NEWMONT MINING CORP /DE/
Form 10-Q
April 24, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2008

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-31240

NEWMONT MINING CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of accelerated filer and large accelerated filer in Rule 12-b2 of the Exchange Act.

(Check one): Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

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

There were 436,577,932 shares of common stock outstanding on April 17, 2008 (and 16,950,059 exchangeable shares).

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited, in millions except per share)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Revenues		
Sales gold, net	$ 1,511	$ 1,011
Sales copper, net	432	213
	1,943	1,224
Costs and expenses		
Costs applicable to sales gold[(1)]	641	630
Costs applicable to sales copper[(1)]	150	123
Amortization	182	179
Accretion (Note 19)	8	7
Exploration	39	39
Advanced projects, research and development	30	16
General and administrative	29	33
Write-down of investments	22	
Other expense, net (Note 3)	63	50
	1,164	1,077
Other income (expense)		
Other income, net (Note 4)	37	17
Interest expense, net	(20)	(24)
	17	(7)
Income from continuing operations before income tax expense, minority interest and equity loss of affiliates	796	140
Income tax expense (Note 7)	(235)	(44)
Minority interest in income of consolidated subsidiaries (Note 8)	(192)	(56)
Equity loss of affiliates	(5)	
Income from continuing operations	364	40
Income from discontinued operations (Note 9)	6	28
Net income	$ 370	$ 68
Income per common share (Note 11)		
Basic:		
Income from continuing operations	$ 0.81	$ 0.09
Income from discontinued operations	0.01	0.06
Net income	$ 0.82	$ 0.15
Diluted:		
Income from continuing operations	$ 0.80	$ 0.09

Income from discontinued operations	0.01	0.06
Net income	$ 0.81	$ 0.15
Basic weighted-average common shares outstanding	453	451
Diluted weighted-average common shares outstanding	457	452
Cash dividends declared per common share	$ 0.10	$ 0.10

(1) Exclusive of Amortization and Accretion.

The accompanying notes are an integral part of the condensed consolidated financial statements.

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NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions)

	At March 31, 2008	At December 31, 2007
ASSETS		
Cash and cash equivalents	$ 1,014	$ 1,231
Marketable securities and other short-term investments (Note 14)	59	61
Trade receivables	319	177
Accounts receivable	132	168
Inventories (Note 15)	423	463
Stockpiles and ore on leach pads (Note 16)	366	373
Deferred income tax assets	108	112
Other current assets	125	87
Current assets	2,546	2,672
Property, plant and mine development, net	9,744	9,140
Investments (Note 14)	1,522	1,527
Long-term stockpiles and ore on leach pads (Note 16)	831	788
Deferred income tax assets	937	1,027
Other long-term assets	243	234
Goodwill	186	186
Assets of operations held for sale (Note 9)	5	24
Total assets	$ 16,014	$ 15,598
LIABILITIES		
Current portion of long-term debt (Note 17)	$ 261	$ 255
Accounts payable	304	339
Employee-related benefits	152	153
Income and mining taxes	56	88
Other current liabilities (Note 18)	645	665
Current liabilities	1,418	1,500
Long-term debt (Note 17)	2,886	2,683
Reclamation and remediation liabilities (Note 19)	620	623
Deferred income tax liabilities	1,084	1,025
Employee-related benefits	206	226
Other long-term liabilities (Note 18)	153	150
Liabilities of operations held for sale (Note 9)	262	394
Total liabilities	6,629	6,601
Commitments and contingencies (Note 23)		
Minority interest in subsidiaries	1,503	1,449
STOCKHOLDERS EQUITY		
Common stock	698	696
Additional paid-in capital	6,677	6,696
Accumulated other comprehensive income	937	957
Retained deficit	(430)	(801)

Total stockholders equity	7,882	7,548
Total liabilities and stockholders equity	$ 16,014	$ 15,598

The accompanying notes are an integral part of the condensed consolidated financial statements.

NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Operating activities:		
Net income	$ 370	$ 68
Adjustments to reconcile net income to net cash from continuing operations:		
Amortization	182	179
Income from discontinued operations	(6)	(28)
Accretion of accumulated reclamation obligations (Note 19)	10	9
Deferred income taxes	(48)	56
Write-down of investments	22	
Stock based compensation and other benefits	11	13
Minority interest expense	192	56
Gain on asset sales, net	(4)	(2)
Other operating adjustments and write-downs	19	10
Net change in operating assets and liabilities (Note 20)	(154)	(335)
Net cash provided from continuing operations	594	26
Net cash (used in) provided from discontinued operations (Note 9)	(100)	32
Net cash provided from operations	494	58
Investing activities:		
Additions to property, plant and mine development	(454)	(360)
Investments in marketable debt and equity securities	(3)	(153)
Proceeds from sale of marketable debt and equity securities		124
Acquisitions (Note 13)	(318)	
Other	8	1
Net cash used in investing activities of continuing operations	(767)	(388)
Net cash used in investing activities of discontinued operations	(3)	(2)
Net cash used in investing activities	(770)	(390)
Financing activities:		
Proceeds from debt, net	572	
Repayment of debt	(376)	(21)
Dividends paid to common stockholders	(45)	(45)
Dividends paid to minority interests	(98)	(1)
Proceeds from stock issuance	17	9
Change in restricted cash and other	1	8
Net cash provided from (used in) financing activities	71	(50)
Effect of exchange rate changes on cash	(12)	2
Net change in cash and cash equivalents	(217)	(380)
Cash and cash equivalents at beginning of period	1,231	1,166

Cash and cash equivalents at end of period	$ 1,014	$ 786

The accompanying notes are an integral part of the condensed consolidated financial statements.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 1 BASIS OF PRESENTATION

The interim Condensed Consolidated Financial Statements (interim statements) of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company) are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with Newmont s Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended December 31, 2007, filed February 21, 2008.

References to A$ refer to Australian currency, C$ to Canadian currency, IDR to Indonesian currency, NZ$ to New Zealand currency and $ to United States currency.

Certain amounts for the three months ended March 31, 2007 have been reclassified to conform to the 2008 presentation. The most significant reclassifications were to reclassify the income statement results from the historical presentation to *Income from discontinued operations*. Additionally, the Company reclassified the World Gold Council dues from *General and administrative* to *Other expense, net*, reclassified Accretion from *Costs applicable to sales* to a separate Accretion line item, reclassified regional administrative and community development from *Costs applicable to sales* to *Other expense, net* and reclassified marketing costs from *Costs applicable to sales* to *General and administrative*. The Consolidated Statements of Cash Flows have also been reclassified for discontinued operations. These changes were reflected for all periods presented.

NOTE 2 ACCOUNTING DEVELOPMENTS

Recently Adopted Accounting Pronouncements

Fair Value Accounting

In September 2006, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, Fair Value Measurements (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 were adopted January 1, 2008. In February 2008, the FASB staff issued Staff Position No. 157-2 Effective Date of FASB Statement No. 157 (FSP FAS 157-2). FSP FAS 157-2 delayed the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The provisions of FSP FAS 157-2 are effective for the Company s fiscal year beginning January 1, 2009.

FAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

The following table sets forth the Company s financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by FAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value at March 31, 2008			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 61	$ 61	$	$
Marketable equity securities	1,501	1,501		
Marketable debt securities	33		4	29
Derivative instruments, net	26		26	
	$ 1,621	$ 1,562	$ 30	$ 29
Liabilities:				
8 5/8% debentures	$ 95	$	$ 95	$

The Company s cash instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The cash instruments that are valued based on quoted market prices in active markets are primarily money market securities and U.S. Treasury securities.

The Company s marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company.

The Company s marketable debt securities include investments in auction rate securities and asset backed commercial paper. The auction rate securities are valued based on quoted prices in markets that are not active. The Company determined the fair value based on indicative pricing from the underwriting bank. Such instruments are generally classified within Level 2 of the fair value hierarchy. The asset backed commercial paper falls within Level 3 of the fair value hierarchy because it trades infrequently and has little price transparency.

The Company s derivative instruments are valued using pricing models and the Company generally uses similar models to value similar instruments. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility, and correlations of such inputs. The Company s derivatives trade in liquid markets, and as such, model inputs can generally be verified and do not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

The Company s 8 5/8% uncollateralized debentures have a principal amount of $223 due May 2011. The Company has fixed to floating swap contracts to hedge the interest rate risk exposure on $100 of these debentures. The hedged portion of the Company s 8 5/8% debentures are valued using pricing models which require inputs, including risk-free interest rates and credit spreads. Because the inputs are derived from observable market data, the hedged portion of the 8 5/8% debentures is classified within Level 2 of the fair value hierarchy.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

The table below sets forth a summary of changes in the fair value of the Company s Level 3 financial assets (asset backed commercial paper) for the three months ended March 31, 2008.

Balance at beginning of period	$ 31
Unrealized losses	(2)
Balance at end of period	$ 29

The total amount of unrealized losses for the period was included in *Accumulated other comprehensive income* as a result of changes in foreign exchange rates from December 31, 2007.

In February 2007, the FASB issued FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (FAS 159). FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with the objective of improving financial reporting by mitigating volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of FAS 159 were adopted January 1, 2008. The Company did not elect the Fair Value Option for any of its financial assets or liabilities, and therefore, the adoption of FAS 159 had no impact on the Company s consolidated financial position, results of operations or cash flows.

Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards

In June 2007, the EITF reached consensus on Issue No. 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards (EITF 06-11). EITF 06-11 requires that the tax benefit related to dividend and dividend equivalents paid on equity-classified nonvested shares and nonvested share units, which are expected to vest, be recorded as an increase to additional paid-in capital. EITF 06-11 was to be applied prospectively for tax benefits on dividends declared in the Company s fiscal year beginning January 1, 2008. The adoption of EITF 06-11 had an insignificant impact on the Company s consolidated financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements and Developments

Derivative Instruments

In March 2008, the FASB issued FASB Statement No. 161, Disclosure about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (FAS 161) which provides revised guidance for enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and the related hedged items are accounted for under FAS 133, and how derivative instruments and the related hedged items affect an entity s financial position, financial performance and cash flows. FAS 161 is effective for the Company s fiscal year beginning January 1, 2009. The Company is currently evaluating the potential impact of adopting this statement on the Company s derivative instrument disclosures.

Business Combinations

In December 2007, the FASB issued FASB Statement No. 141(R), Business Combinations (FAS 141(R)) which amends FAS 141, and provides revised guidance for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in the

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

acquiree. It also provides disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141(R) is effective for the Company s fiscal year beginning January 1, 2009 and is to be applied prospectively. The Company is currently evaluating the potential impact of adopting this statement on the Company s consolidated financial position, results of operations or cash flows.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (FAS 160) which establishes accounting and reporting standards pertaining to (i) ownership interests in subsidiaries held by parties other than the parent, (ii) the amount of net income attributable to the parent and to the noncontrolling interest, (iii) changes in a parent s ownership interest, and (iv) the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. FAS 160 also requires that the reporting company clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. FAS 160 is effective for the Company s fiscal year beginning January 1, 2009. The Company is currently evaluating the potential impact of adopting this statement on the Company s consolidated financial position, results of operations or cash flows.

Accounting for Convertible Debt Instruments

In September 2007, the FASB published Proposed FSP No. APB 14-a Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) (the Proposed FSP). The Proposed FSP applies to convertible debt instruments that, by their stated terms, may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option is required to be separately accounted for as a derivative under FASB Statement No. 133. Convertible debt instruments within the scope of the Proposed FSP are not addressed by the existing APB 14. The Proposed FSP would require that the liability and equity components of convertible debt instruments within the scope of the Proposed FSP shall be separately accounted for in a manner that reflects the entity s nonconvertible debt borrowing rate. This will require an allocation of the convertible debt proceeds between the liability component and the embedded conversion option (i.e., the equity component). The difference between the principal amount of the debt and the amount of the proceeds allocated to the liability component would be reported as a debt discount and subsequently amortized to earnings over the instrument s expected life using the effective interest method. If the Proposed FSP is adopted, the Company estimates that approximately $300 of debt discount would be recorded and the effective interest rate on our 2014 and 2017 convertible senior notes (see Note 17 to the Consolidated Financial Statements) would increase by approximately 5 percentage points to 6.25% and 6.625%, respectively, for the non-cash amortization of the debt discount.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 3 OTHER EXPENSE, NET

	Three Months Ended March 31, 2008	2007
Community development	$ 14	$ 14
Pension settlement loss (Note 5)	11	
Regional administration	9	11
Peruvian royalty	7	3
Western Australia power plant	5	5
World Gold Council dues	3	3
Accretion non-operating (Note 19)	2	2
Reclamation estimate revisions (Note 19)	2	
Other	10	12
	$ 63	$ 50

NOTE 4 OTHER INCOME, NET

	Three Months Ended March 31, 2008	2007
Canadian Oil Sands Trust income	$ 24	$ 8
Interest income	10	13
Gain on asset sales, net	4	2
Gain (loss) on ineffective portion of derivative instruments, net (Note 10)	3	(2)
Foreign currency exchange losses, net	(6)	(5)
Other	2	1
	$ 37	$ 17

NOTE 5 EMPLOYEE PENSION AND OTHER BENEFIT PLANS

	Three Months Ended March 31, 2008	2007
Pension benefit costs, net		
Service cost	$ 4	$ 5
Interest cost	7	6
Expected return on plan assets	(7)	(5)
Amortization of loss	1	2
	$ 5	$ 8

	Three Months Ended March 31, 2008	2007
Other benefit costs, net		
Service cost	$	$ 1
Interest cost	1	1
	$ 1	$ 2

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

In 2008, pension settlement losses of $11 related to senior management retirements were incurred. These costs were recorded in *Other expense, net* (see Note 3).

NOTE 6 STOCK BASED COMPENSATION

The Company recognized stock option and other stock based compensation as follows:

	Three Months Ended March 31, 2008	2007
Stock options	$ 3	$ 4
Restricted stock	2	2
Restricted stock units		1
Deferred stock awards	2	2
	$ 7	$ 9

No stock option awards were granted during the three months ended March 31, 2008 and 2007. At March 31, 2008, there was $15 of unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized on a weighted-average basis for a period of approximately 1.5 years.

For the three months ended March 31, 2008 and 2007, 107,920 and 141,828 shares of restricted stock, respectively, were granted and issued, at the weighted-average fair market value of $49 and $45, respectively.

For the three months ended March 31, 2008 and 2007, 5,072 and 20,212 shares of restricted stock units, respectively, were granted, at the weighted-average fair market value of $49 and $45, respectively, per underlying share of the Company s common stock.

No deferred stock awards were granted during the three months ended March 31, 2008 and 2007.

NOTE 7 INCOME TAXES

The Company operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes 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, and others are defined by the general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and paid 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 is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Company s business conducted within the country involved. At March 31, 2008, the Company s total unrecognized tax benefit was $132 for uncertain tax positions taken or expected to be taken on tax returns. Of this, $84 represents the amount of unrecognized tax benefits that, if recognized, would affect the Company s effective income tax rate. Also included in the balance at March 31, 2008 are $3 of tax positions that, due to the impact of deferred tax accounting, the disallowance of which would not affect the annual effective tax rate.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 8 MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES

	Three Months Ended March 31, 2008	2007
Batu Hijau	$ 101	$ 21
Yanacocha	91	34
Other		1
	$ 192	$ 56

Newmont has a 45% ownership interest in the Batu Hijau mine, held through the Nusa Tenggara partnership (NTP) with an affiliate of Sumitomo Corporation of Japan (Sumitomo). Newmont has a 56.25% interest in NTP and the Sumitomo affiliate holds the remaining 43.75%. NTP in turn owns 80% of P.T. Newmont Nusa Tenggara (PTNNT), the Indonesian subsidiary that operates the Batu Hijau mine. Newmont identified NTP as a Variable Interest Entity as a result of certain capital structures and contractual relationships and has fully consolidated Batu Hijau in its consolidated financial statements since January 1, 2004. The remaining 20% interest in PTNNT is owned by P.T. Pukuafu Indah (PTPI), an unrelated Indonesian company. Because PTPI s interest was a carried interest, and because PTPI had been advanced a loan by NTP, Newmont reported a 52.875% economic interest in Batu Hijau at March 31, 2007, which reflected its actual economic interest in the mine until such time as the loan was fully repaid (including accrued interest). On May 25, 2007, PTPI fully repaid the loan (including accrued interest) from NTP. As a result of the loan repayment, Newmont s economic interest in Batu Hijau was reduced from 52.875% to 45%.

Newmont has a 51.35% ownership interest in the Yanacocha mine with the remaining interests held by Compañia de Minas Buenaventura, S.A.A. (43.65%) and the International Finance Corporation (5%).

NOTE 9 DISCONTINUED OPERATIONS

Discontinued operations include the Company s royalty portfolio and Pajingo operations, both sold in December 2007. During the first quarter of 2008, the Company recognized a $7 gain primarily related to additional royalty portfolio revenue in excess of the 2007 estimate and a $2 gain related to Pajingo asset sales. During the first quarter of 2008, the Company received $5 in cash and $5 in marketable securities related to the Pajingo asset sales. The Company has reclassified the balance sheet amounts and the income statement results from the historical presentation to *Assets* and *Liabilities of operations held for sale* on the Consolidated Balance Sheets and to *Income from discontinued operations* in the Consolidated Statements of Income for all periods presented. The Consolidated Statements of Cash Flows have been reclassified for assets held for sale and discontinued operations for all periods presented.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

The following table details selected financial information included in the *Income from discontinued operations* in the consolidated statements of income:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Sales gold, net	$	$ 32
Income from operations:		
Royalty portfolio	$	$ 42
Pajingo		4
		46
Additional gain from royalty portfolio	7	
Gain on sale of Pajingo assets	2	
Pre-tax income	9	46
Income tax expense	(3)	(18)
Income from discontinued operations	$ 6	$ 28

The major classes of *Assets* and *Liabilities of operations held for sale* in the consolidated balance sheets are as follows:

	At March 31, 2008	At December 31, 2007
Assets:		
Accounts receivable	$ 2	$ 20
Property, plant and mine development	3	3
Deferred income tax assets		1
	$ 5	$ 24
Liabilities:		
Income and mining taxes	$ 253	$ 378
Other liabilities	9	16
	$ 262	$ 394

The following table details selected financial information included in *Net cash (used in) provided from discontinued operations* and *Net cash used in investing activities of discontinued operations*:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007

Net cash (used in) provided from discontinued operations:		
Income from discontinued operations	$ 6	$ 28
Amortization		13
Deferred income taxes		(55)
Gain on investments, net		(27)
(Decrease) increase in net operating liabilities	(106)	73
	(100)	32
Net cash (used in) provided from investing activities of discontinued operations:		
Proceeds from asset sales, net	$ 5	$
Royalty portfolio sale expenses	(8)	
Additions to property, plant and mine development		(2)
	(3)	(2)

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 10 DERIVATIVE INSTRUMENTS

For the three months ended March 31, 2008 and 2007, gains of $3 and losses of $2, respectively, were included in *Other income, net* for the ineffective portion of derivative instruments designated as cash flow hedges. The amount to be reclassified from *Accumulated other comprehensive income*, net of tax to income for derivative instruments during the next 12 months is a gain of approximately $12. The maximum period over which hedged forecasted transactions are expected to occur is 3 years.

Foreign Currency Contracts

Newmont has entered into a series of foreign currency contracts to hedge the variability of the US dollar amount of forecasted foreign currency expenditures caused by changes in currency rates. Newmont entered into $/IDR forward purchase contracts with expiration dates ranging up to one year which reduced *Costs applicable to sales* by $1 for the three months ended March 31, 2008 and 2007. During the third quarter of 2007, Newmont began a layered fixed forward contract program to hedge a portion of its A$ denominated operating expenditures and during the first quarter of 2008 began a layered fixed forward contract program to hedge a portion of its NZ$ denominated operating expenditures. The programs include a series of fixed forward contracts with expiration dates of up to three years from the date of issue. For the three months ended March 31, 2008, the A$ and NZ$ operating hedge programs reduced *Costs applicable to sales* by $1 and $nil, respectively. All of the currency contracts were designated as cash flow hedges, and as such, unrealized changes in market value have been recorded in *Accumulated other comprehensive income.*

During the fourth quarter of 2007, Newmont began a program to hedge a portion of its A$ denominated capital expenditures related to the construction of the Boddington project. The program consists of a series of fixed forward contracts and bought call option contracts with expiration dates of up to one year from the date of issue. The A$ denominated contracts have been designated as cash flow hedges of future Boddington capital expenditures, and as such, changes in the market value have been recorded in *Accumulated other comprehensive income*. The realized gains and losses associated with the capital expenditure hedge program will impact *Amortization* during future periods in which the Boddington joint venture assets are placed into service and affect earnings.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

Newmont had the following foreign currency derivative contracts outstanding at March 31, 2008:

	Expected Maturity Date					Fair Value	
	2008	2009	2010	2011	Total/ Average	At March 31, 2008	At December 31, 2007
IDR Forward Purchase Contracts:							
$ (millions)	$ 86	$ 6	$	$	$ 92	$ 1(1)	$ (1)(1)
Average rate (IDR/$)	9,456	9,598			9,465		
A$ Operating Forward Purchase Contracts:							
$ (millions)	$ 163	$ 182	$ 128	$ 8	$ 481	$ 9(2)	$ (2)
Average rate ($/A$)	0.87	0.84	0.81	0.81	0.84		
NZ$ Operating Forward Purchase Contracts:							
$ (millions)	$ 9	$ 11	$ 2	$	$ 22	$	$
Average rate ($/NZ$)	0.78	0.74	0.72		0.75		
A$ Capital Forward Purchase Contracts:							
$ (millions)	$ 215	$	$	$	$ 215	$ 8(3)	$ (1)(3)
Average rate ($/A$)	0.87				0.87		
A$ Capital Call Option Contracts:							
$ (millions)	$ 32	$	$	$	$ 32	$ 1(3)	$ 1(3)
Average rate ($/A$)	0.88				0.88		

(1) The fair value of the IDR operating forward purchase contracts includes $1 in *Other current assets* at March 31, 2008 and $(1) in *Other current liabilities* at December 31, 2007.

(2) The fair value of the A$ operating forward purchase contracts includes $6 in *Other current assets,* $5 in *Other long-term assets*, and $(2) in *Other long-term liabilities* at March 31, 2008. The fair value of the A$ operating forward purchase contracts includes $2 in *Other current assets,* $2 in *Other Long-term assets*, $(1) in *Other current liabilities*, and $(3) in *Other long-term liabilities* at December 31, 2007.

(3) The fair value of the capital hedge program related to the construction of the Boddington project includes $8 in *Other current assets* for A$ forward purchase contracts and $1 in *Other current assets* for A$ bought call option contracts at March 31, 2008. The fair value of the capital hedge program related to the construction of the Boddington project includes $(1) in *Other current liabilities* for A$ forward purchase contracts and $1 in *Other current assets* for A$ bought call option contracts at December 31, 2007.

Diesel Fixed Forward Contracts

During the first quarter of 2008, Newmont implemented a program to hedge a portion of its operating cost exposure related to diesel prices of fuel consumed at its Nevada operations. The program consists of a series of financially settled fixed forward contracts with expiration dates of up to one year from the date of issue. The contracts have been designated as cash flow hedges of future diesel purchases, and as such changes in the market value have been recorded in *Accumulated other comprehensive income*.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

Newmont had the following diesel derivative contracts outstanding at March 31, 2008:

	Expected Maturity Date			Fair Value	
	2008	2009	Total/ Average	At March 31, 2008	At December 31, 2007
Diesel Forward Purchase Contracts:					
$ (millions)	$ 4	$ 1	$ 5	$	$
Average rate ($/gallon)	2.97	2.90	2.95		

Interest Rate Swap Contracts

At March 31, 2008, Newmont had $100 fixed to floating swap contracts designated as a hedge against a portion of its $223 8 $^{5}/8$% debentures expiring in 2011. Under the hedge contract terms, the Company receives fixed-rate interest payments at 8.625% and pays floating-rate interest amounts based on periodic London Interbank Offered Rate (LIBOR) settings plus a spread, ranging from 2.60% to 3.49%. For the three months ended March 31, 2008 and 2007, these transactions had an insignificant impact on interest expense. The fair value of the interest rate swaps was $7 and $4 at March 31, 2008 and December 31, 2007, respectively.

Provisional Copper and Gold Sales

The Company s provisional copper and gold sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the copper concentrates at the forward London Metal Exchange price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked to market through earnings each period prior to final settlement.

At March 31, 2008 and 2007, Batu Hijau had the following gross revenues before treatment and refining charges subject to final price adjustments:

	At March 31, 2008	2007
Gross revenue subject to final price adjustments		
Copper	$ 420	$ 386
Gold	$ 37	$ 33

The average final price adjustments realized were as follows:

	Three Months Ended March 31, 2008	2007
Average final price adjustments		
Copper	4%	(19)%
Gold	9%	2%

NOTE 11 INCOME PER COMMON SHARE

Basic income per common share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

Diluted income per common share is computed similarly to basic income per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Numerator:		
Income from continuing operations	$ 364	$ 40
Income from discontinued operations	6	28
Net income	$ 370	$ 68
Denominator:		
Basic	453	451
Effect of employee stock based awards	4	1
Diluted	457	452
Income per common share		
Basic:		
Income from continuing operations	$ 0.81	$ 0.09
Income from discontinued operations	0.01	0.06
Net income	$ 0.82	$ 0.15
Diluted:		
Income from continuing operations	$ 0.80	$ 0.09
Income from discontinued operations	0.01	0.06
Net income	$ 0.81	$ 0.15

Options to purchase 1.2 million and 2.2 million shares of common stock at average exercise prices of $54.73 and $51.40 were outstanding at March 31, 2008 and 2007, respectively, but were not included in the computation of diluted weighted average number of common shares because their effect would have been anti-dilutive.

NOTE 12 COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Net income	$ 370	$ 68
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on marketable securities (Note 14)	35	(104)
Foreign currency translation adjustments	(76)	6
Change in pension and other benefit liabilities:		
Net amount reclassified to income	7	2

Change in fair value of cash flow hedge instruments:		
Net change from periodic revaluations	17	4
Net amount reclassified to income	(3)	1
Net unrecognized gain (loss) on derivatives	14	5
	(20)	(91)
Comprehensive income (loss)	$ 350	$ (23)

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 13 ACQUISITIONS

On December 27, 2007, pursuant to a tender offer dated October 9, 2007, the Company purchased 155 million common shares of Miramar Mining Corporation (Miramar). The 155 million shares represented approximately 70% of the common shares of Miramar which, in addition to the 18.5 million shares previously owned by the Company, brought the Company s interest in Miramar to approximately 78%. During the first quarter of 2008, the Company completed the acquisition by purchasing the remaining 50 million shares, bringing the Company s interest in Miramar to 100%. All shares were purchased for C$6.25 in cash.

With the completion of the Miramar acquisition, the Company controls the Hope Bay project, a large undeveloped gold project in Nunavut, Canada. The Hope Bay Project is consistent with the Company s strategic focus on exploration and project development and was acquired with the intention of adding higher grade ore reserves and developing a new core gold mining district in a AAA-rated country.

In accordance with the purchase method of accounting, the purchase price paid has been allocated to the assets acquired and liabilities assumed based upon their estimated fair values on the respective closing dates. The Company is continuing to evaluate the assets acquired and liabilities assumed, and there may be adjustments to the estimated purchase date fair values. The Company will finalize the purchase price allocation in 2008. The preliminary purchase price allocation based on the estimated fair values of assets acquired and liabilities assumed is as follows:

Assets:	
Cash and cash equivalents	$ 38
Property, plant and mine development, net	1,865
Investments	40
Deferred income tax asset	94
Other assets	36
	$ 2,073
Liabilities:	
Accrued liabilities	$ 41
Deferred income tax liabilities	679
	720
Net assets acquired	$ 1,353

The results of operations for Miramar have been included in the Company s Condensed Consolidated Statement of Income. For the three months ended March 31, 2008, the Hope Bay project incurred a pre-tax loss of $3, primarily related to advanced projects, salaries and general and administrative costs. See Note 21 for more information on the Hope Bay segment.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 14 INVESTMENTS

	At March 31, 2008			
	Cost/Equity Basis	Unrealized Gain	Unrealized Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities	$ 24	$ 36	$ (1)	$ 59
Long-term:				
Marketable Debt Securities:				
Auction rate securities	$ 7	$	$ (3)	$ 4
Asset backed securities	29			29
	36		(3)	33
Marketable Equity Securities:				
Canadian Oil Sands Trust	302	950		1,252
Gabriel Resources Ltd.	77			77
Shore Gold Inc.	67			67
Other	41	16	(11)	46
	487	966	(11)	1,442
Investment in Affiliates:				
European Gold Refineries	33			33
AGR Matthey Joint Venture	12			12
Regis Resources NL	2			2
	47			47
	$ 570	$ 966	$ (14)	$ 1,522

	At December 31, 2007			
	Cost/Equity Basis	Unrealized Gain	Unrealized Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities	$ 19	$ 39	$	$ 58
Other investments, at cost	3			3
	$ 22	$ 39	$	$ 61
Long-term:				
Marketable Debt Securities:				
Auction rate securities	$ 7	$	$ (2)	$ 5
Asset backed securities	31			31
	38		(2)	36
Marketable Equity Securities:				

Canadian Oil Sands Trust	316	907		1,223
Gabriel Resources Ltd.	94			94
Shore Gold Inc.	80			80
Other	37	15	(7)	45
	527	922	(7)	1,442
Investment in Affiliates:				
European Gold Refineries	29			29
AGR Matthey Joint Venture	17			17
Regis Resources NL	3			3
	49			49
	$ 614	$ 922	$ (9)	$ 1,527

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

(dollars in millions, except per share, per ounce and per pound amounts)

During the first quarter of 2008, Newmont recognized a $13 impairment on its investment in Gabriel Resources Ltd. and a $9 impairment on its investment in Shore Gold Inc. for other-than-temporary declines in value. During the quarter, the unrealized value of the Company s investments in marketable equity securities increased by $36, primarily related to appreciation in the value of Canadian Oil Sands Trust.

NOTE 15 INVENTORIES

	At March 31, 2008	At December 31, 2007
In-process	$ 63	$ 64
Concentrate	14	69
Precious metals	19	27
Materials, supplies and other	327	303
	$ 423	$ 463

NOTE 16 STOCKPILES AND ORE ON LEACH PADS

	At March 31, 2008	At December 31, 2007
Current:		
Stockpiles	$ 164	$ 204
Ore on leach pads	202	169
	$ 366	$ 373
Long-term:		
Stockpiles	$ 584	$ 528
Ore on leach pads	247	260
	$ 831	$ 788

NOTE 17 DEBT

	At March 31, 2008		At December 31, 2007	
	Current	Non-Current	Current	Non-Current
Sale-leaseback of refractory ore treatment plant	$ 24	$ 188	$ 22	$ 212
Corporate revolving credit facility		225		
5 7/8% notes, net of discount		597		597
8 5/8% debentures, net of discount		218		218
2014 convertible senior notes		575		575
2017 convertible senior notes		575		575
Newmont Australia 7 5/8% guaranteed notes, net of premium	119		119	

PTNNT project financing facility	87	306	87	306
Yanacocha credit facility	14	72	14	76
Yanacocha bonds		100		100
Project financings, capital leases and other				