Gold	
	2003	2002	2003	2002	2003	2002	2003	2002
(in millions)								
Costs applicable to sales per financial statements	\$ 4.4	\$ 3.0	\$ 8.6	\$ 7.5	\$ 28.5	\$ 21.7	\$ 399.1	\$ 327.4
Minority interest					(0.3)		(49.2)	(38.1)
Reclamation/accretion expense	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.4)	(4.5)	(4.4)
Write-down of inventories, stockpiles and ore on leach pads					(2.7)		(4.4)	(8.1)
Non-cash inventory adjustment		(0.3)				(0.4)		(4.3)
Other					(0.5)	(0.5)	(0.8)	0.1
Total cash cost for per ounce calculation	\$ 4.3	\$ 2.6	\$ 8.5	\$ 7.4	\$ 24.7	\$ 20.4	\$ 340.2	\$ 272.6
Equity ounces sold (000)	35.0	16.8	60.1	52.4	146.4	125.5	1,688.5	1,400.3
Equity cash cost per ounce sold	\$ 126	\$ 155	\$ 142	\$ 143	\$ 169	\$ 163	\$ 201	\$ 195

	Golden Grove		Kasese		Other Non-Gold		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
(in millions)								
Costs applicable to sales per financial statements	\$ 15.2	\$ 8.6	\$	\$ 2.0	\$ 0.1	\$ 1.3	\$ 414.4	\$ 339.3
Minority interest							(49.2)	(38.1)
Reclamation/accretion expense	(0.1)						(4.6)	(4.4)
Write-down of inventories, stockpiles and ore on leach pads	(3.3)	(0.2)					(7.7)	(8.3)
Non-cash inventory adjustment								(4.3)
Other	(11.8)	(8.4)		(2.0)	(0.1)	(1.3)	(12.7)	(11.6)
Total cash cost for per ounce calculation	\$	\$	\$	\$	\$	\$	\$ 340.2	\$ 272.6
Equity ounces sold (000)							1,688.5	1,400.3
Equity cash cost per ounce sold	\$	\$	\$	\$	\$	\$	\$ 201	\$ 195

North American Operations

Gold sales at the Nevada Operations in the first quarter of 2003 were 632,900 ounces at total cash costs of \$226 per ounce, compared to 606,100 ounces in 2002 at total cash costs of \$238 per ounce. Oxide production decreased 19% in the first quarter of 2003 compared to 2002 primarily due to the temporary shutdown of Mill 5 at Carlin and lower grade oxide ore at Twin Creeks, partially offset by a full quarter of production from the high-grade Midas operation that was acquired as part of the Normandy acquisition in February of 2002. Mill 5 is scheduled to recommence production in the second quarter of 2003. Refractory production increased 10% in the first quarter of 2003 compared to 2002 primarily due to increased throughput at the Carlin Roaster and higher throughput and higher grade ore at the Twin Creeks autoclaves, partially offset by lower production at the Lone Tree Complex primarily due to lower grade ore. Leach production in Nevada decreased 23% in the first quarter of 2003 compared to 2002 primarily because of a 28% decrease in tons placed on the pads, partially offset by an 8% increase in ore grade. These factors also contributed to a decrease of \$12 per ounce in total cash costs in the first quarter of 2003 compared to 2002. Nevada's silver by-product credits totaled \$3.4 million and \$1.9 million for the three months ended March 31, 2003 and 2002, respectively. Nevada's gold sales for the year 2003 are expected to total approximately 2.6 million ounces with total cash costs of about \$220 per ounce.

Gold sales from the Golden Giant underground mine in Canada were 65,200 ounces at total cash costs of \$249 per ounce during the first quarter of 2003, compared to 62,300 ounces at \$215 per ounce in 2002. The operations benefited from a 45% increase in ore grade, offset by lower mill throughput, increased mining costs and a strengthening Canadian dollar. This maturing mine is projected to experience diminishing mining fronts, smaller size stopes, increasing stopes being mined simultaneously and more labor-intensive mining techniques during the year 2003,

leading to projected gold ounces sold of approximately 230,000 at total cash costs of about \$225 per ounce.

Gold sales from the 84.65%-owned Holloway underground mine in Canada declined to 18,100 equity ounces in the first quarter of 2003, compared to 27,900 equity ounces in 2002, and total cash costs increased to \$294 per equity ounce in 2003 compared to \$194 per ounce in 2002. Declining production and 52% higher total cash costs in 2003 resulted from a 26% decline in ore grade due to stope sequencing and depleted in-process inventories, and a strengthening Canadian dollar. Equity gold sales and total cash costs per equity ounce are expected to be approximately 75,000 and \$240, respectively, for the year 2003.

Gold sales at the Mesquite heap leach mine in southern California were 14,600 ounces at total cash costs of \$173 per ounce in the first quarter of 2003, compared to 15,500 ounces at \$156 per ounce in 2002. Mining activities ceased in the second quarter of 2001 with the depletion of the ore body, and final gold production from inventories on the leach pads is expected in 2004. Gold sales for the year 2003 are expected to total approximately 45,000 ounces at total cash costs of about \$160 per ounce.

La Herradura, a 44%-owned joint venture in Mexico not operated by the company, sold 16,600 equity ounces in the first quarter of 2003 at total cash costs of \$128 per equity ounce compared to 15,600 ounces at \$183 per ounce in 2002. The increase in production in 2003 is primarily attributable to a 4% increase in tons placed on the leach pads. The decrease in total cash costs in 2003 resulted from reduced manpower, purchasing lower cost consumables and initiating a new recirculation system that reduced the consumption of cyanide. Gold sales for the year 2003 are expected to be approximately 70,000 equity ounces at total cash costs of about \$155 per equity ounce.

South American Operations

Sales at the 51.35%-owned Minera Yanacocha S.R.L. (Yanacocha) in Peru increased 35% in the first quarter of 2003 to 335,100 equity ounces from 248,100 equity ounces in the first quarter of 2002. Total cash costs per equity ounce decreased to \$124 in the first quarter of 2003 from \$137 in 2002. The 2003 increase in production and decrease in total cash costs per equity ounce are primarily attributable to a 35% increase in ore grade, primarily from the La Quinua pit, and a 7% increase in ore placed on the leach pads. By-product credits for the three months ended March 31, 2003 and 2002 were \$2.7 million and \$1.7 million, respectively. Yanacocha is expected to sell approximately 1.3 million equity ounces of gold for the year 2003 at total cash costs of about \$120 per equity ounce.

At the 88%-owned Kori Kollo open-pit mine in Bolivia, gold sales totaled 51,800 equity ounces in the first quarter of 2003 at total cash costs of \$172 per equity ounce, compared to 60,600 equity ounces in 2002 at a total cash costs of \$163 per equity ounce. Lower-grade ore was the primary factor contributing to lower production and higher costs in 2003. By-product credits for the three months ended March 31, 2003 and 2002 were \$0.8 million and \$0.6 million, respectively. For the year 2003, equity gold sales are expected to total approximately 135,000 equity ounces at total cash costs of about \$220 per equity ounce.

Australian Operations

Information related to Australian operations for the first quarter of 2002 reflects activity from February 16, 2002 (as the Normandy acquisition was effective February 15, 2002) through March 31, 2002, with the exception of Pajingo, which was 50% owned by Newmont prior to the acquisition of Normandy. In general, total cash costs per ounce at Australian operations increased in 2003 due to a strengthening Australian dollar, higher fuel costs and higher shared service and administrative costs.

At the Pajingo mine in North Queensland, gold sales for the first quarter of 2003 were 74,000 ounces at total cash costs of \$113 per ounce, compared to 57,000 equity ounces and total cash costs of \$78 per equity ounce in 2002. Production in 2003 reflects 100% ownership of Pajingo for the entire first quarter, whereas Newmont owned only 50% of Pajingo for half of the first quarter in 2002 prior to the Normandy acquisition.

However, production and cash costs at Pajingo were adversely affected in the first quarter of 2003 by a shortfall of high-grade ore due to a delay in the development schedule of the Jandam and Vera South Deeps areas, resulting in supplemental production from lower-grade ore stockpiles. For the year 2003, gold sales are estimated at approximately 325,000 ounces at total cash costs of \$120 per ounce.

At the Yandal operations, which consist of the Bronzewing, Jundee and Wiluna mines in Western Australia, gold sales for the first quarter of 2003 totaled 139,300 ounces at a total cash cost of \$275 per ounce, compared to 87,100 ounces at \$184 per ounce in 2002. Production increased in 2003 from a full quarter of operations compared to a partial quarter in 2002, offset by a 21% decline in ore grade at Wiluna and Bronzewing and underground ore feed shortages to the Bronzewing mill. Total cash costs per ounce increased in 2003 due to these factors plus unplanned mill maintenance costs at Jundee and Wiluna. Sales for 2003 are expected to total 620,000 ounces at cash costs per ounce of about \$257 per ounce.

The Tanami operations in the Northern Territory sold 105,500 equity gold ounces at total cash costs of \$257 per equity ounce during the first quarter of 2003, compared to 53,500 equity ounces at \$196 per equity ounce in 2002. Gold sales increased in 2003 from a full quarter of operations compared to a partial quarter in 2002, a 4% increase in ore grade and the installation of a new crushing circuit at Groundrush, offset by a build up of in-transit inventories and a lack of feed from the Quorn pit due to a geological failure of the pit ramp. Total cash costs per equity ounce increased in 2003 due to additional underground haulage costs as the mining operations at Callie extend deeper into the ore body. For the year 2003, Tanami operations are expected to sell approximately 560,000 equity ounces of gold at total cash costs of approximately \$240 per equity ounce.

For the first quarter of 2003, equity gold sales at the 50%-owned Kalgoorlie mine in Western Australia totaled 89,000 ounces at total cash costs of \$247 per equity ounce. Equity gold sales for 2002 were 41,100 ounces at total cash costs of \$214 per equity ounce. The increase in production resulted from a full quarter of operations in 2003 compared to a partial quarter in 2002, a 10% increase in ore grade and improved recoveries. The increase in cash costs per equity ounce in 2003 occurred because of higher mining costs at Mt. Charlotte, an underground mine just north of the Super Pit, and higher costs due to a mill maintenance shutdown brought forward from April. Equity gold sales and total cash costs per equity ounce for 2003 are expected to total approximately 360,000 equity ounces at total cash costs of about \$270, respectively.

Other Mining Operations

Gold Operations

Information related to Martha, Ovacik, Golden Grove and TVX Newmont Americas for the first quarter of 2002 reflects activity from February 16, 2002 (as the Normandy acquisition was effective February 15, 2002) through March 31, 2002. Information related to Echo Bay in 2002 only reflects activity from April 3, 2002 (the date Newmont's investment was converted from capital debt securities to common shares of Echo Bay), therefore there is no Echo Bay operational activity attributable to Newmont for the first quarter of 2002. Information related to TVX Newmont Americas and Echo Bay for 2003 reflects activity from January 1, 2003, to January 31, 2003 when the investments were sold and exchanged, respectively, as part of the Kinross transaction (See *Other Investing Activities*). Information for all other properties in 2002 reflects activity from January 1, 2002 through December 31, 2002.

At the Minahasa mine in Indonesia, Newmont has an 80% interest but receives a greater percent of the gold production until recouping the bulk of its investment including interest. Prior to November 2001, Newmont received 100% of Minahasa's gold production and subsequently received 94%, as Newmont recouped some of its investment through the collection of funds in accordance with existing loan agreements. For the first quarter of 2003, sales decreased to 31,700 equity ounces at a total cash cost of \$236 per equity ounce from 41,800 equity ounces at a total cash cost of \$183 per ounce. Production decreased and total cash costs increased primarily due to a 24% decline in ore grade. Mining activities ceased late in 2001; however, it is expected that processing of the remaining stockpiles will continue until the fourth quarter of 2003. Production for the year 2003 is expected at approximately 100,000 equity ounces, with total cash costs of approximately \$260 per equity ounce.

Equity sales at Martha, located in New Zealand, were 19,600 equity ounces at total cash costs per equity ounce of \$219 during the first quarter of 2003 compared to 14,500 equity ounces at total cash costs of \$185 per

equity ounce during the first quarter of 2002. Production increased in 2003 due to a full quarter of operations compared to a partial quarter in 2002 and a 9% increase in ore grade, partially offset by a longer-than-expected mill shutdown for maintenance. Total cash costs per equity ounce increased in 2003 because of higher maintenance costs related to the mill shutdown and pit wall remedial work. By-product credits for the three months ended March 31, 2003 and 2002 were \$0.9 million and \$0.4 million, respectively. Gold sales in 2003 are expected to be approximately 100,000 equity ounces at total cash costs of about \$190 per equity ounce.

At the Ovacik mine in Turkey, gold sales for the first quarter of 2003 were 35,000 ounces at total cash costs per ounce of \$126, compared to 16,800 ounces at a total cash cost of \$155 per ounce in 2002. Production increased in 2003 due to a full quarter of operations compared to a partial quarter in 2002, partially offset by a 33% decline in ore grade. Total cash costs declined in 2003 due to higher mill throughput and utilization and lower open pit mining and administrative costs. Gold sales for the year 2003 are expected to be approximately 140,000 ounces at total cash costs of about \$150 per ounce.

The Zarafshan-Newmont Joint Venture (Zarafshan) in the Central Asian Republic of Uzbekistan, in which Newmont has a 50% interest, sold 60,100 equity ounces in the first quarter of 2003 at total cash costs of \$142 per equity ounce. In the first quarter of 2002, Zarafshan sold 52,400 equity ounces at total cash costs of \$143 per equity ounce. The increase in equity ounces sold in the first quarter of 2003 compared to same period in 2002 is primarily due to the timing of gold sales. Production increased in 2003 reflecting a 5% increase in tons placed on the heap leach pads and a full quarter of impact from the heap leach pad expansion that was not fully operational in the first quarter of 2002, partially offset by an 8% decline in ore grade. The lower ore grade is expected to continue during 2003 and is reflected in the life-of-mine plan. Zarafshan is expected to sell approximately 210,000 equity ounces at total cash costs of \$150 per equity ounce for the year 2003.

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 then 45.67% interest in Echo Bay and \$180 million for its interest in TVX Newmont Americas. Cash proceeds of \$170.6 million were received in the three month period ended March 31, 2003, with the remaining \$9.4 million held in escrow until subsequent to the end of the quarter (received in April 2003). Newmont recorded a gain of approximately \$84.3 million on the sale of Echo Bay. During the first month of 2003, Echo Bay sold 21,200 equity ounces.

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 and through January 31, 2003. 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 the first month of 2003 were 14,500 equity ounces, compared to 24,200 equity ounces in the first quarter of 2002. On January 31, 2003, Newmont sold its 49.9% interest in TVX Newmont Americas to TVX Gold Inc. for \$180 million as described above.

Base Metal Operations

At the Batu Hijau mine in Indonesia, copper sales totaled 69.8 million equity pounds (pounds attributable to Newmont's economic interest) in 2003, compared to 67.6 million equity pounds in 2002. Net cash costs were \$0.31 and \$0.42 per equity pound, after gold and silver by-product credits, in 2003 and 2002, respectively.

Newmont holds an indirect 45% equity interest in the mine, but is attributed 56.25% of production until recouping loans to minority interest holders, including interest. Net cash costs improved in 2003 as compared to 2002 primarily due to higher gold by-product credits reflecting higher gold prices and an 8% improvement in ore grade. Gold sales, accounted for as by-product credits, totaled 54,300 and 40,300 equity ounces for the first quarters of 2003 and 2002, 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*. These by-product credits represented 45% and 31% of revenues and reduced production costs by 45% and 39% for the first quarters of 2003 and 2002, respectively. Such by-product credits are expected to continue 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. Sales for the year 2003 are expected to total approximately 340 million to 360 million equity pounds of copper and 275,000 equity ounces of gold. Total cash costs of copper for the year 2003 are expected to be between \$0.28 and \$0.30 per equity pound.

The wholly-owned Golden Grove copper/zinc operation in Western Australia, which was acquired as part of the Normandy acquisition, sold 21.3 million pounds of copper and 24.9 million pounds of zinc in the first quarter of 2003, compared to 10.1 million pounds of copper in the first quarter of 2002. There was no zinc production in the first quarter of 2002 due to the timing of dedicated campaigns for copper and zinc production. Production of copper increased in 2003 primarily as a result of a full quarter of operations compared to a partial quarter in 2002. Total cash costs during the first quarter of 2003 were \$0.53 and \$0.31 for copper and zinc, respectively, compared to \$1.05 for copper in the first quarter of 2002. Lead and gold by-product credits were \$1.6 million for the three months ended March 31, 2003. There were no comparable by-product credits for the three months ended March 31, 2002 due to the timing of the lead sales. 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. Newmont anticipates Golden Grove will sell between 40 million and 45 million pounds of copper and 173.4 million pounds of zinc for the year 2003 at total cash costs per pound of \$0.59 and \$0.29, respectively.

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 and provides investment banking services to the Company.

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 and through the efforts of the Merchant Banking Segment, Newmont received a 13.8% interest in the restructured Kinross in exchange for its then 45.67% interest in Echo Bay and \$180 million for its interest in TVX Newmont Americas. Cash proceeds of \$170.6 million were received immediately after the close of the transaction. The remaining \$9.4 million, originally held in escrow, were received subsequent to the end of the first quarter. Newmont recognized a pre-tax gain of \$84.3 million on the transaction in *Gain on investments, net* in the *Statement of Consolidated Operations*. Newmont classifies its investment in Kinross as a long-term, available-for-sale marketable security. At March 31, 2003, the fair value of the Kinross investment was \$266.4 million. During the three months ended March 31, 2003, a loss of \$45.3 million, net of tax, was recorded in *Other comprehensive income, net of tax* for the change in market value of the investment. Newmont will continue to monitor the market value of its investment in Kinross. In the event that the decline in the market value of the Kinross shares continues in future periods, the Company will evaluate the need to recognize a loss for an other-than-temporary decline in the value of the investment.

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 in-kind physical metal 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 at the option of Newmont. Newmont earned \$14.5 million of royalty revenue for the first quarter of 2003, compared to \$3.8 million in the first quarter of 2002. The increase in the first quarter of 2003 is primarily attributable to a full quarter of operations compared to a partial first quarter in 2002 and higher prevailing gold and oil and gas market prices. Newmont expects to earn \$40 million to \$50 million in royalties for the full year 2003.

Exploration

Exploration and research expenditures were \$21.5 million for the three months ended March 31, 2003 and \$11.6 million for the three months ended March 31, 2002. Of these amounts, \$14.1 million and \$10.2 million, respectively, related to the activities of the Exploration Segment for the three months ended March 31, 2003 and 2002, respectively, with the balance in each year relating primarily to research and advanced project activities not managed by Newmont's Exploration Segment.

Exploration expenditures reflect a full three months of exploration activity in 2003 for the combined Newmont and Normandy exploration programs, as compared to one and one-half months in 2002. Expenditures in 2003 also reflect higher funding of exploration activities by Newmont due to higher prevailing gold prices. Newmont is forecasting expenditures of approximately \$85 million for the full year 2003. Exploration activities during the first quarter of 2003 have primarily focused on the Antonio and Corimayo deposits at Minera Yanacocha, the Gold Quarry and Dos Equis deposits in Nevada and various deposits at the Company's Australian operations. Newmont updates its public disclosure of proven and probable reserves annually as of December 31 of each year. The Company will therefore discuss the additions to proven and probable reserves resulting from its 2003 exploration program in the Company's 2003 Annual Report on Form 10-K. Newmont believes that exploration results to date in 2003 indicate the Company is on track to achieve its goal of replacing depletion of approximately 9.0 million ounces during the year.

Foreign Currency Exchange Rates

In addition to its domestic 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 40% and 32% of Newmont's total cash costs were paid in local currency in the three months ended March 31, 2003 and March 31, 2002, respectively. The percentage of total cash costs paid in foreign currencies increased in 2003 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 locations due to exchange rate changes have therefore tended to be mitigated by changes in sales reported in U.S. dollars at Australian locations in the Company's Consolidated Financial Statements. No assurance, 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. 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 the three months ended March 31, 2003 and March 31, 2002.

Operation	Three months ended March 31, 2003			Three months ended March 31, 2002		
	Percentage change in average local currency exchange rate; appreciation (depreciation)	Increase (decrease) to total cash costs in US dollars (000)	Increase (decrease) to total cash costs per ounce in US dollars	Percentage change in average local currency exchange rate; appreciation (depreciation)	Increase (decrease) to total cash costs in US dollars (000)	Increase (decrease) to total cash costs per ounce in US dollars
(unaudited)						
North America:						
La Herradura	(19)%	\$ (154)	\$ (9)	6%	\$ 65	\$ 4
Golden Giant	5%	\$ 819	\$ 15	(4)%	\$ (551)	\$ (7)
Holloway	5%	\$ 252	\$ 17	(4)%	\$ (186)	\$ (8)
South America:						
Minera Yanacocha	(1)%	\$ (78)	\$	2%	\$ 153	\$ 1
Kori Kollo	(9)%	\$ (379)	\$ (8)	(8)%	\$ (420)	\$ (6)
Australia ⁽¹⁾ :						
Pajingo	13%	\$ 888	\$ 9	(2)%	\$ (103)	\$ (1)
Kalgoorlie	13%	\$ 3,235	\$ 31	(2)%	\$ (203)	\$ (2)
Yandal	13%	\$ 3,811	\$ 27	(2)%	\$ (375)	\$ (2)
Tanami	13%	\$ 3,433	\$ 21	(2)%	\$ (219)	\$ (2)
Other International:						
Zarafshan-Newmont Joint Venture						
Venture	(40)%	\$ (1,678)	\$ (27)	(108)%	\$ (4,978)	\$ (70)
Minahasa	13%	\$ 32	\$ 1	(4)%	\$ (79)	\$ (2)
Martha	13%	\$ 766	\$ 29	(2)%	\$ (50)	\$ (2)
Ovacik	(22)%	\$ (420)	\$ (8)	(56)%	\$ 449	\$ (14)

In addition, the Company's total cash costs at Golden Grove varied due to changes in the local currency exchange rates in relation to the U.S. dollar as follows:

Period	Foreign Currency	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in US Dollars (000)
Three months ended March 31, 2003	Australian dollars	13%	\$ 1,265
Three months ended March 31, 2002	Australian dollars	(2)%	\$ (40)

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:

<u>Period</u>	<u>Foreign Currency</u>	<u>Percentage change in average local currency exchange rate; appreciation (devaluation)</u>	<u>Income (loss) within Equity income (loss) in affiliates, net (000)</u>
Three months ended March 31, 2003	Indonesian Rupial	13%	\$ (916)
Three months ended March 31, 2002	Indonesian Rupial	(4)%	\$ 228

We estimate 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 due, in part, to the Company's use of conservative cut-off grade assumptions for pit and/or mine design. However, in the event that a sustained weakening in 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 would 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 result primarily 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 long-lived assets, mineral reserves and other intangible assets and/or goodwill.

Financial Results

Newmont's *Statements of Consolidated Operations and Comprehensive Income* include the activities of Normandy and Franco-Nevada from February 16, 2002 through March 31, 2002 for the first quarter of 2002 and for the entire first quarter of 2003.

Sales - gold were \$714.6 million and \$482.2 million for the first quarters of 2003 and 2002, respectively. The following analysis demonstrates that the increase in consolidated sales revenue in the first quarter of 2003 compared to the first quarter of 2002 primarily resulted from higher gold prices, the inclusion of a full quarter of production from the acquired Normandy properties as compared to a partial quarter in 2002 and other production increases (unaudited):

	Three Months Ended	
	March 31,	
	2003	2002
Consolidated gold sales (in millions)	\$ 714.6	\$ 482.2
Consolidated production ounces sold (000)	2,036.0	1,654.7
Average price realized per ounce	\$ 351	\$ 292
Average spot price per ounce	\$ 350	\$ 290

Increase (decrease) in consolidated gold sales due to:

	Three Months Ended March 31,	
	2003 vs. 2002 (in millions)	
Consolidated production	\$	111.3
Average gold price received		121.1
	\$	232.4

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Sales base metals, net totaled \$19.4 million in the first quarter of 2003, compared to \$9.4 million in the first quarter of 2002 and includes \$14.2 million and \$9.4 million from copper sales, net of smelting and refining charges, from the Golden Grove operation in Western Australia for the first quarters of 2003 and 2002, respectively. For the first quarter of 2003, it also includes \$5.2 million, net of smelting and refining charges, from zinc sales at Golden Grove. There were no zinc sales at Golden Grove in the first quarter of 2002 due to the timing of dedicated production campaigns for copper and zinc. *Sales base metals, net* also included \$0.9 million during the first quarter of 2002 from cobalt sales at the Kasese operation in Uganda. Kasese was sold in the second quarter of 2002.

Royalties of \$14.5 million and \$3.8 million were earned during the first quarters of 2003 and 2002, respectively. The increase in 2003 relates primarily to a full quarter of activity in 2003 compared to a partial quarter in 2002, as most of the royalties were acquired as part of the acquisition of Franco-Nevada, and due to the

higher prevailing gold and oil and gas market prices in the first quarter of 2003, as well as increased production from the Goldstrike property. The first quarter of 2003 also includes a settlement of a royalty dispute. Newmont expects to earn \$40 million to \$50 million in royalties for the full year 2003.

Costs applicable to sales - gold was \$394.6 million and \$320.5 million for the first quarters of 2003 and 2002, respectively. The 23% increase relates primarily to a full quarter of activity from the acquired Normandy operations in 2003 compared to a partial quarter in 2002 and increased production at Nevada and Minera Yanacocha, partially offset by lower production costs at those operations. See North and South American Operations for further discussion of production costs for Nevada and Minera Yanacocha.

Costs applicable to sales - base metals and other was \$12.1 million in the first quarter of 2003, compared to \$10.5 million in 2002. The first quarter of 2003 included \$7.6 million for copper and \$4.2 million for zinc, while in 2002, \$8.5 million at Golden Grove applied entirely to copper. The increase in 2003 relates primarily to a full quarter of operations at Golden Grove compared to a partial quarter in 2002, as well as the timing of dedicated production campaigns for copper and zinc at that operation. The first quarter of 2002 also included \$2 million for the Kasese cobalt operation, which was sold in the second quarter of 2002.

Write-downs of inventories, stockpiles and ore on leach pads totaled \$7.7 million and \$8.3 million for the first quarters of 2003 and 2002, respectively. These write-downs related to lower of cost or net realizable value write-downs of inventory, stockpiles and ore on leach pads. Inventory write-downs in 2003 include write-downs of precious metals inventory of \$1.3 million at Minahasa, \$0.7 million at Bronzewing, \$0.6 million at Martha and \$3.2 million at Golden Grove. Inventory write-downs in 2002 primarily related to \$1.1 million for in-process inventories at Nevada. Stockpile and ore on leach pads write-downs in 2003 included \$0.9 million at Martha for stockpiles and \$0.8 million and \$0.2 million, respectively, for stockpiles and ore on leach pads at Nevada. Stockpile and ore on leach pads write-downs in 2002 primarily related to \$6.7 million for stockpiles at Nevada.

Deferred Stripping 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 or ton of ore with an equivalent amount of waste removal cost. If the Company were to expense stripping costs as incurred, there may be greater volatility in the Company's period-to-period results of operations.

Details of deferred stripping with respect to certain of the Company's open pit mines are as follows (unaudited):

	Three Months Ended March 31,			
	Nevada(3)		La Herradura(4)	
	2003	2002	2003	2002
Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations				
Stripping ratio(1)	122.8	131.8	146.4	141.3
Average ore grade (ounces of gold per ton)	0.049	0.072	0.030	0.031
Actuals for Year				
Stripping ratio(2)	109.8	83.3	157.3	165.9
Average ore grade (ounces of gold per ton)	0.104	0.063	0.026	0.026
Remaining Mine Life (years)	8	9	5	6
	Tanami(5)		Kalgoorlie(5)	
	2003	2002	2003	2002
	Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations			
Stripping ratio(1)	61.9	61.9	104.1	112.3
Average ore grade (ounces of gold per ton)	0.140	0.140	0.065	0.064
Actuals for Year				
Stripping ratio(2)	80.2	88.1	91.7	98.0
Average ore grade (ounces of gold per ton)	0.120	0.120	0.075	0.054
Remaining Mine Life (years)	6	6	13	14
	Martha(6)		Ovacik(6)	
	2003	2002	2003	2002
	Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations			
Stripping ratio(1)	29.1	28.8	26.3	26.3
Average ore grade (ounces of gold per ton)	0.093	0.093	0.356	0.362
Actuals for Year				
Stripping ratio(2)	20.1	21.6	19.9	25.5
Average ore grade (ounces of gold per ton)	0.109	0.098	0.379	0.380
Remaining Mine Life (years)	4	5	2	3

- (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 2003 from 2002 due to changes in the mining plan. The actual stripping ratio increased in 2003 from 2002 due to changes in the mining sequence to access higher grade ore which had a higher stripping ratio.
- (4) The life-of-mine stripping ratio increased slightly in 2003 from 2002 as a result of a slight decrease in ore grade. The actual stripping ratio decreased in 2003 due to more ore than waste being mined as the pit deepens. La Herradura is included in the Company's *Other North America* operating segment.
- (5) Tanami and Kalgoorlie are included in the Company's *Other Australia* operating segment.
- (6) Martha and Ovacik are included in the Company's *Other International* operating segment.

Depreciation, depletion and amortization was \$130.6 million and \$102.2 million for the first quarters of 2003 and 2002, respectively. The 28% increase in 2003 relates primarily to a full quarter of activity from the acquired Normandy operations in 2003 compared to a partial quarter in 2002, increased production and an increase in the depreciable base due to the adoption of SFAS 143 (see Accounting Changes). Newmont expects *Depreciation, depletion and amortization* to total between \$570 million and \$600 million for the full year 2003.

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The following is a summary of Costs applicable to sales and Depreciation, depletion and amortization by operation:

	Costs		Depreciation, Depletion and Amortization	
	Applicable of Sales			
	Three Months Ended March 31,			
	2003	2002	2003	2002
(Unaudited and in millions)				
North America:				
Nevada	\$ 145.5	\$ 154.4	\$ 31.6	\$ 26.8
Mesquite, California	2.6	2.4	0.9	1.5
La Herradura, Mexico	2.2	2.9	0.8	0.8
Golden Giant, Canada	16.7	13.7	7.2	4.5
Holloway, Canada	5.4	5.6	1.3	1.8
Total North America	172.4	179.0	41.8	35.4
South America:				
Yanacocha, Peru	85.5	69.2	35.5	35.0
Kori Kollo, Bolivia	10.6	11.5	2.1	3.1
Total South America	96.1	80.7	37.6	38.1
Australia:				
Kalgoorlie	22.4	10.8	1.6	1.2
Yandal operations	39.7	17.2	10.6	6.2
Tanami operations	31.6	12.8	7.6	3.1
Pajingo	8.4	5.2	5.6	3.5
Other Australia			2.2	1.5
Total Australia	102.1	46.0	27.6	15.5
Other Operations:				
Minahasa, Indonesia	9.4	8.3	1.7	2.9
Zarafshan-Newmont, Uzbekistan	8.6	7.5	2.6	2.3
Martha, New Zealand	6.1	2.9	2.1	1.8
Ovacik, Turkey	4.4	3.0	3.4	0.7
Total Other Operations	28.5	21.7	9.8	7.7
Other:				
Merchant banking	0.2	0.1	4.7	2.2
Base metals operations	15.2	10.6	7.1	0.3
Corporate and other	(0.1)	1.2	2.0	3.0
Total Other	15.3	11.9	13.8	5.5
Total Newmont	\$ 414.4	\$ 339.3	\$ 130.6	\$ 102.2

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Exploration and research was \$21.5 million and \$11.6 million for the first quarters of 2003 and 2002, respectively, reflecting a full quarter of exploration activity in 2003 for the combined Newmont, Franco-Nevada and Normandy exploration programs, as compared to a partial quarter in 2002. Newmont has budgeted exploration and research expenditures for the full year 2003 between \$95 million and \$100 million, compared to actual expenditures in for the full year 2002 of \$88.9 million. The Company has particularly increased exploration activities at the Akyem and Ahafo greenfields projects in Ghana.

General and administrative expenses totaled \$26.4 million and \$21.3 million for the first quarters of 2003 and 2002, respectively. The increase in 2003 reflects primarily a full quarter of the impact of incorporating the administrative functions of Franco-Nevada and Normandy into Newmont. *General and administrative* expense

has decreased to 3.1% of *Sales and other income* in 2003, compared to 4.3% in 2002. Newmont expects *General and administrative* expenses to total between \$95 million and \$100 million for the full year 2003.

The Company recorded a *Loss on the extinguishment of debt* of \$19.5 million in the first quarter of 2003 for the repurchase of \$23.0 million, \$52.3 million, \$10.0 million and \$30.9 million face amount of its outstanding 8³/₈%, 8⁵/₈%, Newmont Australia Limited 7¹/₂% and Newmont Australia Limited 7⁵/₈% debentures, respectively, for total cash consideration of \$135.8 million, net of associated discounts, premiums and capitalized debt issuance costs. See Liquidity and Capital Resources, Financing Activities.

Other expenses were \$22.0 million and \$0.9 million for the first quarters of 2003 and 2002, respectively. *Other* expenses in the first quarter of 2003 included, in addition to various individually insignificant items, an \$9.4 million accrual for certain environmental obligations, \$1.3 million associated with the finalization of a de-watering agreement in Nevada, \$1.9 million for severance at the Kori Kollo project in Bolivia, \$1.0 million for the accrual of royalty payments, \$3.0 million for cost investment impairments and \$2.1 million for consulting fees and other integration costs related to the acquisition of Franco-Nevada and Normandy.

Gain on gold commodity derivative instruments was \$55.0 million in the first quarter of 2003, compared to \$6.3 million in 2002, and relates to non-cash, mark-to-market gains and losses recognized on gold derivative instruments. The gain in 2003 resulted from a decrease in the US\$ gold price from approximately \$343 per ounce to \$337 per ounce and the appreciation of the Australian dollar from approximately \$0.56 per US dollar to \$0.60 per US dollar between December 31, 2002 and March 31, 2003. The majority of the acquired Normandy gold hedge books consist of contracts to receive Australian dollars and to deliver gold. Generally, lower US dollar gold prices and appreciation in the Australian dollar decrease Newmont's derivative liability positions. During the first quarter of 2002, the US dollar gold price increased from approximately \$301 to \$304 and the Australian dollar appreciated from approximately \$0.52 to \$0.53 from February 15, 2002 (the date of acquisition of Normandy) to March 31, 2002.

Newmont recorded a *Gain on investments, net* of \$84.3 million in the first quarter of 2003 related to the exchange of shares in Echo Bay for shares in Kinross (see Liquidity and Capital Resources, Investing Activities).

Dividends, interest, foreign currency exchange and other income was \$31.8 million for the first quarter of 2003, compared to \$0.4 million for the first quarter of 2002. The 2003 amount included a pre-tax gain of \$22.9 million exchange gain on a Canadian dollar-denominated intercompany loan to a subsidiary whose functional currency is the Canadian dollar. The Canadian dollar appreciated in value during the quarter from \$0.63 per US dollar to \$0.68 per US dollar, producing a gain on the outstanding loan balance. Also included in 2003 was a \$7.8 million gain from the mark-to-market of ineffective foreign currency swaps, a \$6.0 million foreign currency exchange loss primarily associated with the appreciation of the Australian dollar during the quarter from \$0.56 per US dollar to \$0.60 per US dollar, a \$1.3 million gain on the sale of exploration properties and interest income of \$2.2 million. The net 2002 amount includes \$2.8 million of interest income, a \$7.6 million net foreign currency exchange loss, a gain on the sale of exploration properties of \$1.7 million and \$3.5 million of income from an insurance settlement.

Interest, net of capitalized interest, was \$29.9 million and \$31.1 million for the first quarters of 2003 and 2002, respectively. A full quarter of interest expense in 2003 relating to the debt acquired in the Normandy acquisition, compared to a partial quarter in 2002, was offset by the impact of debt reductions in 2002 and the first quarter of 2003 (see Liquidity and Capital Resources, Financing Activities). Newmont expects *Interest, net of capitalized interest*, to total \$90 million to \$100 million for the full year 2003.

Income tax expense during the first quarter of 2003 was \$62.6 million compared to a \$1.2 million for the first quarter of 2002. The 2003 increase primarily reflects pre-tax income for the first quarter of 2003 of \$255.3 million, compared to a pre-tax loss of \$4.2 million for the first quarter of 2002. The effective tax rate for the first quarter of 2003 was 25%. The effective tax rate in 2003 is different from the United States statutory rate

of 35% applicable to

multinational companies primarily due to the benefit of percentage depletion and the impact of foreign tax rate differentials pertaining to the Company's Australian and Canadian subsidiaries. In particular, deferred taxes pertaining to the *Gain on exchange of Echo Bay shares for Kinross shares, net* were recognized at the Canadian tax rate for capital gains of 20%. The Company recognized income tax expense in the first quarter of 2002 despite having a pre-tax loss due to foreign currency translation losses recognized for financial reporting purposes that are never deductible for tax purposes. For a complete discussion of the factors that influence the Company's effective tax rate, see Management's Discussion and Analysis of Results of Operations and Financial Condition in Newmont's Annual Report on Form 10-K for the year ended December 31, 2002, filed March 27, 2003.

Minority interest in income of subsidiaries increased from \$10.6 million in the first quarter of 2002 to \$37.8 million in the first quarter of 2003. The increase in 2003 is primarily a result of increased earnings at Minera Yanacocha, where Newmont has a 51.35% interest, due to higher gold prices, increased gold sales ounces and lower production costs.

Equity (loss) income and impairment of affiliates was \$(3.2) million and \$1.4 million for the first quarters of 2003 and 2002, respectively, primarily reflecting equity income in Batu Hijau of \$7.4 million and \$1.4 million for each period, respectively, net of a write-down of the Company's investment in Australian Magnesium Corporation (AMC) of \$11 million in 2003 for an other-than-temporary loss in value. 2003 also reflected equity income in TVX Newmont Americas of \$0.8 million, an equity loss in AMC of \$0.7 million and equity income in AGR Matthey Joint Venture of \$0.4 million. Newmont had break even results for its equity share of TVX Newmont Americas, AMC and AGR Matthey Joint Venture in the comparable 2002 period. The increase in equity income in Batu Hijau resulted primarily from a decrease in net cash costs per pound of copper sold from \$0.42 in 2002 to \$0.31 in 2003 due to higher gold by-product credits and an 8% improvement in ore grade.

Newmont recorded a loss for the *Cumulative effect of a change in accounting principle, net of tax* effective January 1, 2003 of \$34.5 million reflecting the effect of the adoption of SFAS No. 143, Accounting for Asset Retirement Obligations, that changed the method of accounting for the Company's estimated mine reclamation and abandonment costs. Newmont also recorded a gain for the *Cumulative effect of a change in accounting principle* of \$7.7 million effective January 1, 2002 with respect to depreciation, depletion and amortization of *Property, plant and mine development, net* to exclude future estimated development costs expected to be incurred for certain underground operations. See Accounting Changes for more information.

Other comprehensive income, net of tax was \$41.0 million during the first quarter of 2003, compared to \$27.9 million during the first quarter of 2002. 2003 includes a \$50.8 million loss primarily associated with the mark-to-market of the Kinross shares classified as available-for-sale marketable securities, an \$5.9 million gain on the translation of subsidiaries with functional Canadian dollar currency, a \$74.9 million gain on the on the effective portion of changes in the fair value of gold commodity derivative instruments classified as cash flow hedges and an \$11.0 million credit associated with the exchange of Echo Bay shares for Kinross shares. The derivative gain in 2003 resulted from a decrease in the US\$ gold price from approximately \$343 per ounce to \$337 and the appreciation of the Australian dollar from approximately \$0.56 per US dollar to \$0.60 between December 31, 2002 and March 31, 2003. The majority of the acquired Normandy gold hedge books consist of contracts to receive Australian dollars and to deliver gold. Generally, lower US dollar gold prices and appreciation in the Australian dollar decrease Newmont's derivative liability positions. The first quarter of 2002 includes a \$11.0 million gain for the change in fair value of the Lihir Gold shares classified as available-for sale marketable securities. The shares of Lihir Gold were sold in the second quarter of 2002. 2002 also includes \$0.8 million gain on the translation of subsidiaries with functional Canadian dollar currency and a \$16.1 million gain on the effective portion of changes in the fair value of derivative instruments classified as cash flow hedges. During the first quarter of 2002, the US dollar gold price increased from approximately \$301 to \$304 and the Australian dollar appreciated from approximately \$0.52 to \$0.53 from February 15, 2002 (the date of acquisition of Normandy) to March 31, 2002.

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* to *Mineral interests and other intangible assets, net*. Capitalized acquired mineral rights and 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. 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.

In April 2003, the FASB issued SFAS No. 149 Amendment of Statement 133 on Derivative Instruments and Hedging Activities to provide amend and clarify financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. The changes in this statement improve financial reporting by requiring that contracts with comparable characteristics be accounting for similarly to achieve more consistent reporting of contracts as either derivative or hybrid instruments. SFAS 149 is effective for contracts entered into or modified after June 30, 2003 and will be applied prospectively.

Liquidity and Capital Resources

For the first quarter of 2003, *Net cash provided by operating activities* was \$136.0 million, compared to \$71.2 million for the first quarter of 2002. Increased operating cash flows in 2003 primarily reflect the impact of a full quarter of operating cash flows from the Normandy and Franco-Nevada operations compared to a partial quarter in the first quarter of 2002 and the impact of an increased average realized gold price in 2003 of \$351 per ounce compared to \$292 per ounce in 2002. *Net cash provided by operating activities* in the first quarter of 2003 was net of \$32.8 million of cash outflows to early settle derivatives classified as cash flow hedges.

Net cash provided by investing activities was \$31.4 million and \$312.1 million in the first quarters of 2003 and 2002, respectively. *Additions to property, plant and mine development* were \$81.3 million and \$51.8 million in the first quarters of 2003 and 2002, respectively. See Investing Activities below for more information on capital expenditures in each year. The first quarter of 2003 also included \$170.6 million of proceeds from the sale of TVX Newmont Americas, offset by a \$56.2 million equity contribution to Australian Magnesium Corporation, an equity investment of the Company. The first quarter of 2002 also included \$406.7 million of proceeds from the sales of short-term investments obtained as part of the acquisition of Franco-Nevada and \$422.2 million of proceeds from the acquired cash balances of Franco-Nevada and Normandy, offset by \$440.5 million of cash outflows for the acquisitions of Normandy and Franco-Nevada, including cash consideration for Normandy shares and acquisition costs. In addition, the first quarter of 2002 included \$24.8 million of cash advances to affiliated companies.

Net cash used in financing activities was \$197.9 million in the first quarter of 2003, compared to \$22.9 million in the first quarter of 2002. Financing activities in 2003 included \$182.8 million of debt repayments, including an early extinguishment of debt (see Financing Activities), and \$16.1 million of cash outflows for dividend payments. The first quarter of 2002 included \$450.4 million of drawings on the Company s credit facilities to pay the cash portion of the purchase price of Normandy and other acquisition costs. Such drawings were paid down shortly after the acquisition with the proceeds from the sale of the Franco-Nevada short-term investments. Dividend payments for 2002 totaled \$13.8 million, and the Company received approximately \$15.7 million of proceeds from the issuance of common stock primarily from the exercise of employee stock options.

Newmont's contractual obligations at March 31, 2003 are summarized as follows:

Contractual Obligations (1) (2)	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in millions)				
Long-term debt	\$ 1,356.0	\$ 66.1	\$ 577.1	\$ 117.8	\$ 595.0
Capital lease obligations	303.9	16.8	68.0	72.1	147.0
Operating leases	96.3	30.2	40.6	20.8	4.7
Minimum royalty payments	27.4	9.0	9.2	9.2	
Purchase obligations	85.6	32.8	25.6	11.2	16.0
Other	8.9	8.8	0.1		
Total	\$ 1,878.1	\$ 163.7	\$ 720.6	\$ 231.1	\$ 762.7

- (1) Purchase obligations represent contractual obligations for purchase of power, supplies, consumables, inventories, royalties and capital projects.
- (2) Mining operations are subject to extensive environmental regulations in the jurisdictions in which they operate. Pursuant to environmental regulations, we are required to close our operations and reclaim and remediate the lands that operations have disturbed. The cost of these remediation and reclamation obligations are not included in the table above. For more information regarding remediation and reclamation liabilities see Note 10 to the March 31, 2003 Consolidated Financial Statements.

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 in Newmont's Annual Report on Form 10-K for the year ended December 31, 2002. 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. 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 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 realized 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 floor price 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.

Based on current gold prices and exchange rates, 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 \$22.4 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 4% 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 \$14.3 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 Market Conditions and Risks).

Investing Activities*Additions to Property, plant and mine development*

	Three months ended March 31,	
	2003	2002
	(unaudited, in millions)	
North America:		
Nevada	\$ 20.4	\$ 8.7
Mesquite, California		
La Herradura, Mexico		0.7
Golden Giant, Canada	0.1	2.2
Holloway, Canada	0.3	0.3
Total North America	20.8	11.9
South America:		
Yanacocha, Peru	35.4	26.4
Kori Kollo, Bolivia	0.5	0.1
Total South America	35.9	26.5
Australia:		
Pajingo	1.6	0.8
Kalgoorlie	1.7	0.6
Yandal	4.1	2.9
Tanami	4.3	1.8
Total Australia	11.7	6.1
Other Operations:		
Zarafshan-Newmont, Uzbekistan	0.5	1.9
Minahasa, Indonesia		
Martha, New Zealand	5.6	0.7
Ovacik, Turkey	0.7	0.1
Total Other Operations	6.8	2.7
Other:		
Base Metals Operations	2.2	1.5
Corporate and Other	3.9	3.1
Total Other	6.1	4.6
Total Newmont	\$ 81.3	\$ 51.8

Expenditures for North American operations during the first three months of 2003 included \$20.4 million related to activities in Nevada for the development of the Deep Post, Leeville and Midas underground mines and other new project development. South American capital expenditures were primarily at Yanacocha (\$35.4 million) for mine and leach pad development and other ongoing expansion work. Australian capital expenditures of \$11.7 million were primarily for mine development at the majority of the underground mines. Other projects include mine development at the Martha mine in New Zealand. Expenditures for North American operations during the first three months of 2002 included

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\$8.7 million related to activities in Nevada, which included expenditures for the development of the Deep Post, Leeville and Chukar underground mines and other new project development. South American capital expenditures were primarily at Yanacocha (\$26.4 million) for mine development and other ongoing expansion work.

Newmont expects to spend approximately \$560 million to \$580 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 the South Area at Carlin and is expected to yield approximately 2.7 million ounces of production, with annual production of between 420,000 and 440,000 ounces commencing in late 2003. Total capital expenditures for GQSL are projected to be approximately \$37 million, of which \$14.7 million had been spent as of March 31, 2003. Leeville is located in Carlin's North Area and will produce approximately 3.0 million ounces, with annual production of approximately 500,000 to 550,000 ounces commencing at the end of 2005. Total capital expenditures for Leeville are projected to be \$185 million, of which \$25.4 million had been spent as of March 31, 2003.

Other Investing Activities

TVX Newmont Americas

On January 31, 2003, Newmont sold its 49.9% interest in TVX Newmont Americas (a joint venture between the Company and TVX Gold Inc, acquired as part of the Normandy transaction) to TVX for \$180 million in cash, of which \$170.6 was received during the first quarter of 2003 and \$9.4 million was received in April 2003. Newmont recognized no material gain or loss on the transaction.

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 recognized a pre-tax gain of \$84.3 million on the transaction.

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 March 31, 2003 and December 31, 2002, Newmont's investment in Batu Hijau was \$610.0 million and \$610.1 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 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 total \$913.3 million at March 31, 2003 and December 31, 2002. The amount of deferred principal at March 31, 2003 and December 31, 2002 was \$92.5 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 the first quarters of 2003 and 2002, Newmont funded \$0 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.

Australian Magnesium Corporation

On April 17, 2003, Australian Magnesium Corporation (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 Stanwell Magnesium Project (the Project). The Project, which is AMC's primary asset, is 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 existing funding arrangements for the Project amount to approximately A\$1.5 billion (approximately \$870 million), including contingencies and cost overrun reserves. Preliminary indications by AMC are that the project may now require A\$150 million to A\$200 million (approximately \$87 million to \$116 million) of funds in addition to the existing funding arrangements. AMC is currently reviewing various options for funding and developing the Project and has engaged another engineering firm to conduct a detailed cost and schedule analysis by June 2003.

At December 31, 2002, Newmont had a 22.8% equity and voting interest in AMC and a loan receivable from AMC in the amount of A\$37 million (approximately \$22 million). In addition, Newmont had an obligation to contribute to AMC A\$100 million in equity by January 31, 2003 and a Newmont subsidiary had provided to AMC an A\$90 million contingent equity commitment in the event that the Project does not achieve 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%. However, due to additional equity contributions by other shareholders on January 31, 2003, Newmont's interest was decreased to 27.8%. In support of the project financing effort, Newmont restructured the A\$90 million contingent equity commitment during the first quarter into an A\$75 million (approximately \$45 million) contingent convertible debt and equity facility that would be available to fund certain project cost overruns. At March 31, 2003, the Company's investment in AMC, exclusive of the loan receivable, was \$95.8 million.

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

Following the April 17, 2003 announcement, AMC's share price has declined substantially and was A\$0.23 per share on April 30, 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 an other than temporary decline in market value of \$11 million. At current prices, Newmont would expect to record an additional write down in the second quarter of approximately \$33 million. Recovery of Newmont's remaining investment in AMC, collection of its loan receivable from AMC, and the Project's satisfaction of the obligation to Ford are largely dependent on AMC's ability to obtain the necessary funding to satisfactorily complete the Project.

Newmont is also the guarantor of an A\$71 million (approximately \$43 million) amortizing loan facility of AMC's subsidiary, QMC Finance Pty Ltd (QMC), of which A\$69.8 million (approximately \$42 million) was outstanding as of March 31, 2003. The QMC loan facility, which is secured by the assets of Queensland Magnesia Pty Ltd, 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 March 31, 2003, the fair value of these contracts was a negative A\$3.8 million (approximately \$2.4 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 the 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 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, Newmont would have a right of subrogation to the lender under Australian law.

Takeover Bid for Otter Gold Mines Limited

On December 4, 2002, Normandy NFM Limited, trading as Newmont NFM (Newmont NFM) announced its intention to make an offer for all shares and options in Otter Gold Mines Limited (Otter) that Newmont NFM did not already own. Newmont NFM is an Australian corporation that is listed on the Australian Stock Exchange (ASX). Otter 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 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, which, under New Zealand law, entitled Newmont NFM to compulsorily acquire all remaining outstanding Otter shares. Newmont NFM has initiated the compulsory acquisition process and anticipates that through this process it will own 100% of Otter by the end of the second quarter of 2003. The total purchase price was approximately \$1.5 million.

Newmont NFM Limited Scheme of Arrangement

On April 2, 2003, the shareholders of Newmont 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. 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 receive 4.40 ASX listed Newmont Mining Corporation CHESSE Depositary Instruments (CDIs), with each CDI equivalent to 0.1 Newmont Mining Corporation common shares. As an alternative to receiving Newmont Mining Corporation CDIs, shareholders may sell their Newmont NFM shares back to the company under a concurrent buy-back offer of AS\$16.50 per Newmont NFM share. On April 29, 2003, Newmont Mining Corporation issued 4,437,506 common shares to the CHESSE, and in turn, 44,375,060 CDIs were issued to former 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 agreed upon and announced. The market value of the issued shares, together with the cash consideration of approximately \$10 million paid to those shareholders who elected to accept the buy-back offer, gave rise to a total purchase price of approximately \$115 million. The Company is in the process of quantifying the direct costs of the transaction, which will also be treated as part of the purchase price. The transaction will be accounted for as a purchase of minority interest in accordance with SFAS No. 141 in the second quarter of 2003.

Pension Funding

Due to poor returns on plan assets during the last few years, Newmont funded \$6.3 million into its pension plans during the second quarter of 2003 and expects to fund approximately an additional \$15 million to \$18 million during 2003. The second quarter funding was from *Net cash provided by operating activities* and all subsequent funding in 2003 is expected to come from the same source. See Market Conditions and Risks, Pension and Other Benefits for more information.

Financing Activities

Scheduled minimum long-term debt repayments are \$58.3 million in 2003, \$176.8 million in 2004, \$439.2 million in 2005, \$86.0 million in 2006, \$74.8 million in 2007 and \$824.8 million thereafter. Newmont expects to be able to fund maturities of its debt from cash provided by operating activities.

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 March 31, 2003. The Company is in compliance with all debt covenants.

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.

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 Limited. In July 1998, Normandy Finance Limited (NFL) issued \$150.0 million of ten year $7\frac{3}{8}\%$ 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 $7\frac{1}{2}\%$ 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 $7\frac{5}{8}\%$ notes and the $7\frac{1}{2}\%$ notes are guaranteed by Newmont Australia Limited 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 $8\frac{7}{8}\%$ 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 $8\frac{7}{8}\%$ 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 March 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. 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.

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 $8\frac{3}{8}\%$, $8\frac{5}{8}\%$, Newmont Australia Limited $7\frac{1}{2}\%$ and Newmont Australia Limited $7\frac{5}{8}\%$ debentures, respectively, for total cash consideration of \$135.8 million. Newmont recorded a pre-tax charge of \$19.5 million, net of discounts, premiums and capitalized debt issue costs, related to these repurchases during the first quarter of 2003.

On April 22, 2003, 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. This Form S-3 has not yet been declared effective.

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 March 31, 2003 and at December 31, 2002, \$376.0 million and \$268.2 million, respectively, were accrued for reclamation costs relating to currently producing mineral properties. On January 1, 2003, the Company adopted SFAS 143, Asset Retirements Obligations (see Accounting Changes).

In addition, the Company is involved in several matters concerning environmental obligations associated with former 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, \$66.7 million and \$48.1 million were accrued for such obligations at March 31, 2003 and December 31, 2002, respectively. These amounts are included in *Other accrued liabilities and Reclamation and remediation*. 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 46% greater or 33% lower than the amount accrued at March 31, 2003. 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 Notes 11 and 17 to the Consolidated Financial Statements.

Included in the first quarter of 2003 and 2002 capital expenditures were approximately \$6.6 million and \$1.5 million, respectively, to comply with environmental regulations. Expenditures of \$47.5 million are anticipated for the year 2003, primarily at Minera Yanacocha. Ongoing costs to comply with environmental regulations have not been a significant component of cash operating costs.

Newmont spent \$0.6 million and \$2.9 million during the first quarters of 2003 and 2002, respectively, for environmental obligations related to the former mining sites discussed in Note 25 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, as updated in Note 16 to the Consolidated Financial Statements for the quarter ended March 31, 2003 contained herein, and expects to spend approximately \$14.4 million for the full year 2003.

Market Conditions and Risks

Metal Price

Changes in the market price of gold significantly affect Newmont's profitability and cash flow. Gold prices can fluctuate widely and are affected by numerous factors, such as demand; forward selling by producers; central bank sales, purchases and lending; investor sentiment and global mine production levels. The gold price fell to a 20-year low of \$253 in July 1999, recovered moderately throughout 2001 and has recently increased to over \$300 per ounce. Changes in the market price of copper also affect Newmont's profitability and cash flow from its Batu Hijau mine in Indonesia and its Golden Grove mine in Australia.

Hedging

Newmont generally sells its gold production at 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 the Normandy 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). Following the Normandy acquisition, however, and in accordance with the Company's non-hedging philosophy, efforts to reduce and simplify the Normandy hedge positions have been undertaken. Accordingly, the Normandy gold hedge books have been reduced by approximately 4.9 million ounces since February 2002. Gold forward sales contracts and other instruments (committed hedging obligations) were reduced by 267,000 ounces during the quarter ended March 31, 2003 by delivering into committed contracts. Similarly, uncommitted contracts for 75,000 ounces were either delivered into or lapsed. In addition, 930,000 ounces of forward contracts were closed out and a right to break was exercised

which resulted in a

further 30,000 ounces of forwards, 305,000 ounces of purchased puts and 48,000 of bought calls being closed out. In total, the Australian hedge books were reduced by 1.44 million committed ounces and 115,000 uncommitted ounces during the first quarter of 2003. In the first quarter of 2002, commencing with the acquisition of Normandy on February 15, 2002, the gold hedge book was reduced by 472,000 ounces. Gold forward sales contracts were reduced by 251,000 ounces by delivering 98,000 ounces into committed contracts, unwinding 142,000 of committed contracts and converting 11,000 ounces into uncommitted contracts. Similarly, uncommitted contracts for 222,000 ounces were either delivered, closed out or converted from committed contracts during the period ending March 31, 2002.

The result of the activity in the first quarter of 2003 was that the Normandy gold hedge books were reduced to 3.7 million committed ounces and 1.4 million uncommitted ounces for a total of 5.1 million ounces of outstanding positions at March 31, 2003. The mark-to-market valuation of the Normandy gold hedge books at March 31, 2003 represented a liability of approximately \$224 million broken down as follows: Newmont Gold Treasury Pty Ltd \$(41) million; Newmont NFM \$(14) million; and NYOL \$(169) million. This valuation compares to a mark-to-market valuation of the Normandy gold hedge books at December 31, 2002 of negative \$433 million broken down as follows: Newmont Gold Treasury Pty Ltd \$(122) million; Newmont NFM \$(23) million; and NYOL \$(288) million.

The following table shows the approximate sensitivities of the US\$224 mark-to-market value of the Normandy gold hedge books to certain market variables as of March 31, 2003 (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%	-/+ \$31.9
US\$/A\$ Exchange Rates	+/-US\$0.01	+/- \$23.3
Gold Lease Rates	+/-1.0%	+/- \$7.5
US\$ Interest Rates	+/-1.0%	-/+ \$11.0
US\$ Gold Price/oz.	+/- \$1.00	-/+ \$5.9

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. NYOL, the Newmont subsidiary that owns the Yandal operations, has a substantial derivatives position. At March 31, 2003 and December 31, 2002, NYOL's hedge positions had a negative mark-to-market valuation of \$169 million and \$288 million, respectively. A number of NYOL's hedge positions are also 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 tables below summarizes those NYOL contracts that are subject to rights to terminate and the mark-to-market value of those contracts as of March 31, 2003 and December 31, 2002, respectively:

Potential Termination Date (1)	Ounces of Gold	Fair Value at	
		March 31, 2003	December 31, 2002
		(in millions)	
January, 2004	(780,000)	\$ 16.5	\$ 11.8
June, 2004	(133,335)	(7.1)	(10.4)
April, 2005	(840,000)	(18.2)	(31.0)
May, 2005	(195,000)	(12.5)	(15.7)
June, 2005	30,000	(8.9)	(12.0)
August, 2005	(1,304,997)	(61.6)	(105.7)
October, 2006		(8.8)	(13.0)(2)
Total	(3,223,332)	\$ (100.6)	\$ (176.0)

- (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.

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* 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 of US\$0.60 and US\$0.56 per A\$1 at March 31, 2003 and December 31, 2002, respectively. 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 commodity contracts outstanding at March 31, 2003 (unaudited) and December 31, 2002:

Gold Forward Sales Contracts at	Expected Maturity Date or Transaction Date	Total/ Average	Fair Value March 31,
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March 31, 2003:	2003	2004	2005	2006	2007	Thereafter		2003
(A\$ denominated)								US\$ (000)
Fixed Forwards:								
Ounces	743	306	52	52	25		1,178	\$ (48,615)
Average price	\$ 310	\$ 302	\$ 297	\$ 283	\$ 271	\$	\$ 305	
Floating Rate Forwards:								
Ounces			61	231	256	26	574	\$ (24,983)
Average price	\$	\$	\$ 354	\$ 365	\$ 376	\$ 387	\$ 370	
Synthetic Forwards:								
Ounces	39	80	80	80	80	80	439	\$ (17,587)
Average price	\$ 334	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325	\$ 326	
Total:								
Ounces	782	386	193	363	361	106	2,191	\$ (91,185)
Average price	\$ 311	\$ 307	\$ 327	\$ 345	\$ 357	\$ 340	\$ 326	

Gold Forward Sales Contracts at December 31, 2002:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value December 31, 2002
	2003	2004	2005	2006	2007	Thereafter		
(A\$ denominated)								US\$ (000)
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	184	31	507	\$ (37,401)
Average price	\$	\$	\$ 332	\$ 342	\$ 352	\$ 348	\$ 345	
Synthetic Forwards:								
Ounces	39	80	80	80	80	80	439	\$ (34,222)
Average price	\$ 313	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 306	
Total:								
Ounces	1,061	1,140	368	363	290	111	3,333	\$ (209,717)
Average price	\$ 298	\$ 300	\$ 302	\$ 323	\$ 330	\$ 317	\$ 305	

Note: 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.

Gold Put Option Contracts

Gold Put Option Contracts at March 31, 2003:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value March 31, 2003
	2003	2004	2005	2006	2007	Thereafter		
US\$ Denominated Fixed Purchased Puts:								US\$ (000)
Ounces	157	203	205	100	20		685	\$ (6,234)
Average price	\$ 292	\$ 292	\$ 292	\$ 338	\$ 397	\$	\$ 302	
A\$ Denominated Fixed Purchased Puts:								
Ounces	83	88	33				204	\$ (1,913)
Average price	\$ 333	\$ 339	\$ 321				\$ 334	
A\$ Denominated Floating Forward Purchased Puts:								
Ounces			207	69	2	213	491	\$ (1,407)
Average price	\$	\$	\$ 354	\$ 365	\$ 376	\$ 367	\$ 361	
Total:								
Ounces	240	291	445	169	22	213	1,380	\$ (9,554)
Average Price	\$ 306	\$ 306	\$ 323	\$ 349	\$ 395	\$ 367	\$ 328	

Gold Put Option Contracts at December 31, 2002:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value December 31, 2003
	2003	2004	2005	2006	2007	Thereafter		
								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 Forward Purchased Puts:								
Ounces	16		207	69		287	579	\$ (12,140)
Average price	\$ 316	\$	\$ 332	\$ 342	\$	\$ 344	\$ 338	
Total:								
Ounces	316	291	461	169	20	287	1,544	\$ (22,603)
Average Price	\$ 299	\$ 300	\$ 312	\$ 340	\$ 397	\$ 344	\$ 317	

Note: 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. 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, during the first quarter of 2003 due to changes in market conditions, these contracts were no longer considered highly effective cash flow hedges. The effect of this change was a gain of \$5.4 million that was recorded in *Gain on gold commodity derivative instruments, net* in income for the first quarter of 2003.

Gold Convertible Put Options and Other Instruments

Newmont had the following gold convertible put option contracts and other instruments outstanding at March 31, 2003 and December 31, 2002:

Gold Put Option and Other Instruments at March 31, 2003:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value March 31, 2003
	2003	2004	2005	2006	2007	Thereafter		
								US\$ (000)
(A\$ Denominated)								
Floating Convertible Put Options:								
Ounces					42	982	1,024	\$ (56,963)
Average price	\$	\$	\$	\$	\$ 376	\$ 405	\$ 404	
Knock-out/knock-in Contracts:								
Ounces	46	37	49				132	\$ (3,619)
Average price	\$ 331	\$ 331	\$ 331	\$	\$	\$	\$ 331	
Indexed Forward Contracts:								
Ounces			33	65	65	33	196	\$ (12,482)
Average price	\$	\$	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325	
Total:								
Ounces	46	37	82	65	107	1,015	1,352	\$ (76,064)
Average price	\$ 331	\$ 331	\$ 329	\$ 325	\$ 345	\$ 402	\$ 385	

Gold Put Option and Other Instruments at December 31, 2002:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value December 31, 2002
	2003	2004	2005	2006	2007	Thereafter		
(A\$ Denominated)								US\$ (000)
Floating Convertible Put Options:								
Ounces					116	1,015	1,131	\$ (102,952)
Average price	\$	\$	\$	\$	\$ 352	\$ 379	\$ 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	65	33	196	\$ (15,740)
Average price	\$	\$	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	
Total:								
Ounces	46	37	82	65	181	1,048	1,459	\$ (125,486)
Average price	\$ 311	\$ 311	\$ 308	\$ 305	\$ 335	\$ 377	\$ 361	

Note: 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:

Sold Convertible Put Options Contracts at March 31, 2003:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value March 31, 2003
	2003	2004	2005	2006	2007	Thereafter		
(A\$ Denominated)								US\$ (000)
Ounces		30	60	60	60	30	240	\$ 7,596
Average price	\$	\$ 353	\$ 356	\$ 359	\$ 362	\$ 365	\$ 359	

Sold Convertible Put Options Contracts at December 31, 2002:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value December 31, 2002
	2003	2004	2005	2006	2007	Thereafter		
(A\$ Denominated)								US\$ (000)
Ounces		30	60	60	60	30	240	\$ 14,295
Average price	\$	\$ 331	\$ 334	\$ 337	\$ 339	\$ 342	\$ 337	

Note: 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 quarter. 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 position was an outflow of \$10.9 million.

Sold Put Options

Newmont had the following gold put option contracts and other instruments outstanding at March 31, 2003:

Sold Put Options Contracts at March 31, 2003:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value March 31, 2003
	2003	2004	2005	2006	2007	Thereafter		
(A\$ Denominated)								US\$ (000)
Ounces			48	64	64	32	208	\$ (4,690)
Average price	\$	\$	\$ 350	\$ 354	\$ 359	\$ 362	\$ 356	

Note: Sold put options are contracts that give a third party the right, but not the obligation, to sell a specified number of gold ounces to Newmont at a specified strike price on a set date. This position was originally overlaid with a bought put position, however, the bought position was closed out during the quarter. 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.

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. We also receive US\$ fixed interest payments and pays gold lease rates, which are indexed to spot prices. This instrument is marked to market at the end of each period, with the change reflected in income, and at March 31, 2003, the fair value was a negative \$50.9 million.

Other Sales Contracts, Commodity and Derivative Instruments**Foreign Currency**

In addition to the U.S., Newmont conducts gold 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 \$24.7 million and (\$7.6) million for the quarters ended March 31, 2003 and 2002, respectively.

Newmont acquired certain currency swap contracts as part of the Normandy acquisition 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 \$10.9 million for the first quarter of 2002.

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Newmont also acquired currency swap contracts as part of the Normandy acquisition to receive Australian dollars and pay US dollars 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 March 31, 2003 and December 31, 2002, they had a negative fair value of \$13.3 million and \$21.9 million, respectively. At March 31, 2003 and December 31, 2002, respectively, Newmont had the following foreign currency contracts outstanding. Prices for contracts denominated in A\$ have been translated at the exchange rates at March 31, 2003 of US\$0.60 per A\$1 and at December 31, 2002 of US\$0.56 per A\$1.

A\$/US\$ Currency Exchange Contracts at March 31, 2003:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value March 31, 2003
	2003	2004	2005	2006	2007	Thereafter		
								US\$ (000)
Notional Amounts \$US (000)	\$ 36,384	\$ 56,112	\$ 30,700	\$	\$	\$	\$ 123,196	\$ (13,294)
Average Exchange Rate (US\$ per A\$1) Average price	\$ 0.647	\$ 0.646	\$ 0.682	\$	\$	\$	\$ 0.655	

A\$/US\$ Currency Exchange Contracts at December 31, 2002:	Expected Maturity Date or Transaction Date						Total/ Average	Fair Value December 31, 2002:
	2003	2004	2005	2006	2007	Thereafter		
								US\$ (000)
Notional Amounts \$US (000)	\$ 45,390	\$ 56,112	\$ 30,700	\$	\$	\$	\$ 132,202	\$ (21,924)
Average Exchange Rate (US\$ per A\$1) Average price	\$ 0.645	\$ 0.646	\$ 0.682	\$	\$	\$	\$ 0.654	

Interest Rate Swaps

In the Normandy transaction, Newmont acquired A\$125 million of interest rate swap contracts covering a portion of Newmont Australia's US\$100 million, 7-year bonds. The net effect of these contracts is the receipt of interest in US\$ at 7.5% and payment of interest in A\$ at 6.54%. Newmont also acquired A\$5 million of interest rate swap contracts covering a subsidiary loan. For the quarter ended March 31, 2002, these transactions resulted in a reduction in interest expense of \$0.8 million. These contracts were closed out during the quarter ended June 30, 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 both March 31, 2003 and December 31, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. For the quarters ended March 31, 2003 and March 31, 2002, these transactions resulted in a reduction in interest expense of \$1.7 million and \$1.5 million, respectively. These transactions have been designated as fair value hedges and had a fair value of \$18.2 million and \$13.8 million at March 31, 2003 and December 31, 2002, respectively.

Fixed Rate Debt

Newmont has both fixed and variable rate debt. Without considering the specialized \$145 million *Prepaid Forward Sales Obligation*, 94% and 93% of debt was fixed and 6% and 7% was variable at March 31, 2003 and December 31, 2002, 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 March 31, 2003 and December 31, 2002 is summarized as follows:

	March 31, 2003	December 31, 2002
		(in millions)
Carrying value of fixed rate debt*	\$ 851	\$ 976

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Fair value of fixed rate debt*	\$ 948	\$ 1,075
Pro forma fair value sensitivity of fixed rate debt of a +/- 10 basis point interest rate change**	\$ +/-3.7	\$ +/-3.7

-
- * *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 8⁷/₈% notes, Prepaid Forward Sales Obligation, Minera Yanacocha Trust Certificates and certain capital leases.*
- ** *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.*

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 January 1, 2003:

<u>Asset Class</u>	<u>Actual Mix</u>	<u>Target Mix</u>	<u>Expected Rate Of Return</u>	<u>Standard Deviation or Volatility</u>
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 plan's 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 \$21 to \$24 million, of which approximately \$6.3 million has been funded through March 31, 2003.

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 \$0.5 million in the first quarter of 2002.

A 0.25% reduction in the discount rate assumption (to 6.5%) would have increased pension expense by \$0.25 million and other benefits expense \$0.13 million in the first quarter of 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.

Safe Harbor Statement

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: (a) statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices; (b) estimates of future mineral production and sales for specific operations and on a consolidated basis; (c) estimates of future production costs and other expenses, for specific operations and on a consolidated basis; (d) estimates of future cash flows and the sensitivity of cash flows to gold and other metal prices; (e) estimates of future capital expenditures and other cash needs for specific operations and on a consolidated basis and expectations as to the funding thereof; (f) 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; (g) estimates of future costs and other liabilities for certain environmental matters; (h) estimates of reserves, and statements regarding future exploration results and reserve replacement; (i) statements regarding modifications to Newmont's hedge positions; (j) statements regarding future transactions relating to portfolio management or rationalization

efforts; and (k) 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. Important factors that could cause actual results to differ materially from such forward-looking statements (cautionary statements) are disclosed under Risk Factors in the Newmont Annual Report on Form 10-K for the year ended December 31, 2002, as well as in other filings with the Securities and Exchange Commission. Many of these factors are beyond Newmont's ability to control or predict. 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 intention 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.

ITEM 4. CONTROLS AND PROCEDURES.

During the fiscal period covered by this report, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods.

Even an effective internal control system, no matter how well designed, has inherent limitations including the possibility of the circumvention or overriding of controls. Therefore, the Company's internal control over financial reporting can provide only reasonable assurance with respect to the reliability of the Company's financial reporting and financial statement preparation.

There has been no change in the Company's internal control over financial reporting during the most recent fiscal quarter that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Information regarding legal proceedings is contained in Note 16 to the Consolidated Financial Statements contained in this Report and is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The exhibits to this report are listed in the Exhibit Index.

(b) Reports filed on Form 8-K during the quarter ended March 31, 2003:

Report dated March 28, 2003, announcing financial results for the quarter and year ended December 31, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEWMONT MINING CORPORATION

(Registrant)

Date: October 24, 2003

/s/ BRUCE D. HANSEN

Bruce D. Hansen

Senior Vice President and

Chief Financial Officer

(Principal Financial Officer)

Date: October 24, 2003

/s/ DAVID W. PEAT

David W. Peat

Vice President and

Global Controller

(Principal Accounting Officer)

NEWMONT MINING CORPORATION

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
12.1	Computation of Ratio of Earnings to Fixed Charges, filed herewith.
31.1	Certification Pursuant to Rule 13A-14 or 15-D-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 signed by the Principal Executive Officer, filed herewith.
31.2	Certification Pursuant to Rule 13A-14 or 15-D-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 signed by the Chief Financial Officer, filed herewith.
32.1	Statement Required by 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by Principal Executive Officer, furnished herewith. ¹
32.2	Statement Required by 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by Chief Financial Officer, furnished herewith. ¹

¹ This document is being furnished in accordance with SEC Release Nos. 33-8212 and 34-47551.