UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

FOR ANNUAL AND TRANSITION REPORTS

PURSUANT TO SECTIONS 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2003

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From to

Commission File Number 001-31240

Newmont Mining Corporation

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

None

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

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2003: $11,747,114,016. There were

400,563,988 shares of common stock outstanding (and 42,252,191 exchangeable shares exchangeable into Newmont Mining Corporation common stock on a one-for-one basis) on March 2, 2004.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant s definitive Proxy Statement submitted to the Registrant s stockholders in connection with our 2004 Annual Stockholders Meeting to be held on April 28, 2004, are incorporated by reference into Part III of this report.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this Amendment) amends the Annual Report on Form 10-K for the year ended December 31, 2003 filed on March 15, 2004 (the Original Filing). Newmont Mining Corporation has filed this Amendment to correct an error in the Statements of Consolidated Cash Flows as described in Note 32, Restatement of Statements of Consolidated Cash Flows, as well as to make corresponding textual changes in Item 2, Management s Discussion and Analysis of Results of Operations and Financial Condition and to add related information in Item 9A, Controls and Procedures. Other information contained herein has not been updated. Therefore, you should read this Amendment together with other documents that we have filed with the Securities and Exchange Commission subsequent to the filing of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in this Amendment. The filing of this Amendment shall not be deemed an admission that the Original Filing, when made, included any known, untrue statement of material fact or knowingly omitted to state a material fact necessary to make a statement not misleading.

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

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

Restatements

As further described in Note 32 to the Consolidated Financial Statements, Newmont has determined that certain adjustments are required to restate the Statements of Consolidated Cash Flows for the years ended December 31, 2003 and 2002. The Company has determined that it incorrectly classified the impact of foreign currency exchange rate changes among *Net cash provided by operating activities* and *Effect of exchange rate changes on cash* in the Statements of Consolidated Cash Flows and, therefore, a restatement is required to classify the impact of foreign currency exchange rate changes to the proper line items. In addition, for the year ended December 31, 2003, the Company corrected certain misclassifications between *Net cash provided by operating activities* and *Net cash used in investing activities*.

In total, the restatements decreased *Net cash provided by operating activities* by $50.3 million, decreased *Net cash used in investing activities* by $4.7 million and increased *Effect of exchange rate changes on cash* by $45.6 million for the year ended December 31, 2003. The restatements decreased *Net cash provided by operating activities* by $14.5 million and increased *Effect of exchange rate changes on cash* by $14.5 million for the year ended December 31, 2002. The restatements had no effect on the Statements of Consolidated Operations and Comprehensive Income (Loss), the Consolidated Balance Sheets or the Statements of Consolidated Changes in Stockholders Equity at or for the years ended December 31, 2003 and 2002.

The following discussion provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company). References to A$ refer to Australian currency, CDN$ to Canadian currency, CHF to Swiss currency, NZD$ to New Zealand currency and U.S or $ to United States currency.

This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the three years ended December 31, 2003, as well as our future results. It consists of the following subsections:

- Overview, which provides a brief summary of our consolidated results and financial position and the primary factors affecting those results, as well as a summary of our expectations for 2004;
- Accounting Changes, which provides a discussion of recent changes to our accounting policies that have affected how we account for reclamation and remediation costs and for depreciation, depletion and amortization of property, plant and mine development;
- Restructuring and Acquisitions, which provide information regarding our 2002 restructuring and our 2002 and 2003 acquisitions;

Critical Accounting Policies, which provides an analysis of the accounting policies we consider critical because of their effect on the reported amounts of assets, liabilities, income and/or expenses in our consolidated financial statements and because they require difficult, subjective or complex judgments by our management;

Consolidated Financial Results, which includes a discussion of our consolidated financial results for the last three years;

Results of Operations, which sets forth an analysis of the operating results for the last three years of Newmont s gold operations, the Base Metals Segment engaged in copper and zinc production, the Exploration Segment and the Merchant Banking Segment;

Recent Accounting Pronouncements, which summarizes recently published authoritative accounting guidance, how it might apply to us and how it might affect our future results; and

Liquidity and Capital Resources, which contains a discussion of our cash flows and liquidity, investing activities and financing activities, contractual obligations and off-balance sheet arrangements.

This item should be read in conjunction with our consolidated financial statements and the notes thereto included in this annual report.

Overview

Newmont s original predecessor corporation was incorporated in 1921. Newmont is the world s largest gold producer and is the only gold company included in the S&P 500 Index. We are also engaged in the exploration for and acquisition of gold properties and are the world s largest private sector precious metals royalty owner. We have mining operations in the United States, Australia, Peru, Indonesia, Canada, Uzbekistan, Turkey, Bolivia, New Zealand and Mexico. We have an advanced development project in Ghana, which is expected to become our next core operating district. During the last few years we have expanded our global footprint through our exploration efforts and through the acquisition of operating and development assets. We believe that Newmont is positioned to remain a gold industry leader capable of achieving further profitable growth as we discover and develop new projects.

Newmont faces key risks associated with our business. One of the most significant risks is the fluctuation in the price of gold and other metals, which is affected by numerous factors beyond our control. Other challenges we face are production cost increases and potential social and environmental issues. Operating costs at our operations are subject to great variation from one year to the next due to a number of factors, such as changing ore grades, metallurgy and revisions to mine plans in response to the physical shape and location of the ore bodies. At foreign locations, such costs are also influenced by currency fluctuations that may affect our U.S. dollar operating costs. In addition, we must continually replace gold reserves depleted by production. Depleted reserves must be replaced by expanding known ore bodies or by locating new deposits in order to maintain production levels over the long term.

Our financial results for 2003 improved compared to 2002 and 2001, largely due to increased margins related to the higher gold prices received during the year. The Company strengthened its balance sheet by raising approximately $1.0 billion through an equity offering in November, by substantially eliminating the Australian gold hedge books and by reducing outstanding debt. Newmont had worldwide gold reserves of 91.3 million equity ounces as of December 31, 2003, reflecting a 5% increase over the 86.9 million equity ounces as of December 31, 2002, despite Newmont s sale during 2003 of certain non-core operations with reserves of 4.2 million equity ounces.

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Summary of Consolidated Financial and Operating Performance

The table below highlights key financial and operating results:

	Years ended December 31,		
	2003	**2002**	**2001**
Net income (loss) applicable to common shares (in millions)	$ 475.7	$ 154.3	$ (54.1)
Net income (loss) per share, basic	$ 1.16	$ 0.42	$ (0.28)
Revenues (in millions)	$ 3,214.1	$ 2,657.9	$ 1,666.7
Equity gold sales (in thousands of ounces)	7,383.6	7,631.7	5,466.1
Average price received per ounce of gold	$ 366	$ 313	$ 271
Total cash costs ($/ounce)[1]	$ 203	$ 189	$ 184
Total production costs ($/ounce)[1]	$ 266	$ 250	$ 237

(1) Total cash costs and total production costs are non-GAAP measures of performance that we use to determine the cash generating capacities of our mining operations and to monitor the performance of our mining operations. For a reconciliation of *Costs applicable to sales* to total cash costs and total production costs per ounce (unaudited), see Item 2, Properties, above.

Consolidated Financial Performance

Primarily as a result of the factors discussed below, our net income applicable to common shares increased to $475.7 million ($1.16 per share, basic) for the year ended December 31, 2003, an increase of 208% compared with net income applicable to common shares of $154.3 million ($0.42 per share, basic) for the year ended December 31, 2002. In 2001, we incurred a net loss of $54.1 million ($0.28 per share, basic). Newmont s revenues of $3.2 billion in 2003 grew 21% from $2.7 billion in 2002, which in turn increased $1.0 billion, or 59%, from 2001. Higher revenues and net income in 2003 and 2002, as compared to 2001, were a direct result of higher production resulting from the acquisitions of Normandy and Franco-Nevada in early 2002, and increased margins on gold sales resulting from higher average realized gold prices.

During 2003 and 2002, the weakening U.S. dollar and other factors helped strengthen gold prices and as a result, our average realized gold price increased significantly from $271 per ounce in 2001, to $313 per ounce in 2002 and to $366 in 2003. At December 31, 2003, we assumed a long-term gold price of $360 per ounce for purposes of impairment testing of goodwill and the carrying value of long-lived assets, compared to an assumed gold price of $320 per ounce at December 31, 2002. The increase in the assumed gold price for impairment testing in 2003 reflects the Company s improved view of long-term gold prices based on the improvement in gold market fundamentals.

The average realized gold price increases over the last few years were partially offset by higher total production costs per ounce. During the past three years, Newmont has seen significant increases in the cost of fuel, power and other bulk consumables. In addition, our production costs were affected by the increase in foreign currency exchange rates in relation to the U.S. dollar. While a weaker U.S. dollar generally benefits the gold price, which is quoted in U.S. dollars, it also results in higher costs quoted in U.S. dollars at certain of our foreign operations. Since the Company s acquisition of Normandy, the Australian dollar/U.S. dollar exchange rate has had the greatest impact on costs. We experienced an appreciation of 17% in the average Australian dollar/U.S. dollar exchange rate between 2003 and 2002.

Our equity gold sales in 2003 of 7.4 million ounces were slightly lower than the 7.6 million ounces in 2002 because of the Company s divestiture of non-core equity investments. Equity gold sales in 2002 were approximately 40% higher than the 5.5 million ounces sold in 2001, as a result of the Normandy and Franco-Nevada acquisitions.

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In addition, our financial and operating results for the year ended December 31, 2003 were impacted by the following significant items:

Our 2003 results reflect the full-year impact of our acquisitions of Normandy and Franco-Nevada;

we recognized a net $83.2 million gain on investments in 2003 primarily relating to a gain on the exchange of certain securities;

we recognized net gains relating to Newmont Yandal Operations Pty Ltd (NYOL) of $114.0 million as the result of the extinguishment of NYOL s debt, and $106.5 million as a result of the extinguishment of NYOL gold hedge contracts;

we incurred losses in 2003 of $119.5 million relating to Australian Magnesium Corporation, and a $30.0 million charge relating to a Newmont guarantee of a loan to QMC Finance Pty Ltd;

we recognized foreign currency gains of $97.0 million;

we spent significantly higher amounts on exploration, research and development; and

income tax expense was $206.9 million in 2003, compared to $19.9 million in 2002. The 2003 increase in tax expense was primarily attributable to significantly higher pre-tax income.

Equity Accounted Investment

Our results of operations and financial condition also include non-consolidated or equity accounted affiliates, the most significant of which is P.T. Newmont Nusa Tenggara, which owns the Batu Hijau mine in Indonesia. Equity income from Batu Hijau was $82.9 million for 2003 compared to $42.1 million in 2002. The increase in equity income at Batu Hijau over prior years primarily resulted from higher copper prices, increased gold by-product credits and lower smelting and refining costs.

Newmont expects to consolidate Batu Hijau effective January 1, 2004, following the adoption of FASB Interpretation No. 46R (FIN 46R). We expect this will have a material impact on our consolidated operating and financial results reported in the future.

Liquidity

During 2003, Newmont s balance sheet strengthened significantly, primarily from the equity offering completed in November, from positive operating cash flows and from the sale of non-core assets. The Company s financial position at December 31, 2003 and 2002 was as follows:

At December 31,

	2003	2002
	(in millions)	
Long-term debt (including current portion)	$ 1,077.5	$ 1,816.6
Total stockholders equity	$ 7,384.9	$ 5,419.2
Cash and cash equivalents	$ 1,314.0	$ 401.7

During 2003, our debt and liquidity positions were affected by several events. We made net repayments of long-term debt of $669.3 million, primarily reflecting early debt extinguishments. In November 2003, we completed an offering of 25 million shares of common stock, which raised gross proceeds of approximately $1.0 billion. As a result of the proceeds received from the offering, our cash and cash equivalents and stockholders equity both increased significantly. We also received $224.6 million from the sale of marketable securities of Kinross, $180.0 million from the sale of shares of TVX Newmont Americas and $162.5 million from the issuance of common stock on the exercise of Franco-Nevada Class B warrants. Earnings of $146.0 million were distributed to the minority partners of Yanacocha during 2003. In addition, during 2003 we spent $176.3 million buying back gold derivative instruments, almost completely eliminating the portfolio of gold commodity derivative instruments obtained as part of the acquisition of Normandy.

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Looking Forward

Certain key factors that have affected our financial and operating results in the past will affect our future financial and operating results. These include, but are not limited to the following:

Gold prices, and to a lesser extent, copper prices;

Given the increase in reserves and the progress made on development projects, production is anticipated to range between 7.0 million and 7.5 million equity ounces per year through 2006. Newmont is currently developing its next generation of lower cost mines. We anticipate that our Ahafo advanced development project in Ghana, West Africa, will generate steady-state annual gold sales of approximately 500,000 ounces commencing in 2006, with higher production in the initial years. We expect to make an investment decision on the Akyem project, also in Ghana, by the end of 2004. In Nevada, the Leeville underground project is approximately 42% complete with annual gold production of approximately 500,000 ounces expected to commence at the end of 2005, while annual production from the Phoenix development project, anticipated to begin operating in 2006, is expected to be between 400,000 to 450,000 ounces of gold and 18 to 20 million pounds of copper;

Changes in foreign currency exchange rates in relation to the U.S. dollar will continue to affect our future profitability and cash flow. Fluctuations in 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. Historically, such fluctuations have not had a material impact on the Company s revenue since gold is sold throughout the world principally in U.S. dollars. The Company s total cash costs are most significantly impacted by variations in the Australian dollar/U.S. dollar exchange rate. However, variations in the Australian dollar/U.S. dollar exchange rate historically have 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;

Capital expenditures in 2003 were $501.4 million. We expect to increase capital expenditures in 2004 to between $700 million and $750 million, including costs related to the Ahafo project in Ghana and the Leeville and Phoenix projects in Nevada; and

Due to the strengthening of the gold market, and consistent with our exploration growth strategy, we expect 2004 exploration, research and development expenditures will total between $140 million and $150 million.

Accounting Changes

Reclamation and Remediation (Asset Retirement Obligations)

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 a uniform methodology for accounting for estimated reclamation and abandonment costs. Newmont adopted SFAS No. 143 as required on January 1, 2003. See Note 14 to the Consolidated Financial Statements for complete disclosure of the impact of adopting SFAS 143.

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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 2003 and the pro forma effect for 2002 as if the change had been in effect for that period (in thousands, except per share data):

	Year ended December 31,		
(Decrease) increase to income	**2003 Impact**	**2002 (pro forma)**	**2001 (pro forma)**
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)			
Gold	$ 21,597	$ 10,548	$ 9,779
Base metals	358		
Depreciation, depletion and amortization	(13,607)	(13,228)	(11,359)
Income tax (expense) benefit	(2,922)	938	553
Minority interest	(4,567)	1,938	1,451
Equity income of affiliate	(1,309)	36	(1,656)
(Decrease) increase to income before cumulative effect of a change in accounting principle	$ (450)	$ 232	$ (1,232)
(Decrease) increase to income before cumulative effect of a change in accounting principle per common share, basic and diluted	$ 0.00	$ 0.00	$ 0.00

The table below presents pro forma income (loss) and income (loss) per common share before cumulative effect of a change in accounting principle for years ended December 31, 2002 and 2001 as if the Company had adopted the SFAS No. 143 as of January 1, of each year (in thousands, except per share data):

	2002			2001	
	Income applicable to common shares before cumulative effect of a change in accounting principle	**Income per common share before cumulative effect of a change in accounting principle, basic**	**Income per common share before cumulative effect of a change in accounting principle, diluted**	**Net loss applicable to common shares**	**Net loss per common share, basic and diluted**
As reported	$ 146,622	$ 0.40	$ 0.39	$ (54,119)	$ (0.28)
Effects of SFAS No. 143 accounting method	232			(1,232)	
Pro forma	$ 146,854	$ 0.40	$ 0.39	$ (55,351)	$ (0.28)

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 in 2002 by $7.7 million, net of tax of $4.1 million, and increased net income per share by $0.02. The effect of the change in 2002 was to increase DD&A expense by $1.3 million and decrease net income by $0.8 million for the year. If the change had been in effect for 2001, the

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pro forma effect of the change would have reduced DD&A expense by $2.0 million in 2001, and would have decreased the net loss by $1.3 million for the same period, or $0.01 per common share, basic and diluted.

Restructuring

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

Acquisitions

Newmont NFM Limited Scheme of Arrangement

On April 2, 2003, the shareholders of Normandy NFM Limited (an Australian corporation trading at that time as Newmont NFM on the Australian Stock Exchange or ASX) voted to approve a proposed scheme of arrangement under which Newmont NFM would become a wholly-owned subsidiary of Newmont Australia Limited, a wholly-owned subsidiary of Newmont Mining Corporation, through the acquisition of the remaining minority interest of Newmont NFM. The scheme became effective on April 14, 2003. Under the terms of the scheme, Newmont NFM shareholders could elect to receive 4.40 ASX listed Newmont Mining Corporation CHESS Depositary Interests (CDIs), with each CDI equivalent to 0.1 Newmont Mining Corporation share of common stock. As an alternative to receiving Newmont Mining Corporation CDIs, shareholders could sell their Newmont NFM shares back to Newmont NFM 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 shares of common stock to the CHESS Depository Nominees Pty Ltd, and in turn, 44,375,060 CDIs were issued to former Newmont NFM shareholders. The market value of the newly issued Newmont Mining Corporation shares was approximately $105 million, based on the average quoted value of the shares of common stock of $23.58 per share 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 equity securities, together with the cash consideration paid to those shareholders who elected to accept the buy-back offer of approximately $10 million (including transaction costs), resulted in a total purchase price of approximately $115 million. The transaction was 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. Newmont performed a purchase price allocation that gave rise to goodwill of $93.3 million arising from the acquired interest.

Normandy Mining Limited and Franco-Nevada Mining Corporation Limited

On February 16, 2002, pursuant to a Canadian Plan of Arrangement, Newmont acquired 100% of Franco-Nevada Mining Corporation Limited (Franco-Nevada) in a stock-for-stock transaction in which Franco-Nevada common stockholders received 0.8 of a share of Newmont common stock, or 0.8 of a Canadian exchangeable share (exchangeable for Newmont common shares), for each common share of Franco-Nevada. The exchangeable shares are substantially equivalent to Newmont common shares. On February 20, 2002, Newmont obtained control of Normandy Mining Limited (Normandy) through a tender offer for all of the ordinary shares of Normandy. For accounting purposes, the effective date of the Normandy acquisition was the close of business on February 15, 2002, when Newmont received an irrevocable tender from shareholders for more than 50% of the outstanding shares of Normandy. Accordingly, the results of operations of Normandy and Franco-Nevada have been

included in the accompanying Consolidated 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.

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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 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 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. The acquisitions resulted in approximately $3.0 billion of goodwill primarily related to the merchant banking business, the Normandy global exploration programs and expertise, and expected synergies.

Battle Mountain Gold Company

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

Critical Accounting Policies

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

Carrying Value of Goodwill

At December 31, 2003 and 2002, the carrying value of the Company s goodwill was approximately $3.0 billion. Such goodwill was assigned to the Company s Merchant Banking (approximately $1.6 billion) and

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Exploration (approximately $1.1 billion) Segments and to various mine site reporting units (approximately $300 million in the aggregate). As further described in Note 3 to the Consolidated Financial Statements, this goodwill primarily arose in connection with the Company s February 15, 2002 acquisitions of Normandy and Franco-Nevada, and it primarily represents the excess of the aggregate purchase price over the fair value of the identifiable net assets of Normandy and Franco-Nevada. Such goodwill was assigned to reporting units in a reasonable, supportable and consistent manner based on independent valuations performed by Behre Dolbear and Company, Inc., an independent consulting and valuation firm (Behre Dolbear). The Company s approach to allocating goodwill was to identify those reporting units of the Company that the Company believed had contributed to such excess purchase price. The Company then engaged Behre Dolbear to perform valuations to measure the incremental increases in the fair values of such reporting units that were attributable to the acquisitions, and that were not already captured in the fair values assigned to such units identifiable net assets. In the case of the Merchant Banking and Exploration Segments, these valuations were based on each reporting unit s potential for future growth, and in the case of the mine site reporting units, the valuation was based on the synergies that were expected to be realized by each mine site reporting unit.

The Company evaluates, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To accomplish this, the Company compares the fair values of its reporting units to their carrying amounts. If the carrying value of a reporting unit were to exceed its fair value at the time of the evaluation, the Company would perform the second step of an impairment test. In the second step, the Company would compare the implied fair value of the reporting unit s goodwill to its carrying amount and any shortfall would be charged to income. Assumptions underlying fair value estimates are subject to risks and uncertainties. Newmont performed its annual impairment tests of goodwill during the fourth quarter of 2003 and determined that goodwill was not impaired at December 31, 2003. To the extent the assumptions used in the Company s valuation models laid out below for such impairment tests are not achieved in the future, it is reasonably possible that the Company will record charges for impairment of goodwill in future periods. The specific application of the Company s goodwill impairment policy with respect to the Merchant Banking Segment, Exploration Segment and mine site reporting units are separately discussed below.

Merchant Banking Segment Goodwill

Purchase Price Allocation at February 15, 2002 and Impairment Testing at December 31, 2002. The assignment of goodwill to the Merchant Banking Segment was based on the assumption that, following the Franco-Nevada acquisition, the Merchant Banking Segment would continue to earn long-term investment returns consistent with the historical returns on capital earned by Franco-Nevada during the eleven years prior to the acquisition. It was further assumed that the Merchant Banking Segment, which is led by former senior executives of Franco-Nevada, would seek to earn such returns from various transactions such as mergers, acquisitions, joint ventures, investments in royalty interests, the disposal of interests in mining projects and other investing and financing related transactions. The amount of goodwill assigned to the Merchant Banking Segment as of the acquisition date was intended to represent the incremental increase in the value of the Merchant Banking Segment as a result of the acquisition, and was based on a discounted cash flow analysis that assumed (i) an initial investment of $300 million; (ii) additional annual investments of $50 million commencing in year two of a seven-year time horizon; (iii) an average long-term after-tax return of 37.3%; (iv) the immediate reinvestment of average annual returns; and (v) discount rates ranging from 8% to 9%. The assumed initial and additional investments were based on Franco-Nevada s historical asset base and investing experience, and management s judgment as to what investment levels could be expected to continue in the future. While the Company expected the actual investments of the Merchant Banking Segment to be made on a sporadic basis as investment opportunities presented themselves, the Company assumed an additional annual investment level of $50 million for valuation modeling purposes. The Company believed that the $50 million additional annual investment level assumed for modeling purposes was reasonable given the equivalent probability of investing more or less than that average amount in any given period based upon the timing of attractive investment opportunities. The February 15, 2002 valuation model assumed that the investments and related returns thereon would ultimately

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increase to a value of approximately $3.8 billion at the end of the seven-year period. Such value would have represented 34% of the Company s total assets at December 31, 2003. Asset growth of this magnitude is consistent with Franco-Nevada s historical experience. The 37.3% long-term after-tax return assumed for this analysis represented the average return on capital deployed by the merchant banking unit of Franco-Nevada during the eleven years prior to its acquisition by the Company. For purposes of this return calculation, the denominator excluded capital associated with Franco-Nevada s cash and gold bullion balances and the numerator excluded the interest income generated by such cash balances due to the fact that Franco-Nevada s cash and gold bullion balances did not represent amounts invested by Franco-Nevada s merchant banking unit. Throughout the eleven-year historical valuation period, Franco-Nevada s cash and gold bullion balances represented a significant portion of Franco-Nevada s total assets. Accordingly, if cash and gold bullion balances and interest income had been included, the calculated return would have been 15%, a significantly lower return than the 37.3% return that was in fact used to value the goodwill of the Merchant Banking Segment. In order to assess future returns in relation to the 37.3% return assumed for goodwill allocation purposes, the Company will track annualized returns on investments, on an individual and aggregate basis, based upon realized and unrealized value changes from inception of each investment.

The Company expects to fund investments as opportunities arise and, therefore, it is likely that investments in the Merchant Banking Segment will fall short of or exceed the February 15, 2002 valuation model s assumed annual investment level of $50 million in any given year. Under this valuation model, since revised and updated for purposes of impairment testing at December 31, 2003, as described below, to the extent that the Company were to have fallen short of the assumed annual additional investment of $50 million per year or otherwise were to have fallen short of the targeted portfolio value, the Company would have needed to achieve increases in its future investment levels, returns and/or other factors impacting the valuation sufficient to offset fully any such shortfalls in invested capital and returns thereon in order to replicate the value assigned to the Merchant Banking Segment goodwill on February 15, 2002. The Company would have needed to invest an average of approximately $82 million annually in years three through seven if the Company failed to make any new investments in year two assuming all other valuation assumptions were held constant. Similarly, to the extent that the Company failed to realize and reinvest investment returns that are at least equal to the 37.3% annual returns assumed for purposes of the February 15, 2002 valuation, the Company would have needed to achieve increases in future returns, investment levels and/or other factors impacting the valuation in order to replicate the value assigned to the Merchant Banking Segment goodwill on February 15, 2002. For example, if the Company had decreased its return assumption by one percentage point to 36.3% or by ten percentage points to 27.3% in the February 15, 2002 valuation, the $1.625 billion value assigned to the Merchant Banking Segment goodwill at February 15, 2002 would have decreased by approximately $96 million or $805 million, respectively, from the value determined in the February 15, 2002 valuation, assuming all other valuation assumptions were held constant. Moreover, as the expected period between the initial investment and the ultimate realization of a return by the Merchant Banking Segment is generally greater than one year, and given that the February 15, 2002 model assumes that returns are realized and reinvested on an annual basis, the Merchant Banking Segment will likely need to achieve returns in excess of the assumed 37.3% return in order to replicate the value assigned to the Merchant Banking Segment goodwill on February 15, 2002 assuming all other valuation assumptions are held constant. Changes to other valuation assumptions, such as the amount of the initial investment, discount rates, tax rates and the time horizon also would have impacted the value determined by the February 15, 2002 valuation. Although the Company believes that the February 15, 2002 valuation provided a reasonable and supportable basis for the allocation of goodwill to the Merchant Banking Segment, the Company recognizes that, due to the opportunistic nature of the Merchant Banking Segment s business, future returns and investment levels are not easily predicted. Accordingly, future results may vary significantly from the investments and returns assumed for purposes of this discounted cash flow analysis.

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

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carrying value of the identifiable net assets and goodwill of the Merchant Banking Segment to the aggregate fair value of such identifiable net assets and goodwill. For every 10% reduction in the valuation of goodwill below the amount assigned to the Merchant Banking Segment at the acquisition date, the Company would expect to record a non-cash goodwill impairment charge of approximately $160 million.

Impairment Testing at December 31, 2003. The fair value of the equity portfolio at December 31, 2002 was approximately $310 million. During 2003, the Company did not make any substantial new capital additions to the equity portfolio but did sell a substantial proportion of its investment in Kinross, which represented the majority of value of the equity portfolio at the time of sale. As discussed below, the December 31, 2003 discounted cash flow analysis for the equity portfolio sub-segment of the Merchant Banking Segment assumed an initial equity portfolio of approximately $140 million (approximate fair value of equity portfolio at December 31, 2003) and capital infusions of $120 million annually for the next three fiscal years. The assumed capital infusions are necessary to bring the equity portfolio to a level necessary to support the carrying value of the Merchant Banking Segment. While the Company has both the ability and intention to meet these funding requirements, no assurance can be given that it will be successful in this regard.

At December 31, 2003, the $1.6 billion carrying value of the Merchant Banking Segment goodwill represented approximately 74% of the carrying value of the total assets of the Merchant Banking Segment. Based on a December 31, 2003 valuation of the Merchant Banking Segment prepared by an independent valuation firm, the Company concluded that the fair value of the Merchant Banking Segment was significantly in excess of its carrying value at December 31, 2003, and accordingly, that it was not necessary to perform the second step of the goodwill impairment test with respect to its Merchant Banking Segment. Although the Company considers both the February 15, 2002 and December 31, 2003 valuations to be reasonable and both were based on discounted cash flow models, the December 31, 2003 valuation incorporated assumptions and approaches that were designed to (i) take into account the evolving activities and objectives of the Merchant Banking Segment; (ii) recognize the reduced investment level of the equity portfolio; (iii) increase the sophistication of the financial model used to support the valuation of the Merchant Banking Segment; and (iv) value all the sub-segments of the Merchant Banking Segment, including the equity portfolio sub-segment, the royalty portfolio sub-segment, the portfolio management sub-segment, and the downstream gold refining sub-segment. As a result, certain of the assumptions underlying the December 31, 2003 valuation model are not directly comparable to the assumptions used in the February 15, 2002 valuation. The December 31, 2003 discounted cash flow analysis for the equity portfolio sub-segment of the Merchant Banking Segment assumed: (i) a discount rate of 9%; (ii) a time horizon of ten years; (iii) pre-tax returns on investment ranging from 35% starting in 2004 and gradually declining to 15% in 2011 through 2013; (iv) an initial equity portfolio investment of approximately $140 million; (v) capital infusions of $120 million annually for the next three fiscal years; and (vi) a terminal value of approximately $1.5 billion. The December 31, 2003 discounted cash flow analysis for the royalty portfolio sub-segment of the Merchant Banking Segment assumed: (i) a discount rate of 9%; (ii) a time horizon of ten years; (iii) an annual growth rate of 5% in the royalty portfolio; and (iv) a pre-tax rate of return on investment of 13%. The December 31, 2003 discounted cash flow analysis for the portfolio management sub-segment of the Merchant Banking Segment assumed: (i) a discount rate of 9%; (ii) a time horizon of ten years; and (iii) a pre-tax advisory fee of 5% on approximately $500 million of transactions and value-added activities in 2004, with the dollar amount of such transactions and activities increasing by 5% annually thereafter. The December 31, 2003 discounted cash flow analysis for the downstream gold refining sub-segment of the Merchant Banking Segment assumed: (i) a discount rate of 9%; (ii) a time horizon of ten years; and (iii) a pre-tax annual return on investments of $4.2 million. The December 31, 2003 discounted cash flow analysis assumed a combined terminal value for the royalty portfolio, portfolio management and downstream gold refining sub-segments of approximately $900 million.

Future Goodwill Valuations. For purposes of valuing the Merchant Banking Segment at future fiscal year ends, the Company expects that the valuation model will continue to be reevaluated and enhanced to acknowledge the evolving activities and objectives of the Merchant Banking Segment. The key drivers of such future valuations are expected to include (i) expected future long-term investment returns, adjusted for Company specific and market driven factors; (ii) expected economic value to be added by the Merchant Banking Segment

in addition to such investment returns; (iii) the level of capital accessible by the Merchant Banking Segment; and (iv) other relevant facts and circumstances. To determine the appropriate returns, investment levels and other assumptions for purposes of this analysis, the Company will (i) review the expected or actual returns from transactions that were initiated and/or completed since the last impairment test; (ii) assess the actual economic values added by other Merchant Banking Segment activities since the last impairment test; and (iii) assess the ongoing appropriateness of all assumptions impacting the valuation based on then current conditions and expectations. The Company believes that any model used to value the Merchant Banking Segment will need to take into account the relatively long time horizon required to evaluate the investment returns and other economic value added activities of the Merchant Banking Segment. As such, in the absence of any mitigating valuation factors or triggering events (events that would give rise to a requirement to perform an impairment test), which are described below, the Company believes that a sustained period of approximately three years in which the Merchant Banking Segment s actual investment levels, returns or economic values added fall significantly below those levels necessary to support the carrying value of the Merchant Banking Segment would likely result in a reduction of the value assigned to the Merchant Banking Segment s growth potential and, in the absence of any offsetting increase in the aggregate fair value of the Merchant Banking Segment s other net assets, an impairment of the Merchant Banking Segment goodwill.

A high degree of judgment is involved in determining the assumptions and estimates that are used to determine the fair value of the Merchant Banking Segment. Accordingly, no assurance can be given that actual results will not differ significantly from the corresponding assumptions and estimates. If a triggering event were to occur that could reasonably be expected to result in an impairment of the carrying value of the Merchant Banking Segment, the Company would be required to test the goodwill assigned to the Merchant Banking Segment as of the end of the reporting period in which any such event occurred. The Company believes that triggering events with respect to the Merchant Banking Segment could include, but are not limited to: (i) the Company s partial or complete withdrawal of financial support for the Merchant Banking Segment; (ii) a significant reduction in management s long-term expectation of the price of gold, given the adverse effect such a development could have on the fair values of the Merchant Banking Segment s investment and royalty interest portfolios and the Merchant Banking Segment s prospects for future growth; (iii) the divestiture of a significant portion of the Merchant Banking Segment s investment portfolio together with management s determination to not fund the replenishment of such portfolio for the foreseeable future; and (iv) any other event that might adversely affect the ability of the Merchant Banking Segment to consummate transactions that create value for the Company. The Company currently has no plans to withdraw financial support for the Merchant Banking Segment. For a discussion of the results of operations of the Merchant Banking Segment, see Results of Operations, Merchant Banking Segment, below.

Exploration Segment Goodwill

Purchase Price Allocation at February 15, 2002 and Impairment Testing at December 31, 2002. The Exploration Segment s primary responsibilities are to (i) discover new gold deposits globally and regionally outside of the vicinity of any of the Company s existing mining operations or development projects; (ii) discover new deposits in existing operating districts or project development areas; and (iii) provide exploration advice for the purpose of optimizing reserve extensions in areas surrounding existing mines and advancing non-reserve mineralization into economically mineable reserves. The assignment of goodwill to the Exploration Segment was based on the assumption that, following the acquisition of Normandy, the Exploration Segment would continue Normandy s historical level of increasing proven and probable reserves through new discoveries by combining Normandy s exploration culture, philosophy, expertise and methodologies with those of Newmont. The amount of goodwill assigned to the Exploration Segment as of the acquisition date was intended to represent the incremental increase in the value of the Exploration Segment as a result of the acquisition, and was based on a discounted cash flow analysis that assumed (i) 1.6 million recoverable ounces of gold of additions to proven and probable reserves through new discoveries in the first year following the acquisition; (ii) an annual growth rate for such reserve additions of 23.1% over a ten-year period; (iii) a fair value for each recoverable ounce of gold of

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reserve additions of approximately $58; and (iv) a discount rate of 15%. The assumed additions to reserves in the first year and the growth rate were based on Normandy s historical annual reserve additions and Normandy s average 33% historical growth rate in reserve additions during the 11-year period prior to the acquisition, and management s expectation of the growth rate and levels of reserve additions that could be expected to continue in the future as a result of the Normandy acquisition. The February 15, 2002 valuation assumed that the incremental effect of the Normandy acquisitions would be to add approximately 49 million ounces to proven and probable reserves during the ten-year period following the acquisition. This compares to 20 million and 56 million ounces added to proven and probable reserves by Normandy and Newmont, respectively, during the ten years prior to the acquisition. Assuming exploration costs of $13 per ounce of gold, the Company would need to spend approximately $637 million over the next ten years to discover the 49 million incremental ounces that the February 15, 2002 valuation assumed would be added to proven and probable reserves. Subject to any significant adverse change in the Company s long-term view of gold prices, the Company has both the ability and intent to provide at least $637 million of funding to the Exploration Segment over the next ten years. The fair value of the reserve additions was based in part on an assumed gold price of $300 per ounce, which represented Newmont s assessment of the long-term price of gold as of the acquisition date. Although the Company believes that this discounted cash flow analysis provided a reasonable and supportable basis for the allocation of goodwill to the Exploration Segment, the Company recognizes that, due to the nature of the Exploration Segment s business, the timing, quantity and value of future reserve additions are not easily predicted. Decreasing the assumed 23.1% growth rate for reserve additions by one percentage point to 22.1% and by ten percentage points to 13.1% would have resulted in a decrease of approximately $45 million and $365 million, respectively, in the value determined by the February 15, 2002 valuation assuming all other valuation assumptions were held constant. In addition, decreasing the long-term gold price assumption from $300 by one percentage point to $297 and by 10% to $270 would have resulted in a decrease of approximately $45 million and $444 million, respectively, in the value determined by the February 15, 2002 valuation assuming all other valuation assumptions were held constant. Changes to other valuation assumptions, such as annual reserve additions, discount rates, tax rates, operating costs, capital expenditures and the time horizon also would have impacted the value determined by the February 15, 2002 valuation. Accordingly, future results may vary significantly from the reserve additions, values and other assumptions underlying the February 15, 2002 valuation.

For purposes of performing its annual goodwill impairment test, the Company will perform an analysis to determine the fair value of the Exploration Segment. The fair value derived from this valuation process, together with the fair value of the identifiable net assets of the Exploration Segment, will be considered by the Company in the first step of its impairment test, which test requires the Company to compare the aggregate carrying value of the identifiable net assets and goodwill of the Exploration Segment to the aggregate fair value of such identifiable net assets and goodwill. For every 10% reduction in the valuation of such goodwill below the amount assigned to the Exploration Segment at the acquisition date, the Company would expect to record a non-cash goodwill impairment charge of approximately $113 million.

Impairment Testing at December 31, 2003. At December 31, 2003, the $1.1 billion carrying value of the Exploration Segment goodwill represented approximately 95% of the carrying value of the total assets of the Exploration Segment. Based on a December 31, 2003 valuation of the Exploration Segment prepared by an independent valuation firm, the Company concluded that the fair value of the Exploration Segment was significantly in excess of its carrying value at December 31, 2003, and accordingly, that it was not necessary to perform the second step of the goodwill impairment test with respect to its Exploration Segment. Although the Company considers both the February 15, 2002 and December 31, 2003 valuations to be reasonable and both were based on discounted cash flow models, the December 31, 2003 valuation incorporated assumptions and approaches that were designed to increase the sophistication of the financial model used to support the valuation of the Exploration Segment. As a result, certain assumptions underlying the December 31, 2003 valuation model are not directly comparable to the assumptions used in the February 15, 2002 valuation. In connection with the December 31, 2003 valuation, the Company reviewed the Exploration Segment s performance during 2003 and prior years in generating additions to proven and probable reserves. The Exploration Segment is responsible for all activities, regardless of location, associated with the Company s efforts to discover new mineralized material

that will advance into proven and probable reserves. Internally generated proven and probable reserve additions are attributed to the Exploration Segment to the extent that such additions are derived from (i) a discovery made by the Company or Normandy; or (ii) a discovery made on previously acquired properties (whether acquired by the Company or by Normandy, prior to their acquisition by the Company) as a result of exploration efforts conducted subsequent to the acquisition date. All reserves known as of the acquisition date were assigned to operating mines and/or development stage properties and as such were excluded from the valuation of the Exploration Segment. In addition, the value of expected reserve additions that were assigned a value in purchase accounting were also excluded from the Exploration Segment s valuation. During 2003, the Company replaced approximately 12.9 million gold ounces of depletion and divestments, with a total of 17.3 million ounces of additions to proven and probable reserves, of which 87% were non-acquisition and attributable to the Exploration Segment. Of the 2003 gold ounces attributable to the Exploration Segment, 57% were not previously valued in the Normandy purchase accounting. Based on this review of historical additions to proven and probable reserves and on management s expectation of the growth rate and levels of reserve additions that could be expected to continue in the future, the discounted cash flow model developed to value the Exploration Segment at December 31, 2003 assumed that (i) the Exploration Segment would be responsible for 7.9 million ounces of additions to proven and probable reserves in year one of the discount period; (ii) such additions would increase by 5% annually; and (iii) approximately 64%, 61%, 58% and 20% of additions in years 2004, 2005, 2006 and 2007, respectively, would represent ounces that had previously been valued in the Normandy purchase accounting. In addition, the discounted cash flow model for the Exploration Segment assumed, among other matters: (i) a 16-year time horizon, including a six-year time lapse between discovery and the initiation of production and a five-year production period; (ii) a 9% discount rate; (iii) a terminal value of approximately $3.9 billion; (iv) an average gold price of $360 per ounce during the time horizon; (v) total cash costs per ounce produced of $201; and (vi) capital costs per ounce of $50. The Company believes that any model used to value the Exploration Segment will need to take into account the relatively long time horizon required to evaluate the activities of the Exploration Segment. As such, in the absence of any mitigating valuation factors, or triggering events which are described below, the Company believes that a sustained period of approximately three years in which additions to proven and probable reserves, or the values associated therewith, fall short of those levels that reasonably could be expected to support the carrying value of the Exploration Segment would likely result in a reduction of the value assigned to the Exploration Segment s growth potential and, accordingly, in an impairment of the Exploration Segment goodwill. The Company believes that triggering events with respect to the Exploration Segment could include, but are not limited to: (i) the Company s partial or complete withdrawal of financial support for the Exploration Segment; (ii) a significant decrease in the Company s long-term expectation of the price of gold; and (iii) a significant increase in long-term capital and operating cost estimates. The Company currently has no plans to withdraw financial support for the Exploration Segment. For a discussion of the results of operations of the Exploration Segment, see Results of Operations, Exploration Segment, below.

Mine Site Goodwill. The assignment of goodwill to mine site reporting units was based on synergies that were expected to be achieved at each operation. Such synergies are expected to be incorporated into the Company s operations and business plans over time. The amount of goodwill assigned to each segment or reporting unit was based on discounted cash flow analyses that assumed risk-adjusted discount rates over the remaining lives of the applicable mining operations. The Company believes that triggering events with respect to the goodwill assigned to mine site reporting units could include, but are not limited to: (i) a significant decrease in the Company s long-term expectation of the price of gold; (ii) a decrease in reserves; and (iii) any event that might otherwise adversely affect mine site production levels or costs. The Company performed its annual impairment test of mine site goodwill and determined that there were no impairments at December 31, 2003. For more information on the discounted cash flows used to value mine site reporting units, see Carrying value of long-lived assets, below.

Depreciation, Depletion and Amortization

Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and depreciated using the straight-line method at rates sufficient to depreciate such costs over the estimated future lives of such facilities or equipment. These lives do not exceed

the estimated mine life based on proven and probable reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

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

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

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

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

Intangible assets related to mineral interests represent mineral use rights for parcels of land not owned by the Company. The Company s intangible assets include mineral use rights related to production, development or exploration stage properties (each as defined in Note 2 to the Consolidated Financial Statements) and the value of such intangible assets is primarily driven by the nature and amount of mineralized material believed to be contained, or potentially contained, in such properties. The amount capitalized related to a mineral interest represents its fair value at the time it was acquired, either as an individual asset purchase or as a part of a business combination. The straight-line amortization of the Company s exploration stage mineral interests is calculated after deducting applicable residual values. At December 31, 2003, such residual values aggregated approximately $341.9 million. Residual values are determined for each individual property based on the fair value of the exploration stage mineral interest, and the nature of, and the Company s relative confidence in, the mineralized material believed to be contained, or potentially contained, in the underlying property. Such values are based on (i) discounted cash flow analyses for those properties characterized as other mineralized material and around-mine exploration potential; and (ii) recent transactions involving similar properties for those properties characterized as other mine-related exploration potential and greenfields exploration potential. Based on its knowledge of the secondary market that exists for the purchase and sale of mineral properties, the Company believes that both methods result in a residual value that is representative of the amount that the Company could expect to receive if the property were sold to a third party. Residual values range from zero to 90% of the gross carrying value of the respective exploration stage mineral interests. Significant judgment is

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

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

Carrying Value of Long-Lived Assets

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate the related carrying amounts may not be recoverable. An asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on estimated quantities of recoverable minerals, expected gold and other commodity prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, capital and reclamation costs, all based on detailed engineering life-of-mine plans. The significant assumptions in determining the future discounted cash flows for each mine site reporting unit at December 31, 2003, apart from production cost and capitalized expenditure assumptions unique to each operation, included a long-term gold price of $360 per ounce and Australian and Canadian dollar exchange rates of $0.65 and $0.71, respectively per U.S.$1.00. The term recoverable minerals refers to the estimated amount of gold or other commodities that will be obtained from proven and probable reserves and all related exploration stage mineral interests, except for other mine-related exploration potential and greenfields exploration potential discussed separately below, after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such exploration stage mineral interests are risk adjusted based on management s relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, all assets at a particular operation are considered together for purposes of estimating future cash flows. In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties.

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

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

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

Deferred Stripping Costs

At open pit mines that have diverse grades and waste-to-ore ratios over the life of the mine, the Company defers and amortizes certain stripping costs, normally associated with the removal of waste rock. The

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amortization of deferred amounts is determined using the UOP method based on estimated recoverable ounces from proven and probable reserves, using a stripping ratio calculated as the total tons to be moved over total proven and probable ore reserves. The charge to operations for the amortization of deferred stripping costs could differ materially between reporting periods to the extent that there were material changes to proven and probable reserves as discussed above under Depreciation, Depletion and Amortization. In addition, to the extent that the average ratio of tons of waste that were required to be removed for each ounce of gold differed materially from that which was estimated in the stripping ratio, the actual amortization charged to operations could differ materially between reporting periods.

Stockpiles, Ore on Leach Pads and Inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles, ore on leach pads and inventories. The Company records stockpiles, ore on leach pads and inventories at the lower of average cost or net realizable value (NRV), and carrying values are evaluated at least quarterly. NRV represents the estimated future sales price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring the product to sale. The primary factors that influence the need to record write-downs of stockpiles, ore on leach pads and inventories include prevailing short-term and long-term metals prices and prevailing costs for production inputs such as labor, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels. During the years ended December 31, 2003, 2002 and 2001, write-downs of stockpiles, ore on leach pads and inventories to NRV aggregated $24.9 million, $44.4 million, and $25.1 million, respectively.

Stockpiles represent coarse ore that has been extracted from the mine and is available for further processing. Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. Stockpiles are valued based on mining costs incurred up to the point of stockpiling the ore, including applicable depreciation, depletion and amortization relating to mining operations. Costs are added to a stockpile based on current mining costs and removed at the average cost per recoverable ounce of gold in the stockpile. Stockpiles are reduced as material is removed and fed to mills or placed on leach pads. At December 31, 2003 and 2002, the Company s stockpiles had carrying values of $260.6 million and $241.1 million, respectively.

Ore on leach pads represents ore that is placed on pads where it is permeated with a chemical solution that dissolves the gold contained in the ore. The resulting pregnant solution is further processed in a leach plant where the gold is recovered. Costs are attributed to the carrying value of leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from the carrying value of the leach pad as ounces are recovered in circuit at the leach plant based on the average cost per recoverable ounce of gold on the leach pad. Estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads, the grade of ore placed on the leach pads based on assay data and a recovery percentage. Ultimate recovery of gold contained on leach pads can vary from approximately 50% to 95% of the placed recoverable ounces in the first year of leaching, declining each year thereafter until the leaching process is complete. Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Historically, the Company s operating results have not been materially impacted by variations between the estimated and actual recoverable quantities of gold on its leach pads. Assuming a one percent variation from the Company s current estimates of gold quantities on its leach pads at December 31, 2003, the Company would experience a production variance of approximately 21,500 ounces, assuming that none of the variations for individual leach pads offset one another on a consolidated basis. At December 31, 2003, the weighted-average cost per recoverable ounce of gold on leach pads was $136 per ounce.

Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from a pad will not be known until the leaching process is terminated. Based on current mine plans, the Company expects to place the last ton of ore on its current leach pads at dates ranging from 2007 to 2019. Including the estimated time required for residual leaching, rinsing and reclamation activities, the Company expects that its leaching operations will terminate within approximately nine years following the date that the last ton of ore is placed on the leach pad. At December 31, 2003 and 2002, the Company s ore on leach pads had carrying values of $293.8 million and $287.6 million, respectively.

In-process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries of the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from mines, stockpiles or leach pads plus the in-process conversion costs, including applicable depreciation relating to the process facility, incurred to that point in the process. At December 31, 2003 and 2002, the Company s in-process inventories had carrying values of $64.0 million and $46.4 million, respectively.

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

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

Financial Instruments

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

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Reclamation and Remediation Obligations (Asset Retirement Obligations)

The Company s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In August 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations, which established a uniform methodology for accounting for estimated reclamation and abandonment costs. The statement was adopted January 1, 2003, when the Company recorded the estimated present value of reclamation liabilities and increased the carrying amount of the related asset, which resulted in a cumulative effect of a change in accounting principle of $34.5 million. See Note 14 to the Consolidated Financial Statements. The reclamation costs will be allocated to expense over the life of the related assets and will be adjusted for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate.

Prior to adoption of SFAS No. 143, estimated future reclamation costs were based principally on legal and regulatory requirements. Such costs related to active mines were accrued and charged over the expected operating lives of the mines using the UOP method based on proven and probable reserves. Future remediation costs for inactive mines were accrued based on management s best estimate at the end of each period of the undiscounted costs expected to be incurred at a site. Such cost estimates included, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates were reflected in earnings in the period an estimate was revised.

Accounting for reclamation and remediation obligations requires management to make estimates unique to each mining operation of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Any such increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Carrying Value of Investments

Investments in incorporated entities in which the Company s ownership interest is greater than 20% and less than 50%, or which the Company does not control, are accounted for using the equity method and are included in long term assets. See Note 10 to the Consolidated Financial Statements for a complete description of the Company s equity method investments, and Note 2 to the Consolidated Financial Statements for a description of the Company s policy for accounting for its equity method investments. The Company periodically reviews its equity method investments to determine whether a decline in fair value below the carrying amount is other than temporary. In making this determination, the Company considers a number of factors related to the financial condition and prospects of the investee including (i) a decline in the stock price or valuation of the equity investee for an extended period of time; (ii) an inability to recover the carrying amount of the investment or inability of the equity investee to sustain an earnings capacity which would justify the carrying amount of the investment; and (iii) the period of time over which the Company intends to hold the investment. If the decline in fair value is deemed to be other than temporary, the carrying value is written down to fair value. In situations where the fair value of an investment is not evident due to a lack of a public market price or other factors, the Company uses its best estimates and assumptions to arrive at the estimated fair value of such investment, based on future cash flows of the equity investee and other relevant factors. As significant judgment is required in assessing these factors, together with the fact that the underlying mining operations are subject to uncertainties similar to those discussed above in relation to the Company, it is possible that changes in any of these factors in the future could result in an other than temporary decline in value of an equity investment and could require the Company to record an impairment charge to operations in future periods.

Deferred Tax Assets

The Company recognizes the future tax benefit expected to be obtained from deferred tax assets when the tax benefit is not considered to be more likely than not incapable of being realized. Assessing the recoverability

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of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Refer above under Carrying Value of Long-Lived Assets for a discussion of the factors that could cause future cash flows to differ from estimates. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the balance date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the Company s ability to obtain the future tax benefits represented by its deferred tax assets recorded at the balance date.

Consolidated Financial Results

Sales gold were $3.1 billion, $2.6 billion and $1.7 billion for the years ended December 31, 2003, 2002 and 2001, respectively. The 2003 increase from 2002 was primarily due to an increase in the average realized gold price. The 2002 increase from 2001 was primarily due to an increase in the average realized gold price and the incremental impact of the acquired Newmont Australia Limited (formerly Normandy) operations. The following analysis demonstrates the increase in consolidated gold sales revenue year over year:

	Years ended December 31,		
	2003	**2002**	**2001**
Consolidated gold sales (in millions)	$ 3,082.9	$ 2,566.9	$ 1,666.1
Consolidated production ounces sold (in thousands)	8,455.9	8,217.9	6,141.8
Average price received per ounce	$ 366	$ 313	$ 271
Average market price per ounce	$ 362	$ 310	$ 271

	2003 vs. 2002	**2002 vs. 2001**
Increase in consolidated sales due to (in millions):		
Consolidated production	$ 75.8	$ 4.8
Average gold price received	440.2	246.1
Acquisition of Normandy	N/A	649.9
Total	$ 516.0	$ 900.8

Sales base metals, net totaled $74.8 million in 2003, and included $53.0 million from copper sales and $21.8 million from zinc sales at Golden Grove in Australia, both net of smelting and refining charges, compared to $55.3 million in 2002, which included $27.6 million from copper sales and $23.3 million from zinc sales, both net of smelting and refining charges, and $4.4 million from cobalt sales. Newmont had no base metals sales from consolidated operations in 2001.

Royalties totaled $56.3 million, $35.7 million and $0.6 million for the years ended December 31, 2003, 2002 and 2001, respectively. The 2003 increase compared to 2002 is primarily attributable to higher gold and oil and gas prices. The 2002 increase compared to 2001 is primarily related to the acquisition of Franco-Nevada in February 2002.

Costs applicable to sales gold, which includes total cash costs, accretion of reclamation and remediation liabilities related to consolidated gold production and write-downs of stockpiles, ore on leach pads and inventories, increased to $1.7 billion from $1.6 billion in 2002 and $1.1 billion in 2001. The 2003 increase primarily reflects higher total cash costs per ounce at Nevada and in Australia, partially offset by a decrease in total cash costs per ounce at Yanacocha. See Results of Operations below. The increase in costs in the same period of 2002 primarily related to the incremental impact of the mining operations acquired from Normandy, as well as an increase in the average total cash costs per ounce for the year ended December 31, 2002. Total cash costs per ounce increased in the same period of 2002 primarily at Nevada and Yanacocha.

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The following is a summary of *Costs applicable to sales* by operation:

	Years ended December 31,		
	2003	2002	2001
		(in millions)	
North America:			
Nevada	$ 597.8	$ 657.1	$ 627.1
Mesquite, California	9.3	10.1	20.4
La Herradura, Mexico	11.1	11.5	9.6
Golden Giant, Canada	53.4	57.1	55.0
Holloway, Canada	20.8	20.4	19.1
Total North America	692.4	756.2	731.2
South America:			
Yanacocha, Peru	362.5	302.0	238.0
Kori Kollo, Bolivia	35.6	46.6	50.9
Total South America	398.1	348.6	288.9
Australia:			
Pajingo	42.9	30.5	13.4
Kalgoorlie	108.4	85.0	
Yandal	158.7	136.4	
Tanami	148.9	111.5	
Total Australia	458.9	363.4	13.4
Other Operations:			
Zarafshan-Newmont, Uzbekistan	32.9	34.0	30.9
Minahasa, Indonesia	26.3	41.2	53.7
Martha, New Zealand	24.9	19.6	
Ovacik, Turkey	22.3	17.5	
Total Other Operations	106.4	112.3	84.6
Other:			
Merchant Banking	0.8	0.5	
Base Metals Operations	43.5	35.5	
Exploration			
Corporate and Other	0.2	(0.1)	(0.2)
Total Other	44.5	35.9	(0.2)
Total Newmont	$ 1,700.3	$ 1,616.4	$ 1,117.9

Nevada s *Costs applicable to sales* decreased for the year ended December 31, 2003 from the same period in 2002 as a result of a 232,700 decrease in ounces sold, partially offset by a $10 increase in total cash costs per ounce. Nevada s *Costs applicable to sales* increased for the year

ended December 31, 2002 from the same period in 2001 as a result of a 20,300 increase in ounces sold and a $3 increase in total cash costs per ounce. At Yanacocha, *Costs applicable to sales* increased in 2003 from 2002 and 2001 primarily due to increases in sales volumes of 291,000 equity ounces and 193,800 equity ounces in 2003 and 2002, respectively. Total cash costs decreased $5 per equity ounce in 2003 after an increase in total cash costs per equity ounce of $10 in 2002. Kori Kollo s *Costs applicable to sales* decreased in 2003 from 2002 and 2001. The 2003 variance from 2002 resulted from a decrease in equity ounces sold of 90,900 and an increase in total cash costs per equity ounce of $28. The decrease in 2002 from 2001 was attributable to a decrease in equity ounces sold of 25,400. At Minahasa, C*osts applicable to sales* decreased in 2003 from 2002 and 2001 as a result of a decrease in equity ounces sold of 55,000 in 2003 and 194,300 in 2002, partially offset by an increase in total cash costs per equity ounce of $31

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and $76 in 2003 and 2002, respectively. *Costs applicable to sales* increased at all Australian sites as a result of the following: (i) Pajingo had an increase in ounces sold of 33,900 and an increase in total cash costs per ounce of $34; (ii) Kalgoorlie had an increase in equity ounces sold of 80,000 and an increase in total cash costs per equity ounce of $48; (iii) Yandal had a decrease in ounces sold of 45,500, offset by an increase of $58 in total cash costs per ounce; and (iv) Tanami s equity ounces sold increased 136,200 and total cash costs per equity ounce increased $35. For a complete discussion regarding reasons for variation in ounces sold and total cash costs per ounce, see Results of Operations, below.

Costs applicable to sales base metals were $44.3 million and $36.0 million in the years ended December 31, 2003 and 2002, respectively. The year ended December 31, 2003 costs primarily consisted of $37.4 million for copper and $6.0 million for zinc. The year ended December 31, 2002, costs primarily consisted of $18.3 million for copper, $9.3 million for zinc and $7.8 million for cobalt. The Ity cobalt operation was sold in 2002.

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 with an equivalent amount of waste removal cost. If the Company were to expense stripping costs as incurred, there might 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):

	Nevada[3]			Mesquite[4]		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**
Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations						
Stripping ratio[1]	125.0	125.1	138.4	n/a	n/a	237.6
Average ore grade (ounces of gold per ton)	0.049	0.073	0.066	n/a	n/a	0.023
Actuals for Year						
Stripping ratio[2]	124.9	72.2	88.9	n/a	n/a	155.5
Average ore grade (ounces of gold per ton)	0.075	0.081	0.060	n/a	n/a	0.031
Remaining Mine Life (years)	9	10	11	n/a	n/a	

	La Herradura[5]			Minahasa[6]		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**
Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations						
Stripping ratio[1]	146.4	141.3	177.0	n/a	n/a	14.5
Average ore grade (ounces of gold per ton)	0.030	0.031	0.035	n/a	n/a	0.172
Actuals for Year						
Stripping ratio[2]	157.4	158.5	200.0	n/a	n/a	15.9
Average ore grade (ounces of gold per ton)	0.026	0.026	0.025	n/a	n/a	0.131
Remaining Mine Life (years)	5	6	7	n/a	n/a	

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	Tanami(7)		Kalgoorlie(8)		Martha(9)		Ovacik(10)	
	2003	2002	2003	2002	2003	2002	2003	2002
Life-of-mine Assumptions Used as Basis For Deferred Stripping Calculations								
Stripping ratio[1]	48.8	68.2	114.8	111.5	32.1	31.7	34.9	28.9
Average ore grade (ounces of gold per ton)	0.160	0.113	0.065	0.065	0.103	0.093	0.356	0.362
Actuals for Year								
Stripping ratio[2]	63.5	86.4	112.2	131.0	29.5	36.6	40.4	32.1
Average ore grade (ounces of gold per ton)	0.108	0.107	0.063	0.054	0.089	0.100	0.374	0.358
Remaining Mine Life (years)	1	2	13	14	3	4	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 actual stripping ratio increased in 2003 from 2002 due to increased waste removal for the Gold Quarry South Layback at Carlin and Section 30 at Twin Creeks. The life-of-mine grade decreased in 2003 due to the inclusion of several low grade deposits previously excluded. The life-of-mine stripping ratio decreased in 2002 from 2001 due to the deferral of open pit projects in response to lower gold prices. The actual stripping ratio in 2002 decreased from 2001 due to mining higher-grade ore zones in the Twin Creeks pit.

(4) Mesquite is included in the Company s Other North America operating segment. Mesquite ceased mining operations in the second quarter of 2001 and was sold in December 2003.

(5) The life-of-mine stripping ratios decreased in 2002 from 2001 due to an increase in proven and probable reserve ounces. The actual stripping ratio decreased in 2002 from 2001 due to waste removal in 2001 in preparation for 2002 mining activities. La Herradura is included in the Company s Other North America operating segment.

(6) Minahasa is included in the Company s Other International operating segment. Minahasa ceased mining operations in the fourth quarter of 2001.

(7) The life-of-mine and actual stripping ratios decreased in 2003 from 2002 due to the completion of a higher stripping ratio pit during September 2002. The life-of-mine grade increased in 2003 as several low grade pits were completed during 2002. The one year mine life is for open pit operations only. The underground mine life is six years. Tanami is included in the Company s Other Australia operating segment.

(8) The actual stripping ratio decreased in 2003 as a direct result of higher-grade material being mined. Kalgoorlie is included in the Company s Other Australia operating segment.

(9) The actual stripping ratio decreased in 2003 due to lower waste removal during the period. Martha is included in the Company s Other International operating segment.

(10) The life-of-mine stripping ratio increased in 2003 due to a shift from mining underground reserves to open pit reserves. The actual stripping ratio increased in 2003 from 2002 due to accelerated waste removal required to maintain higher mill throughput. Ovacik is included in the Company s Other International segment.

Depreciation, depletion and amortization (DD&A) was $564.5 million, $505.6 million and $301.6 million in 2003, 2002 and 2001, respectively. The increase in 2003 is attributable to a decrease in the estimated useful lives of certain assets (primarily in Nevada) and an increase in the depreciable base due to the adoption of SFAS 143 (see Accounting Changes). The increase in 2002 is primarily from the incremental impact of the acquired Newmont Australia Limited (formerly Normandy) operating sites, the amortization of mining royalty interests acquired from Franco-Nevada as part of the February 2002 acquisitions and increased production. DD&A expense fluctuates as capital expenditures increase or decrease and as production levels increase or decrease in addition to the items previously mentioned. Newmont expects DD&A to be approximately $580 million to $600 million in 2004.

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The following is a summary of *Depreciation, depletion and amortization* by operation:

	Years ended December 31,		
	2003	2002	2001
		(in millions)	
North America:			
Nevada	$ 137.7	$ 118.2	$ 117.4
Mesquite, California	3.9	6.3	7.5
La Herradura, Mexico	3.4	3.1	3.2
Golden Giant, Canada	22.0	20.5	18.3
Holloway, Canada	5.3	6.7	6.5
Total North America	172.3	154.8	152.9
South America:			
Yanacocha, Peru	160.4	121.5	82.3
Kori Kollo, Bolivia	6.8	13.8	19.5
Total South America	167.2	135.3	101.8
Australia:			
Pajingo	29.2	20.6	4.3
Kalgoorlie	9.8	9.0	
Yandal	35.8	43.5	
Tanami	36.0	33.7	
Other	5.3	3.4	
Total Australia	116.1	110.2	4.3
Other Operations:			
Zarafshan-Newmont, Uzbekistan	10.1	10.3	11.9
Minahasa, Indonesia	7.6	9.5	22.8
Martha, New Zealand	11.5	13.9	
Ovacik, Turkey	13.9	11.5	
Other	2.7	0.8	
Total Other Operations	45.8	46.0	34.7
Other:			
Merchant Banking	26.5	22.6	
Base Metals Operations	29.1	22.9	
Exploration	3.3	7.7	1.6
Corporate and Other	4.2	6.1	6.3
Total Other	63.1	59.3	7.9
Total Newmont	$ 564.5	$ 505.6	$ 301.6

Nevada s DD&A increased in 2003 primarily due to capital expenditures of $109.7 million and a decrease in the estimated useful lives of certain assets. Yanacocha had capital expenditures of $194.2 million and $146.2 million in 2003 and 2002, respectively, resulting in an increase in DD&A. At Kori Kollo and Minahasa, DD&A decreased in 2003 from 2002 and 2001 as a result of fewer ounces produced. At Pajingo, DD&A increased as a result of an increase in capital expenditures and ounces produced. For a complete discussion, see Results of Operations, below.

Exploration, research and development was $115.2 million, $88.9 million and $55.5 million during 2003, 2002 and 2001, respectively. The 2003 increase over 2002 was primarily as a result of increased spending on advanced projects. The increase in 2002, as compared to 2001, resulted from the Newmont integration of the

former Normandy and Franco-Nevada exploration programs and from the increase in available capital to fund exploration activities due to higher prevailing gold prices in 2002. Newmont expects *Exploration, research and development* expenses to be approximately $140 million to $150 million in 2004.

General and administrative was $130.3 million, $115.3 million and $61.2 million for the years ended December 31, 2003, 2002 and 2001, respectively. The increase for the year ended December 31, 2003, as compared to the same period in 2002, was attributable to higher legal expenses, increased pension and other employee benefit-related expenses and increased compliance and corporate governance costs. The increase in 2002, as compared to 2001, primarily relates to increased administrative costs resulting from the integration of Normandy and Franco-Nevada. *General and administrative* expense as a percentage of revenues was 4.1% in 2003, compared to 4.3% in 2002 and 3.7% in 2001. Newmont expects *General and administrative* expenses to be approximately $100 million to $110 million in 2004.

Write-down of long-lived assets totaled $35.3 million, $3.7 million and $32.7 million during the years ended December 31, 2003, 2002 and 2001, respectively. The 2003 write-down primarily related to a $28.4 million impairment charge at Golden Giant, part of the Other North America Segment, and a select number of idle vehicles in the mobile fleet at Yanacocha, which were reduced to their residual value. The impairment charge at Golden Giant resulted from a reevaluation of the life-of-mine plan which eliminated marginal stopes and reflected higher projected life-of-mine operating costs, this led to reduced proven and probable reserves and increased life-of-mine operating costs. The 2002 write-down related to an impairment charge for exploration stage mineral interests at Ity and fixed assets at Kori Kollo. The 2001 write-down primarily related to fixed assets at Minahasa, part of the Other International Segment, due to a reevaluation of the life-of-mine plan that resulted in a reduction of proven and probable reserves. Newmont is currently evaluating the mine plan at Ovacik relative to certain uncertainties that exist at the operation, including land access, changes in Turkish taxation legislation and the operating costs of underground operations. If such uncertainties are not favorably resolved, it is reasonably possible that the Company could recognize a charge for impairment of the long-lived assets at Ovacik. The carrying value of Ovacik s long-lived assets at December 31, 2003 was approximately $52.1 million. See Results of Operations, below for further discussion of the Turkish taxation legislation.

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

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

Other expenses in 2003, 2002 and 2001 were $49.5 million, $29.4 million and $11.5 million, respectively. The 2003 expense included charges for additions to reclamation and remediation liabilities related to depleted ore bodies, an accrual for certain environmental obligations, costs associated with the finalization of a de-watering agreement in Nevada, severance costs at the Kori Kollo project in Bolivia, and costs related to compliance and governance implementation activities associated with the Sarbanes-Oxley Act of 2002. The 2002 expenses primarily included integration costs relating to the acquisitions of Normandy and Franco-Nevada and costs associated with employee severance benefits. The 2001 expense was primarily composed of start-up costs for the La Quinua mine site at Yanacocha and accounts receivable write-offs from third party contractors.

Gain on investments, net was $83.2 million and $47.1 million for years ended December 31, 2003 and 2002, respectively. There were no gains or losses on investments during the year ended December 31, 2001. During the year ended December 31, 2003, Newmont recorded gain on exchange of Echo Bay shares for Kinross shares of $84.3 million, a net loss of $7.4 million on the sale of approximately 28 million Kinross shares and a gain of approximately $6.3 million on the sale of other investments. The December 31, 2002 gain of $47.3 million is

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primarily related to Newmont s sale of its investment of Lihir Gold Limited. See Investing Activities for more information on these transactions.

Gain (loss) on derivative instruments, net, representing non-cash, mark-to-market gains and losses recognized on ineffective and partially ineffective gold derivative instruments, was $22.9 million, $(39.8) million and $1.8 million for the years ended December 31, 2003, 2002 and 2001, respectively. The 2003 gain related primarily to the acquired Normandy hedge books and resulted predominantly from a strengthening of the Australian dollar from approximately $0.56 to $0.75 per U.S. dollar between December 31, 2002 and December 31, 2003. This gain was partially offset by the U.S. dollar gold price increasing from $347 per ounce to $416 per ounce over the same period. The loss in 2002 primarily relates to the acquired Normandy gold hedge books and resulted from the increase in the U.S. dollar gold price from $300 per ounce at February 15, 2002, the date of acquisition of Normandy, to $347 at December 31, 2002, partially offset by the appreciation in the Australian dollar per U.S.$ from $0.52 at February 15, 2002 to $0.56 at December 31, 2002. Generally, higher gold prices increase Newmont s derivative liability position, whereas appreciation in the Australian dollar decreases Newmont s derivative liability position. The Company has substantially eliminated the acquired Normandy hedge books as of December 31, 2003, so gains and losses in the future should not be as significant. Prior to the acquisition of Normandy, *Gain (loss) on derivative instruments* primarily reflected the change in fair value of written call option contracts at the end of each year. In September 2001, Newmont entered into transactions that closed out these call options. These options were replaced with a series of sales contracts requiring physical delivery of the same quantity of gold over slightly extended future periods. The call options were marked to their market value of $53.8 million immediately prior to their close, resulting in a non-cash gain of $1.8 million in 2001. The value of the new sales contracts was recorded as *Deferred revenue from sale of future production* and will be included in sales revenue as delivery occurs.

Gain on extinguishment of NYOL bonds, net was $114.0 million for the year ended December 31, 2003. On May 29, 2003, Newmont, through its subsidiary Yandal Bond Company Limited (YBCL), made an offer to acquire all of NYOL s outstanding 8 7/8% Senior Notes due in April 2008 at a price of $500 per $1,000 principal amount. YBCL received binding tender offers for the Senior Notes totaling $237.0 million, representing 99% of the $237.2 million principal amount outstanding at the time of the offer. The liabilities for the remaining NYOL bonds were extinguished in connection with NYOL s insolvency proceeding in Australia (see Notes 12 and 27 to the Consolidated Financial Statements).

Gain on extinguishment of NYOL derivative liability, net was $106.5 million for the year ended December 31, 2003. On May 28, 2003, YBCL made an offer to acquire all of NYOL s gold hedge contracts from the counterparties at a rate of $0.50 per $1.00 of net mark-to-market hedge liability as of May 22, 2003. Six of a total of seven counterparties representing 94% of the gold ounces in the NYOL hedge book and 76% of the mark-to-market May 22, 2003 hedge liability, assigned their hedge contracts to YBCL. The remaining NYOL hedge contract liabilities were extinguished in connection with NYOL s insolvency proceeding in Australia (see Notes 12 and 27 to the Consolidated Financial Statements).

Loss on extinguishment of debt was $33.8 million for year ended December 31, 2003. During the first quarter of 2003, Newmont repurchased $23.0 million of its 8 3/8% debentures, $52.3 million of its 8 5/8% debentures, $10.0 million of Newmont Australia 7 1/2% guaranteed notes, and $30.9 million of Newmont Australia 7 5/8% guaranteed notes for total cash consideration of $135.8 million. During the fourth quarter of 2003, Newmont repurchased $125.0 million of its 8 3/8% debentures, $70.5 million of 7 1/2% Newmont Australia guaranteed notes and 100% of its 6% convertible subordinated debentures for total cash consideration of $309.8 million. See Liquidity and Capital Resources, Financing Activities.

Loss on guarantee of QMC debt was $30.0 million for the year ended December 31, 2003. Newmont is the guarantor of an A$71.0 million (approximately $53.2 million) amortizing loan facility of QMC Finance Pty Ltd. (QMC), of which A$65.2 million (approximately $48.9 million) was outstanding as of December 31, 2003. The QMC loan facility, which is collateralized by the assets of Queensland Magnesium Project, expires in

November 2006. During the fourth quarter of 2003, Newmont recorded a $30.0 million charge in *Loss on guarantee of QMC debt*. Newmont reduced the amount accrued for this contingent obligation by the estimated fair value of the AMC assets that would be subrogated to Newmont in the event the guarantee is called.

Dividends, interest income, foreign currency exchange and other income was $132.2 million, $39.9 million and $7.4 million for the years ended December 31, 2003, 2002 and 2001, respectively, as follows:

	Years Ended December 31,		
	2003	2002	2001
		(in thousands)	
Dividends and interest income	$ 10,554	$ 14,139	$ 2,976
Foreign currency exchange gain (loss), net	96,971	14,020	(5,088)
Gains on sales of mining and exploration properties	15,394	6,112	3,098
Other	9,279	5,614	6,401
Total	$ 132,198	$ 39,885	$ 7,387

The year ended December 31, 2003 included a foreign currency translation gain of $97.0 million primarily composed of the following: (i) exchange gains, net of $58.9 million on Canadian dollar-denominated intercompany loans with a subsidiary whose functional currency is the Canadian dollar, reflecting a strengthening of the Canadian dollar during the period from $0.63 to $0.77 per US dollar; (ii) a $27.4 million mark-to-market gain on ineffective foreign currency swaps; (iii) a $19.2 million foreign currency gain on the translation of Newmont Australia Limited s financial statements to U.S. dollars due to appreciation of the Australian dollar from $0.56 to $0.75 per U.S.$; and (iv) other foreign currency losses of $8.5 million. As of December 31, 2003, the Company converted a substantial portion of the Canadian dollar-denominated intercompany loans to long-term notes, as the Company does not intend to settle these loans in the foreseeable future. As a result, the Company will no longer record foreign currency gains and losses in earnings with respect to the converted long-term notes.

Interest expense, net of amounts capitalized was $88.6 million, $129.6 million and $98.1 million in 2003, 2002 and 2001, respectively. Capitalized interest totaled $8.9 million, $5.2 million and $10.6 million in each year, respectively. Net interest expense declined during 2003 from 2002 primarily due to a decrease in outstanding debt obligations (see Liquidity and Capital Resources and Financing Activities, below) resulting from Newmont s debt-reduction strategy. Net interest expense increased in 2002 from 2001 primarily from long-term debt assumed as part of the acquisition of Normandy.

Income tax (expense) benefit was $(206.9) million in 2003, compared to $(19.9) million and $59.3 million in 2002 and 2001, respectively. The increase in income tax expense in 2003, compared to 2002, was primarily attributable to $709.1 million higher *Pre-tax income (loss) before minority interest, equity income (loss) of affiliates and cumulative effect of a change in accounting principle* (pre-tax income (loss)). The Company s effective tax rates were 22.4% and 9.2% in 2003 and 2002 based on pre-tax income of $925.4 million and $216.3 million, respectively. The Company s 2001 pre-tax loss was $63.1 million. The factors that most significantly impact the Company s effective tax rate are percentage depletion and resource allowances, valuation allowances related to deferred tax assets, foreign earnings net of foreign tax credits, earnings attributable to minority interests in subsidiaries and affiliated companies, foreign currency translation gains and losses and the impact of certain specific transactions. Most of these factors are sensitive to the average realized price of gold and other metals.

Percentage depletion allowances (tax deductions for depletion that may exceed the Company s tax basis in its mineral reserves) are available to the Company under the income tax laws of the United States for operations conducted in the United States or through branches and partnerships owned by U.S. subsidiaries included in the Company s consolidated United States income tax return. The deductions are highly sensitive to the price of gold and other minerals produced by the Company. In general, such deductions are calculated separately for each

operating mine and are based on a complex two-part formula that considers the net-of-royalty revenue received from sales of the mine output and the taxable income from the particular mine that produced the output. For 2003 and prior years, similar types of deductions have been available for mining operations in Canada and were referred to as resource allowances. However, changes in the Canadian tax law enacted in 2003 repeal the resource allowances beginning in 2004. The tax benefits from percentage depletion and resource allowances were $21.5 million, $34.4 million and $17.3 million in 2003, 2002 and 2001, respectively. The reduction in 2003 compared to the other periods resulted primarily from the fact that the 2002 benefit included incremental depletion allowances resulting from the settlement of tax controversies and reduced Canadian resource allowances. These two factors were partially offset by increases in percentage depletion allowances due to an increase in the Company s average realized gold price in 2003 to $366, compared to $313 and $271 for 2002 and 2001, respectively.

The Company operates in various countries around the world that have tax laws, tax incentives and tax rates that are significantly different than those of the United States. Many of these differences combine to move the Company s overall effective tax rate higher or lower than the United States statutory rate. The effect of these differences are shown in Note 16 to the Consolidated Financial Statements as either a rate differential or the effect of foreign earnings, net of credits. Differences in tax rates and other foreign income tax law variations make the Company s ability to fully utilize all of its available foreign income tax credits on a year-by-year basis highly dependent on the price of the minerals produced by the Company since lower prices can result in the Company having insufficient sources of taxable income in the United States to utilize all available foreign tax credits. Such credits have very limited carryback and carryforward periods and can only be used to reduce the United States income tax imposed on the Company s foreign earnings included in its annual United States consolidated income tax return. The effects of foreign earnings, net of allowable credits, were reductions of income tax expense of $27.8 million, $16.7 million and $29.5 million in 2003, 2002 and 2001, respectively. Included in the foreign tax credit component of the 2003 amount is a benefit of $49.8 million resulting from the utilization of foreign tax credit carryforwards for which a valuation allowance previously had been recorded. This utilization primarily is caused by the realization of higher sources of taxable income in the United States resulting from the increase in the Company s average realized gold price in 2003.

The tax effect of changes in local country tax laws as set forth as a separate item in the Company s effective tax reconciliation in Note 16 to the Consolidated Financial Statements, resulted in a net tax benefit of $35.7 million in 2003. The net tax benefit is primarily related to a change in tax law in Australia that allows the Company to consolidate wholly-owned subsidiaries in that country.

Included in the effect of foreign taxes on the Company s effective tax rate for 2003 are the effects of transactions occurring at subsidiaries, the earnings of which Newmont intends to indefinitely reinvest and, therefore, for which no United States deferred tax liabilities or assets can be provided. These transactions include a $16.3 million tax expense on the exchange of the Company s investment in Echo Bay for shares of Kinross, a $10.3 million tax benefit on the subsequent loss on the sale of Kinross shares, a $7.4 million tax benefit on the *Equity loss and impairment of Australian Magnesium Corporation*, and $35.6 million and $32.0 million of tax expense on the *Gain on the extinguishment of NYOL bonds* and the *Gain on extinguishment of NYOL derivatives liability*, respectively.

As indicated above, for financial reporting purposes, NYOL U.S. dollar-denominated bonds have been treated as extinguished giving rise to a significant gain. The notes were purchased from the third party holders by an United States affiliate of NYOL and remained outstanding at year end. For Australian and United States income tax purposes the transaction is treated as a deemed repurchase of the notes followed by a deemed re-issuance of new notes with a face value equal to the amount paid to the third party holders. While no cash taxes are payable on this type of income under Australian tax law, certain tax attributes of the Australian group are required to be reduced by the lower of the amount of the deemed extinguishment gain or the available tax attributes. The expected future tax benefit related to the tax attributes required to be eliminated previously had been recorded as a deferred tax asset. Consequently, the elimination of the tax attributes required a reduction in

the group s deferred tax assets and a charge to income tax expense in the amount of $35.6 million. This 2003 tax expense component is set forth as a separate reconciling item in Note 16 to the Consolidated Financial Statements.

The need to record valuation allowances related to the Company s deferred tax assets (primarily attributable to net operating losses and tax credits) is principally dependent on the following factors: (i) the extent to which the net operating losses and tax credits can be carried back and yield a tax benefit; (ii) the Company s long-term estimate of future average realized minerals prices; and (iii) the degree to which many of the tax laws and income tax agreements imposed upon the Company and its subsidiaries around the world tend to create significant tax deductions early in the mining process. These up-front deductions can give rise to net operating losses and credit carryforwards in circumstances where future sources of taxable income may not coincide with available carryforward periods even after taking into account all available tax planning strategies. Furthermore, certain liabilities accrued for financial reporting purposes may not be deductible for tax purposes until such liabilities are actually funded which could happen after mining operations have ceased, when sufficient sources of taxable income may not be available. Changes to valuation allowances decreased income tax expense by $85.2 million in 2003 and increased income tax expense in 2002 and 2001 by $2.5 million and $17.3 million, respectively. In 2003, the Company reversed a valuation allowance of $43.0 million that had been recorded with respect to the United States net operating losses of a subsidiary acquired in a prior period business combination accounted for as a pooling of interests since future sources of taxable income will be sufficient to utilize these loss carryforwards over the period of time that such losses are allowed to be claimed. As noted above, $49.8 million of the valuation allowance recorded in prior periods with respect to the Company s foreign tax credits also was reversed. Partially offsetting these reductions in valuation allowances was the need to record valuation allowances for currently arising tax losses incurred by some of the Company s foreign subsidiaries.

The Company consolidates subsidiaries with interests attributable to minority interests. However, for tax purposes, the Company only is responsible for the income taxes on the portion of the taxable earnings attributable to its ownership interest of each consolidated entity. Such minority interests contributed $22.2 million, $11.5 million and $10.1 million in 2003, 2002 and 2001, respectively, as reductions in the Company s income tax expense. The increase in 2003 is primarily due to increased earnings from higher gold prices at consolidated subsidiaries with minority interests. This increase was partially offset by lower reinvestment credits that are available to Yanacocha under Peruvian tax regulations.

The Company s effective tax in 2003 was increased by $54.5 million due to changes in foreign currency exchange rates (principally the Australian dollar) compared with $9.3 million in 2002. In 2003 and 2002, these amounts primarily relate to the Australian tax effect of realized and unrealized translation gains attributable to United States dollar-denominated assets and liabilities and the gold derivatives positions at Newmont Australia Limited whose functional currency is the United States dollar. Because Newmont intends to indefinitely reinvest earnings from Newmont Australia Limited, no offsetting United States deferred income tax benefit can be provided. The effect in 2003 is substantially higher than 2002 because of the significant strengthening of the Australian dollar against the United States dollar, which took place in 2003.

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

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

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Minority interest in income of subsidiaries was $173.2 million, $97.4 million and $65.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. The year-to-year increases were primarily a result of increased earnings at Yanacocha, where Newmont has a 51.35% interest, due to higher gold prices, increased gold sales and lower production costs (see Results of Operations, South American Operations).

Equity loss and impairment of Australian Magnesium Corporation was $119.5 million and $1.8 million for the years ended December 31, 2003 and 2002, respectively. Newmont acquired Australian Magnesium Corporation (AMC) as part of the Normandy acquisition during February 2002. During 2003, Newmont recorded a write-down of its investment in AMC of $119.5 million consisting of a write-down of approximately $11.0 million in the first quarter of 2003 for an other-than-temporary decline in value of the AMC investment, as well as its proportionate share of AMC s first quarter losses of $0.7 million, and a second quarter write-down of $107.8 million that was triggered by ongoing issues related to the project financing and financial viability of the Stanwell Magnesium Project and AMC s inability to attract a new partner to finance this project. AMC halted the development and construction of the Stanwell Project during the second quarter of 2003 and recorded an impairment charge for the write-down of the Project s carrying value. Newmont s equity and impairment charge included $72.7 million for the write-off of its investment in AMC, including the impairment charge on the Stanwell Project, a $24.8 million write-down of a forgiven loan receivable due to Newmont from AMC, a $10.0 million charge to settle Newmont s guarantee of a contract with Ford Motor Company, $6.6 million for a new credit facility provided by Newmont as part of AMC s restructuring and other adjustments of approximately $1.1 million, partially offset by a $7.4 million income tax benefit. During December 2003, Newmont sold its interest in AMC. See Note 10 to the Consolidated Financial Statements.

Equity income of affiliates was $84.4 million, $53.2 million and $22.5 million for the years ended December 31, 2003, 2002 and 2001, respectively. The following table indicates income (loss) by affiliate:

	Years Ended December 31,		
	2003	**2002**	**2001**
		(in thousands)	
Batu Hijau	$ 82,892	$ 42,119	$ 22,513
TVX Newmont Americas	810	9,737	
Echo Bay		(380)	
AGR Matthey	725	1,675	
Total	$ 84,427	$ 53,151	$ 22,513

The year-to-year increases in equity income in Batu Hijau resulted primarily from higher copper prices, increased gold by-product credits and lower smelting and refining costs (see Results of Operations, Other Mining Operations*)*. Newmont sold its interest in TVX Newmont Americas during the first quarter of 2003. See Note 10 of the Consolidated Financial Statements.

Newmont recorded a charge 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 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, above, for more information.

Other comprehensive income (loss), net of tax, in 2003, primarily included a $68.4 million gain on the effective portion of changes in the fair value of derivative instruments classified as cash flow hedges and a $23.2 million gain on the translation of subsidiaries with non-U.S. dollar functional currencies, partially offset by

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a $(5.0) million decline in value of marketable equity securities. *Other comprehensive income (loss), net of tax*, in 2002, primarily included $(28.7) million for a minimum pension liability adjustment, $(16.7) million for unrealized losses on derivatives designated as cash flow hedges and $(12.8) million for a decline in value of marketable equity securities. *Other comprehensive income (loss), net of tax*, in 2001, primarily included an $18.3 million gain for temporary changes in the market value of Lihir Gold securities.

Results of Operations

	Equity Ozs. Sold			Total Cash Cost Per Equity Oz.		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**
		(in thousands)			($ per equity ounce)	
North America:						
Nevada	2,490.8	2,723.5	2,703.2	$ 235	$ 225	$ 222
Mesquite, California	49.2	57.1	92.6	184	177	205
La Herradura, Mexico	67.8	64.2	54.7	162	176	173
Golden Giant, Canada	229.7	281.5	283.7	227	196	187
Holloway, Canada	65.1	97.7	89.4	312	204	209
Total/Weighted-Average	2,902.6	3,224.0	3,223.6	233	220	217
South America:						
Yanacocha, Peru	1,467.9	1,176.9	983.1	120	125	115
Kori Kollo, Bolivia	158.5	249.4	274.8	184	156	158
Total/Weighted-Average	1,626.4	1,426.3	1,257.9	126	131	125
Australia:						
Pajingo	330.3	296.4	126.0	129	95	105
Kalgoorlie	404.7	324.7		263	215	
Yandal	565.6	611.1		273	215	
Tanami	588.6	452.4		240	205	
Total/Weighted-Average	1,889.2	1,684.6	126.0	236	191	105
Other Operations:						
Zarafshan-Newmont, Uzbekistan	218.1	255.8	222.0	147	134	136
Minahasa, Indonesia	92.2	147.2	341.5	249	218	142
Martha, New Zealand	108.9	107.8		199	156	
Ovacik, Turkey	168.2	125.7		129	122	
Total/Weighted-Average	587.4	636.5	563.5	168	155	139
Equity Investments:						
Batu Hijau, Indonesia	328.9	278.0	295.1	n/a	n/a	n/a
TVX Newmont Americas	14.5	183.5		n/a	n/a	n/a
Echo Bay	21.2	185.2		n/a	n/a	n/a

Total/Weighted-Average	364.6	646.7	295.1	n/a	n/a	n/a
Other:						
Golden Grove, Australia	13.4	13.6		n/a	n/a	n/a
Newmont Total/Weighted-Average	7,383.6	7,631.7	5,466.1	$ 203	$ 189	$ 184

Disclosure of total cash costs per ounce is intended to provide investors with information about the cash generating capacities of Newmont s 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

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should not be considered in isolation or as a substitute for measures of performance determined in accordance with GAAP. This measure was developed in conjunction with gold mining companies associated with the Gold Institute, a non-profit industry group no longer in existence, in an effort to provide a level of comparability; however, Newmont s measures may not be comparable to similarly titled measures of other companies.

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, and Batu Hijau produces gold as a by-product. Proceeds from the sale of by-products are reflected as credits to total cash costs. With the exception of Nevada, Yanacocha, Golden Grove and Batu Hijau, such by-product sales have not been significant to the economics or profitability of the Company s mining operations. All of these charges and by-product credits are included in *Costs applicable to sales.* Charges for reclamation are also included in *Costs applicable to sales,* but are not included in total cash costs. Reclamation charges are included in total production costs, together with total cash costs and *Depreciation, depletion and amortization.* Total production costs provide an indication of earnings before interest expense and taxes for Newmont s share of gold mining properties, when taking into account the average realized price received for gold sold, as this measure combines *Costs applicable to sales* plus *Depreciation, depletion and amortization,* net of minority interest. A reconciliation of total cash costs and total production costs to *Costs applicable to sales* in total and by segment is provided in Item 2, Properties, Operating Statistics.

Unless otherwise indicated, and based on current mine plans, expected gold sales for each operation for the years 2005 through 2008 are expected to continue at levels comparable to the expected levels for 2004. The Company expects that gold production will range between 7.0 million and 7.2 million equity ounces in 2004 and will range between 7.0 million and 7.5 million equity ounces per year through 2006, increasing thereafter.

North American Operations

Newmont s Nevada operations are along the Carlin Trend near Elko and in the Winnemucca region, where the Twin Creeks mine and the Lone Tree Complex are located. Nevada operations also include the Midas underground mine (acquired in February 2002 as part of the Normandy acquisition). Nevada s gold sales in 2003 were 2.49 million equity ounces compared to 2.72 million equity ounces in 2002, or 9% lower. Total cash costs for Nevada increased to $235 per equity ounce in 2003 from $225 per equity ounce in 2002. The 232,700 ounce decline in gold sales during 2003 compared to 2002 is primarily attributable to a 29% decline in oxide mill production, a 11% decline in leach production and a build up of inventory. The decrease in oxide mill production was due to a 44% decline in oxide mill throughput reflecting lower tons of oxide ore mined from maturing ore bodies. Open pit mined tonnage increased 26% during 2003, compared to 2002, primarily due to increased waste removal for the Gold Quarry expansion at Carlin and commencement of production from Section 30 at Twin Creeks. Leach production declined during 2003, compared to 2002, due to timing of material placed on the pads. The $10 increase in total cash costs per equity ounce during 2003, compared to 2002, was due primarily to the decrease in ounces sold, higher labor, mine maintenance, power and diesel costs, and increased contracted services due to increased production at the Chukar underground mine where contract mining is utilized. Nevada s gold sales in 2002 of 2.72 million equity ounces were 1% higher than in 2001. Total cash costs at Nevada also increased slightly from $222 per equity ounce in 2001 to $225 per equity ounce in 2002. The Midas mine contributed approximately 196,200 ounces of production in 2002, or approximately 7% of Nevada s production. Without the Midas production, Nevada gold sales would have declined about 6.5% in 2002 compared to 2001. This was due to less oxide mill throughput in 2002 due to the shutdown of the Pinon Mill at Twin Creeks, utilization of lower-grade oxide stockpiles resulting in lower recoveries in most oxide mills and a 38.5% decline in tons placed on the leach pads due to mining more mill-grade material and the postponement of production from the Gold Quarry South Layback project until 2003. These trends were largely offset by increased throughput in the refractory mills reflecting better utilization of the Carlin Roaster and the Twin Creeks Sage Mill and a 3% increase in refractory grade. Nevada s gold sales in 2004 are expected to be 2.6 million equity ounces. Nevada s silver by-product credits aggregated $15.1 million, $11.3 million and $1.9 million during 2003, 2002 and 2001, respectively. At the budgeted silver price of $5.25 per ounce, the Company expects Nevada s

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silver by-products credits to decrease to approximately $13.5 million in 2004. Although the amount of Nevada s silver by-product credits is expected to vary from one period to another, such variations are not expected to be material to the economics of Nevada s operations.

In Nevada, non-governmental organizations have brought a series of actions, as described in more detail in Note 27 to the Consolidated Financial Statements. While Newmont believes that the legal actions are without merit, unfavorable outcomes could result in additional conditions being imposed on how the Company conducts operations, and such conditions could have a material adverse effect on Nevada s results of operations or financial position.

Hourly waged employees at Newmont s Carlin, Nevada operations are represented by the Operating Engineers Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO. On September 30, 2002, the Carlin labor agreement expired. During 2003, Newmont actively negotiated with the union and participated in federal mediation in an effort to reach an acceptable contract. On February 5, 2004, union employees voted to ratify Newmont s offer for a new agreement.

Gold sales at the Mesquite heap leach mine in southern California decreased 14% to 49,200 ounces in 2003 from 57,100 ounces in 2002. Total cash costs at Mesquite increased to $184 per ounce in 2003 from $177 per ounce in 2002. The decrease in ounces sold in 2003 primarily reflects the impact of diminishing returns from releaching activities. Mesquite s gold sales decreased 38% in 2002 from 2001, and total cash costs per ounce decreased 14% in 2002 from $205 in 2001, reflecting the impact of the cessation of mining activities and the depletion of the ore body in 2001. Mining activities ceased in the second quarter of 2001. Newmont sold Mesquite in November 2003. See additional information in Investing Activities below. Newmont continued to record gold sales from Mesquite up to the closing date of the transaction.

La Herradura, a 44%-owned, heap leach operation in Sonora, Mexico operated by Industriales Peñoles, sold 154,091 ounces of gold during 2003. Newmont s share of 2003 gold sales totaled 67,800 equity ounces at total cash costs of $162 per equity ounce, compared to 64,200 equity ounces at total cash costs of $176 per equity ounce in 2002. Gold sales for 2003 increased compared to 2002 primarily due to capital investments that led to increased mining rates and ore placement on the leach pads. Total cash costs per equity ounce in 2003 decreased compared to 2002 primarily due to the increase in gold ounces sold. La Herradura s 2002 sales and total cash costs per equity ounce increased 17% and 2%, respectively, compared to 54,700 equity ounces at total cash costs of $173 per equity ounce in 2001. Gold sales in 2004 are expected to total approximately 70,000 equity ounces. Gold sales are expected to increase to near 100,000 equity ounces in 2005 and decline to approximately 95,000, 60,000 and 15,000 equity ounces in 2006, 2007 and 2008, respectively.

The Golden Giant underground mine in Ontario, Canada sold 229,700 ounces of gold at total cash costs of $227 per ounce in 2003, compared to 281,500 ounces at total cash costs of $196 per ounce in 2002. Gold sales declined by 51,800 ounces during 2003 compared to 2002 primarily due to a 35% decrease in mill throughput due to reduced mining faces in stope sequencing at this maturing mine, partially offset by a 35% increase in mill feed ore grade. The increase in total cash costs per ounce during 2003, compared with 2002, resulted primarily from a combination of the appreciation of the Canadian dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates below), which had the effect of inflating local-currency denominated costs, and declining gold sales. Gold sales from Golden Giant declined by 1% and total cash costs per ounce increased by 5% in 2002, compared to 283,700 ounces at $187 per ounce in 2001. Despite similar sales volumes in 2002 compared to 2001, total cash costs per ounce increased in 2002 reflecting increased electricity rates, mining costs expensed for ongoing development, increased ground support and maintenance costs and appreciation of the Canadian dollar in relation to the U.S. dollar. During 2003, Golden Giant recorded an impairment charge of $28.4 million resulting from a reevaluation of the life-of-mine plan that reduced proven and probable reserves. This mine is projected to experience diminishing mining faces, smaller sized stopes and more labor intensive mining techniques in 2004, leading to projected gold ounces sold of approximately 150,000. Based on the current mine plans, gold sales at Golden Giant are expected to steadily decline to approximately 60,000 and 10,000 ounces per year in 2006 and 2007, respectively, as the operation approaches the end of its life.

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The Holloway underground mine in Ontario, Canada is an 84.65%-owned joint venture with Teddy Bear Valley Mines. Holloway s gold sales in 2003 were 33% lower at 65,100 equity ounces, compared to 97,700 equity ounces in 2002. Total cash costs at Holloway increased to $312 per equity ounce in 2003 from $204 per equity ounce in 2002. The decrease in sales during 2003 is due to a 20% decline in mill ore grade compared to 2002. Higher total cash costs per equity ounce in 2003 resulted from declining production and a strengthening Canadian dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates below). In 2002, gold sales increased 9% and total cash costs per equity ounce decreased 2%, compared to 89,400 equity ounces at total cash cost of $209 per equity ounce in 2001. The increase in ounces sold from 2001 to 2002 primarily reflected increasing mill throughput from surface secondary crushing and draw-downs of inventories in 2002. The decrease in total cash costs in 2002 is primarily from increased production. Holloway is expected to sell approximately 90,000 equity ounces in 2004. Gold sales are projected to remain steady through 2006 and decrease by approximately 50% in 2007, when operations are expected to cease.

South American Operations

Minera Yanacocha S.R.L. (Yanacocha) in Peru is 51.35%-owned by Newmont and includes five open pit mines, four leach pads, two gold recovery plants and a crushing and agglomeration facility. Gold sales increased 25% in 2003, from 2.29 million ounces (1.18 million equity ounces) in 2002 to 2.86 million ounces (1.47 million equity ounces) in 2003. Total cash costs per equity ounce decreased from $125 per equity ounce in 2002 to $120 per equity ounce in 2003. The increase in sales during 2003 compared to 2002 is primarily attributable to increased leach solution processing capacity and an 18% higher ore grade due to a planned mining sequence, leading to higher ore grades at the LaQuinua and Cerro Yanacocha pits. The increase in the grade of ore is primarily related to increased production from the higher-grade La Quinua pit. By-product credits for 2003, 2002 and 2001 were $14.2 million, $9.0 million and $6.3 million, respectively. Total cash costs per equity ounce in 2003 declined in comparison to 2002 because of the increase in gold ounces sold and the higher by-product credits, partially offset by higher workers participation payments due to higher taxable income, higher fuel costs and higher royalties due to higher gold prices. Gold sales in 2002 were 20% higher than 2001 gold sales of 1.90 million ounces (0.98 million equity ounces). Total cash costs per equity ounce in 2002 were up 9% from $115 in 2001 primarily due to an increase in production coming from the higher cost La Quinua operation that started-up in late 2001, which requires crushing and agglomeration unlike other Yanacocha ore bodies, partially offset by economies of scale resulting from higher production levels. Total cash costs per equity ounce in 2001 benefited from higher sales due to higher ore grade.

Production at Yanacocha is now at a steady state. Production had grown annually through the discovery and development of additional reserves and increased mining and processing capacity. Tons mined in 2003 were slightly lower than the 2002 levels as haul distances have increased due to pit expansions. In 2003, Yanacocha mined approximately 205 million tons of material (147 million ore tons and 58 million waste tons). Without adding new mining equipment in 2002, Yanacocha reached a mining rate of 600,000 tons per day in the fourth quarter of 2002. Yanacocha mined approximately 204 million tons of material (149 million ore tons and 55 million waste tons) in 2002, compared to approximately 156 million tons (85 million ore tons and 71 million waste tons) in 2001. Yanacocha is expected to sell approximately 3.1 million ounces (1.6 million equity ounces) of gold in 2004. Based on the current mine plans, production is expected to be steady (plus or minus 10%-20%) through 2008. Yanacocha is currently studying the feasibility of an oxide mill and the development of the Minas Conga ore deposits.

On December 9, 2003, the Workers Union of Yanacocha was created and registered before the Peruvian Labor Ministry. Currently, the union has 360 members, out of a total of approximately 2,000 employees registered on the Yanacocha payroll. Usually, once a union has been created, it submits a list of petitions in order to initiate a collective bargaining agreement. While no such submittal has been made to date, the terms of any collective bargaining agreement will apply only to union members if such a submittal is made, given that the union represents less than a majority of Yanacocha s employees.

The Kori Kollo open pit mine in Bolivia is owned by Empresa Minera Inti Raymi S.A., in which Newmont has an 88% interest with a Bolivian partner owning the remaining 12% interest. Gold ounces sold in 2003 totaled 158,500 equity ounces, compared to 249,400 equity ounces in 2002. Total cash costs per equity ounce were $184 in 2003, compared to $156 in 2002. The primary factors contributing to lower production during 2003 compared to 2002 were a 24% decrease in mill feed grades, a 28% decrease in ore tons milled and a 43% decrease of ore placed on the leach pads. Mill feed grade declined in 2003 as a result of processing rehandled material. Total cash costs per equity ounce increased by $28 in 2003, compared to 2002, primarily due to the reduction in equity gold ounces sold in 2003. By-product credits for 2003 and 2002 were $2.9 million and $2.4 million, respectively. Equity gold ounces sold in 2002 totaled 249,400 ounces, compared to 274,800 in 2001. Total cash costs per equity ounce decreased 1% in 2002, compared to $158 in 2001. Production declined in 2002 primarily from processing lower grade ore through the mill. Equity ounces sold in 2004 are expected to total approximately 20,000 equity ounces. Kori Kollo is a mature mine. Mining was completed and the mill closed in October 2003. Leach production will continue until residual leaching is completed in 2005. Kori Kollo is evaluating processing oxide ores on leach pads from the Llallagua pit. A modest pad expansion at the existing facility would be required to accommodate the additional ore. Kori Kollo is also evaluating the possible development of the Kori Chaca pit, which would require building a new leach pad. These projects have the potential to produce 100,000 ounces per year from 2005 to 2007.

Australian Operations

Information related to Australian operations for 2003 reflects an entire year of activity. Australian operations for 2002 reflect activity from February 16, 2002 (as the Normandy acquisition was effective February 15, 2002) through December 31, 2002, with the exception of Pajingo, which was already 50% owned by Newmont prior to the acquisition of Normandy and therefore reflects Newmont s 50% ownership through February 15, 2002 and 100% ownership from February 16, 2002 forward.

At the Pajingo mine in north Queensland, gold sales for 2003 increased 11% from 296,400 equity ounces in 2002 to 330,300 equity ounces in 2003. Total cash costs per equity ounce increased to $129 in 2003 from $95 per equity ounce in 2002. Gold sales for 2003 increased compared to 2002 primarily due to a 13% increase in ore grade and a 7% increase in mill throughput. Total cash costs per equity ounce at Pajingo increased by $34 during 2003 compared to 2002 primarily due to the appreciation of the Australian dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates below), increased development activity and increased overhead charges. In addition, production and total 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. Pajingo s gold sales for 2002 increased 135% and total cash costs per ounce decreased 10%, compared to 126,000 equity ounces at total cash costs of $105 per ounce in 2001. The increase in ounces sold in 2002 is primarily from Newmont s interest in the operation increasing to 100% from 50% in prior years due to the acquisition of Normandy. Sales also increased as a result of higher production due to higher-grade ore in 2002. Total cash costs per ounce declined in 2002 reflecting the benefit of a full year of owner mining. Gold sales in 2004 are projected to total approximately 275,000 ounces. Based on current mine plans, gold sales at Pajingo are expected to gradually decline each year to approximately 240,000 ounces, 155,000 ounces and 70,000 ounces in 2005, 2006 and 2007, respectively, as the project approaches the end of its life.

At the 50%-owned Kalgoorlie operations in Western Australia, gold sales in 2003 were 25% higher at 404,700 equity ounces, compared to 324,700 equity ounces in 2002. Total cash costs per equity ounce were $263 in 2003, compared to $215 per equity ounce in 2002. Gold sales for 2003 increased by 80,000 equity ounces primarily due to a 15% increase in mill throughput and an 18% increase in mill ore grade, as well as having a full year of production compared to a ten and one-half month period in 2002. For 2003, total cash costs per equity ounce increased by $48 primarily due to the appreciation of the Australian dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates, below), higher amortization of deferred stripping and the increase in mining activity at Mt. Charlotte, an underground mine just north of the Super Pit, partially offset by increased gold

ounces sold. Total cash costs per equity ounce for 2002 were higher-than-anticipated due to continued economic, but higher cost mining at Mt. Charlotte and higher milling costs resulting from the treatment of lower grade material. For 2004, gold sales at Kalgoorlie are expected to total 430,000 equity ounces. Equity gold sales are expected to remain steady at approximately 400,000 ounces for the next five years. In 2003, the joint venture owners completed an evaluation of operating initiatives to improve Kalgoorlie s cost structure. Benefits from implementing this program are expected to gradually reduce costs over the longer term.

At the Yandal operations, which consist of the Bronzewing, Jundee and Wiluna mines in Western Australia, gold sales for 2003 decreased 7% from 611,100 ounces in 2002 to 565,600 ounces in 2003. Total cash costs were $273 per ounce in 2003, compared to $215 per ounce in 2002. The decrease in gold ounces sold during 2003 compared to 2002 resulted primarily from a 7% decrease in mill ore grade driven by lower grades at all three sites, partially offset by a 6% increase in mill throughput from a full year of production in 2003. Total cash costs per ounce increased $58 per ounce for 2003 compared to 2002 primarily due to higher operating costs related to increased underground activities at Jundee and Wiluna and the appreciation of the Australian dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates, below). Bronzewing sold fewer ounces than expected in 2002 due to a 14% lower-than-expected mill feed grade, lower-than-planned tons milled and a shortfall in underground ore production. Bronzewing total cash costs per ounce were higher-than-planned in 2002 due primarily to higher mining costs and the one-time cost of transitioning to owner mining during the period. Gold sales at the Jundee property were less than anticipated in 2002 due to mining in lower-grade underground stopes in the third quarter and increased quantities of lower-grade regional ore processed throughout the year. Total cash costs per ounce in 2002 at Jundee were consistent with the Company s expectations, with the effects of lower production being offset by lower operating costs due to lower mining volumes and underground development achieved by the new mining contractor. Newmont sold Wiluna in December 2003 (see additional information in Investing Activities). Based on current mine plans, mining at Bronzewing is expected to end during the first quarter of 2004, and ongoing sales from Jundee for 2004 through 2008 are expected to vary between 250,000 and 340,000 ounces per year. Total Yandal gold sales in 2004 are expected to be approximately 350,000 ounces.

Newmont Yandal Operations Pty Ltd (NYOL), the Newmont subsidiary that owns the Yandal operations, had a substantial outstanding derivatives position at December 31, 2002, which was extinguished during 2003 (see Financing Activities, below).

Newmont controls a significant land position through its control of Newmont NFM and Otter Gold Mines Limited (Otter) in the highly prospective Tanami gold district. In April 2003, the Company increased its interest in Newmont NFM to 100% from approximately 85.9% through the acquisition of the minority shareholder interests (see Acquisitions Newmont NFM Limited Scheme of Arrangement, above). For 2003, the Tanami operations sold 588,600 equity ounces of gold, compared to 452,400 equity ounces in 2002. Total cash costs per equity ounce were $240 in 2003, compared to $205 per equity ounce in 2002. Gold sales increased by 136,200 equity ounces for 2003 compared to 2002 primarily due to the increase in ownership and a 19% increase in mill throughput. Total cash costs per equity ounce for 2003 increased compared to 2002 primarily due to the appreciation of the Australian dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates below), higher royalties due to higher gold prices, increases in milling costs and higher overhead charges. Equity gold sales at Tanami were higher than expected in 2002 reflecting higher-than-expected grades and recoveries, partially offset by lower mill throughput. Total cash costs per equity ounce were higher than expected in 2002 due to additional milling and maintenance costs resulting from abrasive ore from the Groundrush mine, partially offset by the impacts of higher production. Tanami is expected to increase sales to approximately 660,000 equity ounces in 2004, reflecting higher-grade stopes at The Granites and improved recoveries and higher ore grades at Groundrush. Total cash costs per ounce are expected to rise in 2004 due to deeper mining and additional crushing costs at Groundrush, partially offset by the impact of higher production at The Granites. Based on current mine plans, gold sales from the Tanami operations are expected to decline by approximately 100,000 to 150,000 ounces beginning in 2005 and decline gradually until 2008 due to the end of production at Groundrush.

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Other Mining Operations

Information related to Martha, Ovacik, and Golden Grove for 2003 reflects an entire year of activity. Information related to TVX Newmont Americas and Echo Bay for 2003 reflects activity only from January 1, 2003 to January 31, 2003, when the investments were sold and exchanged as part of the Kinross transaction (see Other Investing Activities). Information for 2002 related to Martha, Ovacik, Golden Grove and TVX Newmont Americas, which were acquired as a result of the Normandy acquisition on February 15, 2002, reflects activity from February 16, 2002 through December 31, 2002. Information related to Echo Bay for 2002 reflects activity from April 3, 2002 (the date Newmont s investment was converted from capital debt securities to common shares of Echo Bay) through December 31, 2002. Information for all other properties in 2002 reflects activity from January 1, 2002 through December 31, 2002.

Gold Operations. The Zarafshan-Newmont Joint Venture, in the Central Asian Republic of Uzbekistan, is a 50/50 joint venture between Newmont and two Uzbekistan government entities, the State Committee for Geology and Mineral Resources (the State Committee) and Navoi Mining and Metallurgical Combinat (Navoi). Gold sales in 2003 totaled 218,100 equity ounces compared to 255,800 equity ounces in 2002. Total cash costs per equity ounce were $147 in 2003 compared to $134 per equity ounce in 2002. For 2003, gold sales decreased by 37,700 equity ounces compared with 2002 as a result of a 19% decrease in ore grade processed partially offset by a 3% increase in ore placed on the leach pads. The lower ore grade is expected to continue during 2004. The increase in total cash costs per equity ounce during 2003, compared to 2002, is primarily a result of the decrease in gold ounces sold. Gold sales in 2002 increased 15% compared to 222,000 equity ounces in 2001. Gold sales increased in 2002 due to higher-grade ore placed on the leach pads. Total cash costs in 2002 were consistent with the $136 per equity ounce in 2001. Zarafshan-Newmont is expected to sell approximately 180,000 equity ounces in 2004. Based on current mine plans, Newmont s share of gold sales at Zarafshan-Newmont is expected to vary between 150,000 and 165,000 equity ounces per year during the four years after 2004. Declining future sales compared to 2004 are expected primarily due to lower-grade ore expected to be placed on the leach pads during those periods.

Zarafshan-Newmont produces gold by crushing and leaching ore from existing stockpiles of low grade oxide material from the nearby government-owned Murantau mine located in the Kyzylkum Desert. The State Committee and Navoi furnish ore to Zarafshan Newmont under an ore supply agreement. Under the agreement, the State Committee and Navoi are obligated to deliver 242.5 million tons of ore to Zarafshan-Newmont from various areas of the stockpiles designated into four different Zones under the agreement. As of December 31, 2003, approximately 124.3 million tons of ore have been delivered, leaving a balance of 118.2 million tons to be delivered (8.9 million tons from Zone 3 and 109.3 million tons from Zone 4). Initially, ore from all Zones was to be delivered regardless of the gold price and the price of the ore was dependent on the grade of ore delivered. In May 2003, the parties amended the grade and pricing structure of the ore supply agreement with respect to ore to be delivered from Zone 4. Under the May 2003 amendment the parties have agreed to a mine plan designed to achieve an average grade of at least 0.036 ounce of gold per ton for ore from Zone 4. The amount paid for this ore is dependent on the average grade of ore and the average gold price during the period in which the ore is processed. In the event the State Committee and Navoi supply ore from Zone 4 having an average grade less than 0.036 ounce per ton in a given month and the average gold price during such month is less than $320 per ounce, the price of such ore will be discounted. At certain combinations of low ore grade and at gold prices less than $320 per ounce, the computed price may result in a credit to Zarafshan-Newmont, which will be offset against free cash distributions or future ore purchase payments due to the State Committee and Navoi.

At Minahasa, in Indonesia, Newmont has an 80% interest but is attributed a greater percentage of the gold production until it recoups the bulk of its investment including interest. Prior to November 2001, Newmont was attributed 100% of Minahasa s gold production and subsequently 94%, as Newmont recouped some of its investment through the collection of funds in accordance with existing loan agreements. Minahasa s gold sales decreased 37% from 147,200 equity ounces in 2002 to 92,200 equity ounces in 2003. Total cash costs per equity ounce increased during 2003 to $249 from $218 during 2002. The decrease of 55,000 equity ounces during 2003

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compared to 2002 resulted primarily from a 27% decrease in mill ore grade and a 3% decrease in mill throughput. Total cash costs per equity ounce for 2003 increased by $31 per equity ounce primarily due to the increased use of consumables, higher diesel fuel prices and a higher level of contracted services, partially offset by lower administrative expenses. Equity gold ounces sold decreased 57% in 2002, compared to 341,500 equity ounces in 2001. Total cash costs per equity ounce increased 54% in 2002, compared to $142 per equity ounce in 2001. Production declined and costs increased in 2002 primarily due to processing lower-grade ore. Mining activities ceased late in 2001; however, it is expected that processing of the remaining stockpiles will continue until April 2004. Sales in 2004 are expected to be approximately 50,000 equity ounces.

Gold sales at the Martha mine in New Zealand (acquired as part of the Normandy acquisition) were 108,900 equity ounces in 2003, a 1% increase from gold sales in 2002 of 107,800 equity ounces. Total cash costs per equity ounce increased to $199 in 2003 from $156 in 2002. Gold sales in 2003 increased by only 1,100 equity ounces compared to the 2002, despite the fact that 2002 included only ten and one-half months of production. This is attributable to a 13% decline in mill ore grade in 2003, partially offset by an 18% increase in mill throughput. The increase in total cash costs per equity ounce of $43 in 2003 compared to 2002 resulted primarily from appreciation of the New Zealand dollar compared to the U.S. dollar (see Foreign Currency Exchange Rates, below), increased milling costs from higher electricity rates, higher consumption of grinding media, an earlier than planned SAG mill liner replacement and higher cyanide and lime consumption. Through separate transactions in 2003, Newmont has acquired the minority interests of both Newmont NFM and Otter Mines, giving it 100% ownership in Martha (see Investing Activities, below). Martha is expected to sell approximately 120,000 equity ounces of gold in 2004. Gold sales are expected to remain steady until 2008, when sales are projected to decline to approximately 86,000 equity ounces.

The wholly-owned Ovacik mine near the Aegean Sea in western Turkey (acquired as part of the Normandy acquisition on February 15, 2002) sold 168,200 ounces of gold during 2003, a 34% increase from 2002 sales of 125,700 ounces. Total cash costs per ounce increased from $122 per ounce in 2002 to $129 in 2003. The increase in gold sales of 42,500 ounces in 2003 compared to 2002 was primarily attributable to a 48% increase in mill throughput resulting from a revised mine plan that incorporates an open pit extension and increased mill efficiencies, partially offset by decrease in mill ore grade of 6%. Total cash costs per ounce increased by $7 in 2003 compared to 2002 as the positive impact of increased gold sales was offset by higher processing costs and higher administration costs. Newmont expects Ovacik to sell approximately 150,000 ounces of gold in 2004. Based on current mine plans, and subject to the discussion below, gold sales at Ovacik are expected to decline to approximately 85,000 ounces in 2005 and remain steady through 2008 as the operation approaches the end of its mine life.

The Ovacik mine in Turkey has a long history of legal challenges to the operation of the mine and, in particular, to its use of cyanide in gold production including challenges in the Turkish courts and a separate, but related action in the European Court of Human Rights. For additional information, see Note 27 to the Consolidated Financial Statements. As a result of these legal challenges, the Turkish courts or the European Court of Human Rights could grant relief that could lead to the closure of the mine or the interruption of mining activities**.** Any such closure or interruption would adversely impact the operations of the Ovacik mine, and could result in the impairment of the carrying value of the assets associated with the Ovacik mine. The total assets and proven and probable reserves of the Ovacik mine at December 31, 2003 were approximately $71.5 million and 170,000 ounces, respectively, and the total revenue generated by the Ovacik mine during 2003 was approximately $61 million. Newmont is currently evaluating the mine plan at Ovacik relative to certain uncertainties that exist at the operation, including land access and the operating costs of underground operations.

In addition, effective January 2, 2004, the Turkish government enacted several legislative amendments that could impact Ovacik s right to receive future refunds of value-added tax (VAT) assessed on production materials. The impact of these legislative amendments could decrease the projected economic return from the operation both through increased operating and capital costs and reduced reserves. Efforts are underway to assess the impact of these amendments on Ovacik s operations, and to clarify or modify the amendments. Depending on

how these uncertainties are resolved, it is reasonably possible that the Company could recognize a charge for impairment of some or all of the long-lived assets at Ovacik in the first quarter of 2004. The carrying value of Ovacik s long-lived assets at December 31, 2003 was approximately $52.1 million.

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 in February 2002. Subsequent to this acquisition, an agreement was reached to exchange the capital securities for common stock of Echo Bay, which 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. Under the terms of the combination, Newmont received a 13.8% interest in the restructured Kinross in exchange for its then 45.67% interest in Echo Bay. Newmont recorded a gain of approximately $84.3 million on the exchange of its Echo Bay interests. During 2002, Newmont s share of Echo Bay gold sales was 185,200 equity ounces, and its share of Echo Bay gold sales was 21,200 equity ounces in 2003.

TVX Newmont Americas was 49.9%-owned by Newmont and 50.1%-owned by TVX Gold Inc. and was treated as an equity investment for reporting purposes in 2002. The principal assets of TVX Newmont Americas were interests in operating gold mines in South America (Paracatu, Crixas and La Coipa) and Canada (Musselwhite and New Britannia). Newmont s share of TVX Newmont America s 2002 gold sales was 183,500 equity ounces. On January 31, 2003, Newmont sold its 49.9% interest in TVX Newmont Americas to TVX Gold Inc. for $180 million. Newmont s share of TVX Newmont America s 2003 gold sales was 14,500 equity ounces.

Base Metal Operations. At the Batu Hijau mine in Indonesia, copper sales totaled 343.4 million equity pounds (pounds attributable to Newmont s economic interest) in 2003, compared to 362.3 million and 360.0 million equity pounds in 2002 and 2001, respectively. Total cash costs were $0.23, $0.31 and $0.37 per equity pound, after gold and silver by-product credits, in 2003, 2002 and 2001, respectively.

During 2003, Newmont had a 56.25% economic interest (a 45% ownership interest) in the Batu Hijau mine (see Note 10 to the Consolidated Financial Statements).

Equity copper sales declined by 18.9 million pounds in 2003 compared to 2002 primarily reflecting a 4% decrease in dry tons processed. Total cash costs improved in 2003 as compared to 2002 primarily due to higher gold by-product credits, reflecting higher gold prices, and lower smelting and refining charges. Net total cash costs declined in 2002 compared to 2001 due to operational improvements and the addition of a pebble crushing circuit for improved process efficiency. The improvement in 2002 total cash costs per equity pound was also partially attributable to higher gold prices during the year, which resulted in higher by-product credits. Gold sales, accounted for as by-product credits, totaled 328,900, 278,000 and 295,100 equity ounces for 2003, 2002 and 2001, 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 Batu Hijau s net income for each period presented in *Equity income of Affiliates* in the *Statements of Consolidated Operations and Comprehensive Income (Loss).* These by-product credits represented 51%, 44% and 42% of revenues and reduced production costs by 76%, 58% and 48% for 2003, 2002 and 2001, respectively. Such by-product credits are expected to continue through the end of production in 2030. These by-product credits are expected to vary from time to time and are significant to the economics of the Batu Hijau operation. Gold by-product credits have a significant impact on the profitability of the Batu Hijau operations. Sales in 2004 are expected to total approximately 360 million to 400 million equity pounds of copper and 360,000 equity ounces of gold.

The wholly-owned Golden Grove copper/zinc operation in Western Australia (acquired as part of the Normandy acquisition) sold 74.3 million pounds of copper and 104.7 million pounds of zinc in 2003 at total cash costs of $0.59 and $0.19 per pound, respectively. For 2002, Golden Grove sold 44.8 million pounds of copper and

111.2 million pounds of zinc at total cash costs of $0.57 and $0.24 per pound, respectively. Lead, silver and gold by-product credits at Golden Grove totaled $15.5 million and $16.0 million during 2003 and 2002, respectively. 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.

Merchant Banking

Newmont s Merchant Banking Segment is composed of an Equity Portfolio sub-segment, focused on managing the Company s portfolio of equity securities, a Royalty Portfolio Sub-Segment, a Portfolio Management sub-segment, providing in-house investment banking and advisory services to the Company and a Downstream Gold Refining sub-segment. The Merchant Banking Segment did not exist prior to the acquisitions of Normandy and Franco-Nevada in February 2002.

The Merchant Banking Segment recognized *Gain on investment, net* of $83.2 million in 2003 and $47.1 million in 2002 related primarily to a number of individually significant transactions described herein. 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. Newmont recognized a pre-tax gain of $84.3 million on the transaction in *Gain on investments, net* in the *Statement of Consolidated Operations*. During the third quarter of 2003, Newmont sold a portion of its Kinross shares for total cash proceeds of $224.6 million and recorded a pre-tax loss on sale of $7.4 million. At December 31, 2003, Newmont classified its remaining investment in Kinross as a short-term, available-for-sale marketable security, and the fair value of the investment was $115.3 million. During the year ended December 31, 2003, a loss of $6.1 million, net of tax, was recorded in *Other comprehensive income, net of tax* for the change in market value of the Kinross investment. The Company does not believe this loss to be other-than-temporary. The Merchant Banking Segment sold its 9.74% equity holding in marketable securities of Lihir Gold during the second quarter of 2002 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.

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. The Merchant Banking Segment earned $56.3 million of royalty revenue in 2003, compared to $35.7 million in 2002. The increase in 2003 is primarily attributable to higher gold and oil and gas prices.

The Merchant Banking Segment provides advisory services to Newmont to assist it in managing its portfolio of operating and property interests. In 2003 and 2002, Merchant Banking advised Newmont on a variety of transactions including the process of extinguishing the majority of the bond and derivative liabilities of NYOL during the second and third quarters of 2003 (see Financing Activities). These transactions gave rise to a *Gain on extinguishment of NYOL bonds, net* of $114.0 million and a *Gain on extinguishment of NYOL derivative liability, net* of $106.5 million, both net of transaction costs, for the year ended December 31, 2003. Total cash payments to extinguish the NYOL bonds and the NYOL derivatives liabilities (including costs) were $98.5 million and $103.6 million, respectively, during the year ended December 31, 2003.

The Merchant Banking Segment also manages Newmont s investments in downstream gold refining and distribution businesses. Newmont acquired an interest (currently 40%) in the AGR Matthey Joint Venture (AGR) in Australia as part of the acquisition of Normandy in February 2002. In December 2003, Newmont

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also acquired a 50% interest in European Gold Refineries (EGR) which owns 100% of a Swiss gold refinery and 66.5% of the second largest distribution and financier of gold products for the Italian market. The Merchant Banking Segment earned $0.7 million and $1.3 million in *Equity income of affiliates* through its investment in AGR in 2003 and 2002, respectively.

Exploration

Exploration, research and development expenditures were $115.2 million, $88.9 million and $55.5 million for the years ended December 31, 2003, 2002 and 2001, respectively. Of these amounts, $81.5 million, $71.3 million and $44.0 million related to exploration activities managed by the Exploration Segment for the years ended December 31, 2003, 2002 and 2001, respectively, with the balance relating primarily to research and advanced project development activities not managed by Newmont s Exploration Segment. The Exploration Segment is responsible for all activities, regardless of location, associated with the Company s efforts to discover new mineralized material that will advance into proven and probable reserves. Internally generated proven and probable reserve additions are attributed to the Exploration Segment to the extent that such additions are derived from (i) a discovery made by the Company or Normandy; or (ii) a discovery made on previously acquired properties (whether acquired by the Company or by Normandy) prior to their acquisition by the Company or Normandy as a result of exploration efforts conducted subsequent to the acquisition date.

Exploration expenditures in 2003 reflect higher funding of exploration activities by Newmont in response to higher prevailing gold prices. During 2003, Newmont replaced approximately 12.9 million gold ounces of depletion and divestitures with 17.3 million ounces of additions to proven and probable reserves, of which 87% were attributable to the Exploration Segment. Exploration activities during 2003 primarily focused on oxide and sulfide targets, including the Antonio and Corimayo deposits at Yanacocha, the Gold Quarry, Twin Creeks, Lone Tree and Carlin North Area deposits in Nevada and various deposits at the Company s Australian operations. The Exploration Segment also focused its activities on Newmont s two projects in Ghana, nearly doubling Newmont s prior year s reserves to 7.6 million ounces at Ahafo and 4.3 million equity ounces at Akyem as of December 31, 2003. The 2002 increase in exploration expenditures from 2001 was a result of the integration of the Normandy and Franco-Nevada exploration programs and from the increase in available capital to fund exploration activities at or around existing operations. Newmont anticipates it will spend between approximately $100 million and $110 million on exploration activities in 2004 and has established the replacement of depletion with additions to proven and probable reserves as the Exploration Segment s objective for the year.

Foreign Currency Exchange Rates

In addition to its 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 gold production based on an 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 have not had a material impact on the Company s revenue since gold is sold throughout the world principally in U.S. dollars. Approximately 45%, 46% and 23%, of Newmont s total cash costs were paid in local currencies in 2003, 2002 and 2001, respectively. The Company s total cash costs are most significantly impacted by variations in the Australian dollar/U.S. dollar exchange rate. However, variations in the Australian dollar/U.S. dollar exchange rate historically have 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.

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The following chart demonstrates the impacts on total cash costs and total cash costs per ounce of variations in the local currency exchange rates in relation to the U.S. dollar at Newmont s foreign operations during each of years in the three-year period ended December 31, 2003.

Year ended December 31, 2003:

Operation	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in U.S. dollars (000)	Increase (decrease) to total cash costs per ounce in U.S. dollars
North America:			
La Herradura	(12)%	$ (464)	$ (7)
Golden Giant	11%	$ 5,500	$ 24
Holloway	11%	$ 2,148	$ 33
South America:			
Yanacocha	1%	$ 472	$
Kori Kollo	(8)%	$ (1,103)	$ (7)
Australia:			
Pajingo	17%	$ 7,093	$ 21
Kalgoorlie	17%	$ 20,121	$ 50
Yandal	17%	$ 25,587	$ 45
Tanami	17%	$ 23,387	$ 39
Other International:			
Zarafshan-Newmont Joint Venture	(26)%	$ (1,166)	$ (5)
Minahasa	8%	$ 1,015	$ 11
Martha	17%	$ 5,659	$ 51
Ovacik	5%	$ 881	$ 5

Year ended December 31, 2002:

Operation	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in U.S. dollars (000)	Increase (decrease) to total cash costs per ounce in U.S. dollars
North America:			
La Herradura	(4)%	$ (57)	$ (1)
Golden Giant	(1)%	$ (712)	$ (3)
Holloway	(1)%	$ (237)	$ (2)
South America:			
Yanacocha	%	$ (84)	$
Kori Kollo	(8)%	$ (538)	$ (2)
Australia[1]:			
Pajingo	5%	$ 1,122	$ 8
Kalgoorlie	5%	$ 3,398	$ 10
Yandal	5%	$ 5,200	$ 9

Tanami	5%	$	4,249	$	8
Other International:					
Zarafshan-Newmont Joint Venture	(71)%	$	(2,719)	$	(11)
Minahasa	6%	$	278	$	2
Martha[(1)]	5%	$	881	$	8
Ovacik[(1)]	(24)%	$	(3,602)	$	(29)

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

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Year ended December 31, 2001:

Operation	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase (decrease) to total cash costs in U.S. dollars (000)	Increase (decrease) to total cash costs per ounce in U.S. dollars
North America:			
La Herradura	1%	$ 19	$
Golden Giant	(4)%	$ (2,079)	$ (7)
Holloway	(4)%	$ (765)	$ (9)
South America:			
Yanacocha	(1)%	$ (179)	$
Kori Kollo	(8)%	$ (610)	$ (2)
Other International:			
Zarafshan-Newmont Joint Venture	(28)%	$ (544)	$ (2)
Minahasa	(23)%	$ (1,049)	$ (3)

The following chart demonstrates the estimated sensitivity of projected total cash costs and cash costs per ounce to variations of the local currency exchange rates in relation to the U.S. dollar in 2004 assuming a 5% appreciation or devaluation of the local currency in relation to the U.S. dollar and assuming that foreign currency denominated cash costs remain the same as 2003 as a percentage of total cash costs at each site:

Operation	Foreign Currency	+/ change in total cash costs in U.S. dollars (000)	+/ change in total cash costs per ounce in U.S. dollars
North America:			
La Herradura	Mexican Pesos	$ 223	$ 3
Golden Giant	Canadian Dollars	$ 2,277	$ 15
Holloway	Canadian Dollars	$ 1,201	$ 13
South America:			
Yanacocha	Nuevos Soles	$ 1,926	$ 1
Kori Kollo	Bolivinos	$ 62	$ 3
Australia:			
Pajingo	Australian Dollars	$ 2,018	$ 7
Kalgoorlie	Australian Dollars	$ 6,190	$ 15
Yandal	Australian Dollars	$ 4,657	$ 13
Tanami	Australian Dollars	$ 6,875	$ 10
Other International:			
Zarafshan-Newmont Joint Venture	Uzbek Soums	$ 230	$ 1
Minahasa	Indonesian Rupiahs	$ 319	$ 7
Martha	New Zealand Dollars	$ 1,698	$ 13
Ovacik	Turkish Liras	$ 1,174	$ 7

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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 for each of the two years ended December 31, 2003:

Year	Foreign Currency	Percentage change in average local currency exchange rate; appreciation (devaluation)	Increase to total cash costs in U.S. dollars (000)
2003	Australian Dollars	17%	$ 9,051
2002	Australian Dollars	5%	$ 2,851

The Company estimates that a 5% appreciation (devaluation) of the local currency exchange rate in relation to the U.S. dollar at Golden Grove would decrease (increase) the Company s projected total cash costs by approximately $3.4 million in 2004.

In addition, the Company s *Equity income of affiliates* during this three-year period varied due to increases or decreases in costs from changes in the local currency exchange rates in relation to the U.S. dollar at the Batu Hijau copper mine in Indonesia as follows for each of the three years ended December 31, 2003:

Year	Foreign Currency	Percentage change in average local currency exchange rate; appreciation (devaluation)	Additional income included in equity income (loss) in affiliates, net (000)
2003	Indonesian Rupiah	8%	$ (2,974)
2002	Indonesian Rupiah	6%	$ (1,750)
2001	Indonesian Rupiah	(23)%	$ 5,146

The Company estimates that a 5% appreciation or devaluation, respectively, of the local currency exchange rate in relation to the U.S. dollar at Batu Hijau would decrease or increase, respectively, the Company s projected *Equity income of affiliates* by approximately $2.0 million in 2004.

The Company does not believe that foreign currency exchange rates in relation to the U.S. dollar have had a material impact on its determination of proven and probable reserves in the past. However, in the event that a sustained weakening of the U.S. dollar in relation to the Australian dollar, and/or to other foreign currencies that impact the Company s cost structure, were not mitigated by offsetting increases in the U.S. dollar gold price or by other factors, the Company believes that the amount of proven and probable reserves in the applicable foreign country could be reduced as certain proven and probable reserves may no longer be economic. The extent of any such reduction would be dependent on a variety of factors including the length of time of any such weakening of the U.S. dollar, and management s long-term view of the applicable exchange rate. Future reductions of proven and probable reserves would primarily result in reduced gold sales and increased depreciation, depletion and amortization calculated using the units-of-production method and, depending on the level of reduction, could also result in impairments of property, plant and mine development, mineral interests and other intangible assets and/or goodwill.

Recent Accounting Pronouncements

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities, which provides guidance on the identification and reporting for entities over which control is achieved through means other than voting rights. FIN 46 defines such entities as variable interest entities (VIEs). A FASB Staff Position issued in October 2003 deferred the effective date of FIN 46 to the first interim

or annual period ending after December 15, 2003 for entities created before February 1, 2003, if certain criteria are met. Subsequently, during December 2003, the FASB issued FIN 46R which replaces the original interpretation. Application of this revised interpretation is required in financial statements for companies that have interests in VIEs or potential VIEs commonly referred to as special-purpose entities for periods ending after December 15, 2003. Application for other types of entities is required in financial statements for periods ending after March 15, 2004.

As of December 31, 2003, Newmont had an interest in an entity considered to be a special-purpose entity, QMC Finance Pty Ltd (QMC). Newmont has not consolidated QMC, however, as Newmont is not the primary beneficiary of QMC as defined by FIN 46R. For a complete discussion regarding Newmont s interest in and activities with QMC, see Note 10 to the Consolidated Financial Statements.

Newmont is currently evaluating the impact FIN 46R will have on its financial statements for any other VIE in which the Company has an interest that is not considered to be a special-purpose entity and that was created before December 31, 2003. Newmont has identified the Batu Hijau operation as a VIE because of certain capital structures and contractual relationships. Newmont has also determined that it is the primary beneficiary of the Batu Hijau operation. Therefore, Newmont expects to consolidate Batu Hijau effective January 1, 2004. For a complete discussion regarding Newmont s interest in and activities with Batu Hijau, see Note 10 to the Consolidated Financial Statements.

In April 2003, the FASB issued SFAS No. 149 Amendment of Statement 133 on Derivative Instruments and Hedging Activities to 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 accounted 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. SFAS 149 did not have any impact on the Company s financial position or results of operations at December 31, 2003, or for the year then ended.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, providing guidance regarding classification of freestanding financial instruments as liabilities (or assets in some circumstances). SFAS 150 was originally effective for financial instruments entered into or modified after May 31, 2003, and otherwise at the beginning of the first interim period beginning after June 15, 2003, and was to be applied prospectively. However, on October 29, 2003, the FASB decided to defer the provisions of paragraphs nine and ten of SFAS 150 as they apply to mandatorily redeemable non-controlling interests. These provisions require that mandatorily redeemable minority interests within the scope of SFAS 150 be classified as a liability on the parent company s financial statements in certain situations, including when a finite-lived entity is consolidated. The deferral of those provisions is expected to remain in effect while these interests are addressed in either Phase II of the FASB s Liabilities and Equity Project or Phase II of the FASB s Business Combinations Project. The FASB also decided to (i) preclude any early adoption of the provisions of paragraphs nine and ten for these non-controlling interests during the deferral period; and (ii) require the restatement of any financial statements that have been issued where these provisions were applied to mandatorily redeemable non-controlling interests. SFAS 150 is not expected to have any impact on the Company s financial position or results of operations.

During December 2003, the FASB issued SFAS No. 132 (revised 2003) Employers Disclosures about Pensions and Other Postretirement Benefits. This revised statement, which expands required disclosures, is effective for fiscal years ending after December 15, 2003 with the exception of estimated future benefit payments disclosure which is effective for fiscal years ending after June 15, 2004. Newmont adopted this statement as of December 31, 2003, and has included the appropriate disclosures in its financial statements at December 31, 2003. See Note 20 to the Consolidated Financial Statements.

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The Emerging Issues Task Force (EITF) formed a committee to evaluate certain mining industry accounting issues, including issues arising from the application of SFAS No. 141 and SFAS No. 142 to business combinations within the mining industry, accounting for goodwill and other intangibles and the capitalization of costs after the commencement of production, including deferred stripping. The issues to be discussed also include whether mineral interests conveyed by leases represent tangible or intangible assets and the amortization of such assets. The Company believes that its accounting for its mineral interests conveyed by leases is in accordance with generally accepted accounting principles. However, the Company cannot predict whether the deliberations of the EITF will ultimately modify or otherwise result in new accounting standards or interpretations thereof that differ from the Company s current practices.

Liquidity and Capital Resources

For 2003, *Net cash provided by operating activities* was $538.4 million, compared to $655.8 million and $369.7 million for 2002 and 2001, respectively. *Net cash provided by operating activities* was significantly impacted by the following key factors:

	Years ended December 31,		
	2003	**2002**	**2001**
Equity gold sales (000 ounces)	7,383.6	7,631.7	5,466.1
Average price received per ounce of gold	$ 366	$ 313	$ 271
Newmont weighted-average total cash costs per equity ounce	$ 203	$ 189	$ 184
Exploration, research and development (in millions)	$ 115.2	$ 88.9	$ 55.5
General and administrative expense	$ 130.3	$ 115.3	$ 61.2
(Use) source of cash flow from changes in operating assets and liabilities (in millions)	$ (231.9)	$ 13.3	$ 60.7

Cash flows from the change in operating assets and liabilities resulted in a use of cash in 2003 of $231.9 million compared to sources of cash of $13.3 million and $60.7 million in 2002 and 2001, respectively. Cash used in 2003 for operating assets and liabilities primarily related to $118.8 million used for early settlement of effective derivative instruments to substantially eliminate the Australian gold hedge books. Also, a temporary build up of inventories at year end reduced cash flow from operations by $72.8 million. In addition, earnings of $146.0 million were distributed to the minority partners of Yanacocha during 2003 compared to $24.7 million and $4.9 million in 2002 and 2001, respectively. Higher operating cash flows in 2002 compared to 2001 primarily reflect the impact of operating cash flows from the February 15, 2002 acquisition of Normandy and Franco-Nevada operations and the impact of an increased average realized gold price in 2002. Operating cash flows in 2001 were lower primarily due to the lower average realized gold price, partially offset by a reduction of inventory balances of $35.5 million.

Net cash (used in) provided by investing activities was $(197.1) million, $112.1 million and $(385.0) million in 2003, 2002 and 2001, respectively. Newmont s primary investing activity is *Additions to property, plant and mine development,* which were $(504.5) million, $(300.1) million and $(390.0) million for 2003, 2002 and 2001, respectively. See *Additions to Property, plant and mine development* below for more information on capital expenditures. In 2003 and 2002, the Company engaged in significant acquisition and disposition activity related to the acquisitions of Normandy and Franco-Nevada and the subsequent disposition of investments acquired as part of those acquisitions. The year ended 2003 included $180 million of proceeds from the sale of TVX Newmont Americas and $232.2 million of proceeds from the sale of marketable securities of Kinross Gold Corporation and other investments, approximately $39.3 million of cash payments received from Batu Hijau for intercompany transactions, partially offset by a $56.2 million equity contribution to AMC. Additionally, during the year ended 2003, $57.6 million was used for the early settlement of ineffective derivative instruments and $11.2 million was used to acquire the Newmont NFM minority interests (see Investing Activities, below). Cash from investing activities in 2002 also included $404.4 million of proceeds from the sales of short-term investments obtained as part of the acquisition of Franco-Nevada, $84 million of proceeds from the sale of

marketable securities of Lihir and $50.8 million of proceeds from the settlement of cross currency swaps that were obtained as part of the Normandy acquisition, offset by $90.3 million of net cash consideration for the acquisitions of Normandy and Franco-Nevada, $24.8 million of cash advances to affiliated companies and $21.1 million of cash outflows to settle ineffective derivative instruments. There were no significant investing cash flows other than capital expenditures in 2001.

Net cash provided by (used in) financing activities was $546.7 million in 2003, compared to $(530.1) million and $85.1 million in 2002 and 2001, respectively. The increase in cash from financing activities in 2003 is primarily related to approximately $1.0 billion in proceeds from the issuance of 25 million shares of the Company s common stock (see Note 17 of the Consolidated Financial Statements). Financing activities in 2003 also included $1.2 billion of debt repayments, including early extinguishments (see Financing Activities, below), and $70.8 million of cash outflows for dividend payments, offset by $492.8 million of borrowings under the Company s credit facilities, which were repaid during the year, $162.5 million of proceeds from the issuance of common stock on the exercise of Franco-Nevada Class B warrants and $96.8 million of proceeds from the issuance of common stock related to stock compensation plans. Financing activities in 2002 included draw-downs on the Company s credit facilities of $493.4 million to pay the cash portion of the purchase price of Normandy. Such draw-downs were repaid shortly after the acquisition with the proceeds from the sale of the Franco-Nevada short-term investments. Including the repayment of the credit facilities, the Company repaid approximately $1.0 billion of debt in 2002. See Financing Activities, below. Dividend payments for 2002 totaled $50.0 million, and the Company received approximately $67.3 million of proceeds from the issuance of common stock primarily related to stock compensation plans. In 2001, Newmont received proceeds from long-term debt of $1.0 billion and repaid $951.6 million primarily related to settling the Company s credit facilities, paid $31.0 million of dividends and benefited from the lifting of restrictions on $40.0 million of cash.

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

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
	(unaudited, in millions)				
Long-term debt[1]	$ 990.1	$ 225.8	$ 342.8	$ 173.5	$ 248.0
Capital lease obligations[1]	435.3	32.0	104.2	73.0	226.1
Remediation and reclamation obligations[2]	544.8	67.0	164.5	60.1	253.2
Other long-term liabilities[3]	165.4	37.8	54.7	48.0	24.9
Operating leases	45.7	15.3	23.8	3.5	3.1
Minimum royalty payments	177.6	27.4	82.9	35.0	32.3
Purchase obligations[4]	142.3	99.9	26.3	9.3	6.8
Other[5]	167.7	49.2	116.2	2.3	
Total	$ 2,668.9	$ 554.4	$ 915.4	$ 404.7	$ 794.4

(1) Amounts represent principal and estimated interest payments assuming no early extinguishment.

(2) Mining operations are subject to extensive environmental regulations in the jurisdictions in which they operate. Pursuant to environmental regulations, the Company is required to close its operations and reclaim and remediate the lands that operations have disturbed. The estimated undiscounted cash outflows of these remediation and reclamation obligations are reflected here. For more information regarding remediation and reclamation liabilities, see Note 14 to the Consolidated Financial Statements.

(3) Contractual obligations for *Other long-term liabilities* include employee related liabilities such as severance and forecasted 2004 funding requirements for the pension plans. Pension plan funding beyond 2004 cannot be reasonably estimated given variable market conditions and actuarial assumptions. Payments related to derivative contracts cannot be reasonably estimated given variable market conditions. See Note 15 to the Consolidated Financial Statements.

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(4) Purchase obligations are not recorded in the Consolidated Financial Statements. Purchase obligations represent contractual obligations for purchase of power, materials and supplies, consumables, inventories and capital projects.

(5) Other contractual obligations that are not reflected in the Company s Consolidated Financial Statements include labor and service contracts.

Scheduled minimum long-term third party debt repayments for the Batu Hijau, accounted for under the equity method, are $86.7 million in each year from 2004 through 2008 and $306.3 million thereafter.

Off-Balance Sheet Arrangements

The Company has the following off-balance sheet arrangements: operating leases as disclosed in the above table; the guarantee of the QMC debt (see Investing Activities, below); $202.9 million of outstanding letters of credit, surety bonds and bank guarantees (see Note 27 to the Consolidated Financial Statements); and a guarantee of $35.7 million of Pollution Control Revenue Bonds of BHP Copper Inc. (see Note 27 to the Consolidated Financial Statements). Newmont also provides a contingent support line of credit to PTNNT of which Newmont s pro-rata share is $36.6 million (see Note 10 to the Consolidated Financial Statements). Newmont has identified the Batu Hijau operation as a VIE because of certain capital structures and contractual relationships. Newmont has determined that it is the primary beneficiary of the Batu Hijau operation. Therefore, Newmont expects to consolidate Batu Hijau effective January 1, 2004 (see Recent Accounting Pronouncements, above).

Future Cash Flows

The Company expects to use cash for capital expenditures (see Investing Activities, below), to fund the Exploration and Merchant Banking Segments (see Results of Operations, above) and to service debt. For information on the Company s long-term debt, capital lease obligations and operating leases, see Note 13 to the Consolidated Financial Statements. For information on NTP s long-term debt, see Note 10 to NTP s Consolidated Financial Statements. Newmont believes it will be able to fund all existing obligations from *Net cash provided by operating activities.* Subject to any significant adverse changes in the Company s long-term view of gold prices, the Company has both the ability and intention 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, 2003 (see Critical Accounting Policies, above). The Company believes it will be able to raise capital as needed in the future as opportunities for expansion arise.

Newmont s cash flows are expected to be impacted by variations in the spot price of gold and other metals and by variations in foreign currency exchange rates in relation to the U.S. dollar, particularly with respect to the Australian dollar. For information concerning the sensitivity of the Company s cash costs to changes in foreign currency exchange rates, see Results of Operations, Foreign Currency Exchange Rates, above. Cash flows could also be impacted by the value of various marketable securities, specifically the Kinross shares. During the year ended December 31, 2003, a loss of $6.2 million, net of tax, was recorded in *Other comprehensive income, net of tax* for the change in market value of the investment. As the value of the Kinross shares have historically been strongly correlated to the price of gold, the Company considers the unrealized loss to be temporary. The Company will continue to evaluate the need to recognize a loss for an other-than-temporary decline in the value of the investment.

Newmont s cash flows are also expected to be impacted by its gold derivative contracts. For gold ounces sold into gold forward sales contracts and other similar instruments (committed contracts), the Company realizes the contract price fixed in each contract. If the spot price at the time of the sale exceeds the related contract price, Newmont does not receive the excess of the spot price over the strike price relative to the ounces sold into that contract. If the spot price at the time of the sale is below the contract price, Newmont realizes an

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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 there will be no impact of its gold derivative contracts outstanding on the net cash proceeds from the sale of gold in 2004 compared to the proceeds the Company would have received if the relevant gold had been sold into the spot market. In 2004, 3% of estimated production is subject to uncommitted contracts with strike prices below current gold prices and there are no committed contracts remaining. 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. Payments related to the ineffective portion of certain gold derivative contracts in the years 2004 and thereafter are not expected to exceed $5.3 million. For more information on Newmont s gold derivative contracts, see item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Based on Newmont s production profile for the next five years and proven and probable reserves at December 31, 2003, without considering future additions to such reserves, Newmont expects that total gold equity ounces sold in each of the next five years will not be less than 82% of expected gold ounce sales in 2004. The Company does not anticipate that reasonably expected variations in gold production alone will influence its ability to pay its debt and other obligations over that period. For information on the sensitivity of Newmont s *Net cash provided by operating activities* to metal prices, see Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

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Investing Activities

Additions to Property, Plant and Mine Development

	Years ended December 31,		
	2003	2002	2001
		(in millions)	
Capital expenditures:			
North America:			
Nevada	$ 111.9	$ 54.6	$ 47.1
Mesquite, California			0.4
La Herradura, Mexico	2.7	1.4	0.9
Golden Giant, Canada	0.3	6.6	7.1
Holloway, Canada	2.8	1.2	1.5
Total North America	117.7	63.8	57.0
South America:			
Yanacocha, Peru	205.7	146.2	276.9
Kori Kollo, Bolivia	0.9	0.6	10.5
Total South America	206.6	146.8	287.4
Australia:			
Pajingo	15.1	10.2	7.3
Kalgoorlie	14.9	8.6	
Yandal	17.4	20.7	
Tanami	39.7	10.5	
Other Australia	2.3	2.8	
Total Australia	89.4	52.8	7.3
Other International Operations:			
Zarafshan-Newmont, Uzbekistan	7.7	3.9	20.4
Ahafo, Ghana	12.9		
Akyem, Ghana	7.8		
Martha, New Zealand	12.3	5.3	
Ovacik, Turkey	6.5	4.0	
Total Other International Operations	47.2	13.2	20.4
Other:			
Base Metals Operations	17.5	10.7	
Corporate and Other	23.9	11.7	17.9
Merchant Banking	1.6	1.1	
Exploration	0.6		
Total Other	43.6	23.5	17.9
Total Newmont	$ 504.5	$ 300.1	$ 390.0

Capital expenditures for North American operations during 2003 were $117.7 million and primarily included $60.4 million for the development of the Leeville underground mine (Leeville) and $11.3 million for the development of the Deep Post and Midas underground mines. South American capital expenditures of $206.6 million were primarily at Yanacocha, with approximately $93.2 million for mine and leach pad development, $24.4 million for environmental site and regional water management projects, $30.3 million for mining equipment and $57.8 million related to other ongoing expansion work. Australian capital expenditures were $89.4 million. Capital expenditures at Pajingo included $8.7 million for mine development and $6.4 million for mining equipment. Capital expenditures at Kalgoorlie consisted primarily of $13.2 million for haul trucks, a hydraulic shovel and other mining equipment. Capital expenditures at Yandal were $10.8 million

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for mine development and $6.6 million for mining equipment. Tanami expended $12.8 million for mine development and the remainder for a new ball mill, underground trucks and other mining equipment. Other international projects primarily included mine development of $9.1 million at the Martha mine in New Zealand and developmental drilling and other development activities for the Ahafo and Akyem gold projects in Ghana of $12.9 million and $7.8 million, respectively. Zarafshan capital expenditures included $7.7 million for a heap leach pad expansion and an associated conveyor system. Base Metals operations expenditures included $9.4 million for mine development and $8.1 million for mining equipment at Golden Grove. Corporate expenditures included $15.1 million for improvements in information technology systems. At December 31, 2003, commitments existed for capital expenditures of approximately $60.5 million for leach pad expansion in Yanacocha.

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

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

Newmont expects to spend between $700 million and $750 million on capital expenditures during 2004, with approximately 20% for North American operations, 18% for Australian operations, 38% for South American operations, 14% for the Ghanaian projects and the remainder at other locations. Approximately 67% the capital budget is allocated to sustaining investments and the remaining portion is allocated to financing new project development. Two new projects are being developed in Nevada Phoenix and Leeville. Phoenix is expected to yield annual production of between 400,000 and 450,000 ounces of gold and 18 to 20 million pounds of copper over an anticipated 15-year mine life. Total capital expenditures for Phoenix are projected to be $205 million. Leeville is located in Carlin s North Area and will produce approximately 3 million ounces of gold, with annual production of approximately 500,000 ounces commencing at the end of 2005. Total capital expenditures for Leeville are projected to be $181 million of which $76.5 million had been spent as of December 31, 2003.

Newmont has two advanced projects in Ghana, Ahafo and Akyem. The Ahafo project, located in the Brong Ahafo Region of Ghana, is 100% owned by Newmont following the acquisition of the remaining 50% of the Ntotoroso property from Moydow Mines International, Inc. in December 2003 (see Other Investing Activities, below). At year-end, the Ahafo project had reserves of 7.6 million ounces of gold. In December 2003, following the Government of Ghana s approval of Newmont s Investment Agreement, Newmont announced that it was proceeding with development of the project. Total development costs for Ahafo are estimated to be approximately $350 million. The Engineering Procurement Construction Management contract to construct Ahafo was awarded in January 2004. Production is expected to begin in 2006 and steady state annual gold sales are estimated at approximately 500,000 ounces. Newmont has an 85% interest in the Akyem project located in the Eastern Region of Ghana. At year-end, the Akyem project had 4.3 million equity ounces of gold reserves.

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The remaining 15% interest in the Akyem project is held by Kenbert Mines Limited. Newmont is currently updating and optimizing the feasibility study for Akyem with a view to making a development decision in late 2004.

Other Investing Activities

TVX Newmont Americas. On January 31, 2003, Newmont sold its 49.9% interest in the TVX Newmont Americas joint venture (between the Company and TVX Gold Inc., acquired as part of the Normandy transaction) to TVX Gold Inc. for $180 million in cash. 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. 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 recognized a pre-tax gain of $84.3 million on the transaction.

Kinross Gold Corporation. During the third quarter of 2003, Newmont sold approximately 28 million Kinross shares, representing 66% of its investment in the company, for total cash proceeds of $224.6 million and recorded a net loss of $7.4 million.

Batu Hijau. As discussed in Note 10 to the Consolidated Financial Statements, the Company and an affiliate of Sumitomo Corporation (Sumitomo) are partners with ownership 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 Sumitomo s significant participating rights under the terms of the NTP partnership agreement, the Company uses the equity method to account for its investment in NTP. The remaining 20% interest in PTNNT is held by an unrelated Indonesian company, P.T. Pukuafa Indah (PTPI). To date, PTNNT has recorded cumulative losses. Therefore, NTP has recorded 100% (effective 56.25% Newmont share) of PTNNT s income and losses. NTP loaned PTPI the funds required to purchase its original 20% interest in PTNNT. Under the PTPI loan agreement, PTPI has pledged 70% of its 20% share of future PTNNT dividends to repay its loan to NTP, including interest. As a result of higher metal prices, improved operating and financial results and increased life of mine expectations regarding production, costs and economics, PTNNT is expected to recover its cumulative losses, report positive retained earnings and start paying dividends during 2004. Once PTNNT s cumulative losses are recovered, NTP will recognize its 80% share of PTNNT s earnings plus 70% of PTPI earnings for an effective 94% share (effective 52.875% Newmont share) of PTNNT s earnings until the PTPI loan is repaid. Newmont has identified the Batu Hijau operation as a VIE and expects to consolidate it effective January 1, 2004 (see Recent Accounting Pronouncements, above).

On May 9, 2002, PTNNT completed a restructuring of its $1.0 billion project financing facility (Senior Debt) which is non-recourse to Newmont, that provided PTNNT the ability to defer up to $173.5 million in principal payments scheduled for 2002 and 2003. The amount of deferred principal at December 31, 2002 was $86.8 million. Due to improved commodity prices and lower costs, the deferred principal payments were completely repaid during 2003 and all normally scheduled 2003 payments were made. Newmont and its partner provide a contingent support line of credit to PTNNT. During 2002, Newmont funded $24.8 million under this contingent support facility as its pro-rata share of capital expenditures. As a result of the repayment of the deferred principal payments mentioned above, additional support from Newmont and its partner available under this facility decreased in 2003 to $65.0 million, of which Newmont s pro-rata share is $36.6 million. In 2002, the total support available was $115.0 million, of which Newmont s pro-rata share was $64.7 million.

Australian Magnesium Corporation. At December 31, 2002, Newmont s interest in Australian Magnesium Corporation (AMC) was composed of a 22.8% equity and voting interest and a loan receivable in the amount of A$38 million (approximately $20.1 million) including interest. In addition, Newmont subsidiaries had

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obligations to contribute to AMC A$100 million in equity by January 31, 2003 and a further A$90 million in equity, contingent upon the Stanwell Magnesium Project not achieving certain specified production and operating criteria by December 2006. On January 3, 2003, Newmont purchased an additional 167 million AMC shares at A$0.60 per share for a total of A$100 million (approximately $56.2 million) increasing its ownership to 40.9%, thereby satisfying its January 2003 equity contribution obligation. However, due to additional equity contributions by other shareholders on January 31, 2003, Newmont s interest was diluted to 27.8%. As a result of this equity dilution of its interest in AMC, Newmont recorded an increase of $7.0 million to *Additional paid-in-capital* during 2003.

AMC s primary asset was the Stanwell Magnesium Project (the Project). The original funding arrangements for the Project amounted to approximately A$1.5 billion (approximately $1.0 billion), including contingencies and cost overrun reserves. On April 17, 2003, AMC announced that it was unlikely that it would reach agreement with its independent engineering firm for a fixed price contract for the development of the Project. Following this announcement, AMC s share price declined substantially to 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 A$0.43 per share, and recorded a loss in *Equity loss and impairment of Australian Magnesium Corporation* for an other-than-temporary decline in market value of $11.0 million.

On June 5, 2003, AMC requested suspension of its securities on the ASX. Subsequently, on June 13, 2003, AMC announced a restructuring agreement with the project s major creditors, including Newmont (the Agreement). The Agreement was designed to give AMC time to assess the project s development options and to search for either a corporate or project partner. Work on the Project has ceased and the site is in care and maintenance status. It is not known if or when the Project or any other magnesium project will be developed by AMC. In addition, as part of the Agreement, AMC (i) settled outstanding obligations to its outside creditors from existing cash reserves; (ii) cancelled the senior debt facilities associated with the Project and the associated foreign exchange and interest rate hedging contracts; and (iii) agreed to release Newmont from the above-mentioned A$90 million (approximately $60.1 million) contingent funding commitment. Newmont agreed to forgive its then A$38 million (approximately $24.8 million) loan receivable, provide support in the form of an A$10 million (approximately $6.6 million) contingent, subordinated credit facility and to maintain the existing guarantee in relation to the QMC Finance Pty Ltd (QMC) finance facilities, as described below. In September 2003, Newmont made available to AMC A$5 million ($3.3 million) under the credit facility. Newmont had guaranteed a $30.0 million obligation payable by AMC to Ford Motor Company (Ford) in the event the Project did not meet certain specified production and operating criteria by November 2005. AMC agreed to indemnify Newmont for this obligation, but this indemnity was unsecured. As of June 30, 2003, Newmont and Ford agreed to settle the liability in relation to the guarantee for $10.0 million in exchange for a release of the guarantee. Newmont has agreed not to seek recovery of this amount from AMC.

As a result of the foregoing Agreement, Newmont recorded an additional write-down in the second quarter of 2002 of $107.8 million in *Equity loss and impairment of Australian Magnesium Corporation* reducing the carrying value of its investment in AMC to zero. The write-down was attributable to the following: (i) $72.7 million representing the book value of its investment at June 30, 2003; (ii) $24.8 million for the forgiven loan receivable from AMC; (iii) $10.0 million charge to settle Newmont s guarantee of the Ford contract (see discussion above); (iv) $6.6 million relating to the contingent credit facility; and (v) $1.1 million for various other items, offset by a $7.4 million income tax benefit.

During the third quarter of 2003, AMC issued additional shares to a shareholder other than Newmont. As a result, Newmont s interest in AMC was diluted to 26.9%. Subsequently, in October 2003, AMC issued additional shares to a shareholder other than Newmont. As a result, Newmont s interest in AMC was diluted to 26.7%. During the fourth quarter of 2003, Newmont sold its entire interest in AMC, for a nominal amount to Deutsche Bank AG and to Magtrust Pty Ltd, a company owned and controlled by the directors of AMC. Magtrust purchased approximately 19.9% of the AMC ordinary shares held by Newmont, with Deutsche Bank purchasing

the remaining approximately 6.8% of the AMC ordinary shares held by Newmont. If Deutsche Bank sells its interest in AMC to a third party in the future, it must pay Newmont 90% of the sales proceeds.

Newmont is also the guarantor of a A$71.0 million (approximately $53.2 million) amortizing loan facility of QMC, of which A$65.2 million (approximately $48.9 million) was outstanding as of December 31, 2003. The QMC loan facility, which is collateralized by the assets of Queensland Magnesium Project (QMAG, discussed below), expires in November 2006. QMC is also a party to hedging contracts that 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 December 31, 2003, the fair value of these contracts was positive A$4.7 million (approximately $3.5 million).

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

During the fourth quarter of 2003, Newmont recorded a $30.0 million charge in *Loss on guarantee of QMC debt* and established a corresponding reserve in *Other current liabilities*. Newmont reduced the amount accrued for this contingent obligation by the estimated fair value of the QMAG assets that would be subrogated to Newmont in the event the guarantee is called.

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 was listed on the ASX at the time of this announcement. Otter is a New Zealand corporation that was also listed on the ASX at the time of this announcement. As of the date it made 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 then initiated and completed the compulsory acquisition process resulting in 100% ownership of Otter, which indirectly resulted in increased ownership in the Martha mine in New Zealand. The total purchase price was approximately $1.5 million.

Ntotoroso Acquisition. In December 2003, Newmont purchased Moydow Mines International Inc. s 50% interest in the Ntotoroso property located on the Ahafo belt in Ghana. Total consideration included 800,000 Newmont common shares, a royalty of 2% on all recovered ounces of gold produced from Ntotoroso after the first 1.2 million gold ounces and the delivery for cancellation of 1,325,882 common shares of Moydow owned by Newmont. The transaction resulted in a total purchase price of $32.2 million, consisting primarily of Newmont common stock, based on the average quoted value of Newmont s shares of $37.89 per share two days before and after August 25, 2003, the date the terms of the transaction were agreed upon and announced. The purchase price was allocated primarily to development and exploration stage mineral interests and deferred income taxes. The closing of the transaction gave Newmont 100% ownership of the Ahafo project.

Mesquite. In November 2003, Newmont sold the Mesquite mine to Western Goldfields, Inc. (WGI). Under the terms of the transaction, Newmont sold the majority of the assets of the operation to WGI in exchange for restricted common stock and warrants to purchase common stock of WGI, a 50% net profits interest royalty on future production from existing leach pads, a net smelter return royalty on production from future expansion, and the assumption of reclamation and remediation liabilities associated with the operation by WGI. Newmont

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was also released from the performance bonds for reclamation, remediation, mine closure and other obligations associated with the Mesquite assets. The transaction did not have a significant impact on Newmont s results of operations, cash flows or financial position.

Wiluna. In December 2003, NYOL sold the Wiluna mine and its surrounding tenements and related assets to a company, whose principals are certain members of the Wiluna mine s management, for approximately A$3.5 million (U.S.$ 2.6 million) and the company s assumption of the reclamation and remediation liabilities. This transaction resulted in a gain of $10.6 million.

European Gold Refineries. During December 2003, Newmont acquired a 50% interest in a joint venture, European Gold Refineries SA (EGR), with unrelated Swiss residents holding the remaining 50%. Simultaneously, EGR purchased 100% of Valcambi SA (Valcambi), a gold refining business, and 66.65% of Finorafa SA (Finorafa), a gold distribution business.

Valcambi is a London Gold Delivery precious metals refiner and manufacturer of semi-finished products for the Swiss luxury watch industry, and Finorafa is the second largest distributor and financier of gold products in the Italian market. Italy is the second largest gold-consuming country in the world.

The formation of EGR required approximately CHF30.0 million (U.S.$ 23.8 million) in funding, which was contributed pro-rata by each partner in equal portions of debt and equity, of which Newmont s share was CHF15.0 million (U.S.$11.9 million). EGR is jointly managed by Newmont and the Swiss residents. Newmont accounts for its investment in EGR using the equity method of accounting. Newmont has no guarantees related to this investment.

Turquoise Ridge. In December 2003, Newmont formed a joint venture with a subsidiary of Placer Dome, Inc. under which Newmont acquired a 25% interest in the Turquoise Ridge and Getchell mines, in return for providing up to 2,000 tons per day of milling capacity at Newmont s Twin Creeks facility in Nevada, and the extinguishment of the 2% net smelter return royalty payable by Placer Dome as it relates to the joint venture s property. Placer Dome operates the joint venture. The carrying amount of the extinguished royalty was approximately $8.2 million at the date of closing.

Perama. Thracean Gold Mining S.A. (TGM), which owns the Perama project is owned 80% by Newmont and 20% by S&B Industrial Minerals S.A. During November 2003, the shareholders of TGM entered into a standstill agreement with Frontier Pacific Mining Corporation (FPMC) to purchase 100% of TGM. However, the offer is conditional on execution of definitive documentation, an appropriate acquisition structure, no material changes to TGM or the project prior to closing, due diligence, approval by the FPMC board of directors and receipt of all Canadian and Greek regulatory approvals.

Pension Funding. Newmont expects to fund approximately $38 million into its pension plans in 2004 from *Net cash provided by operating activities.* For additional discussion see Item 7A, Quantitative and Qualitative Disclosure About Market Risk, Pension and Other Benefit Plans, below, and Note 20 to the Consolidated Financial Statements.

Financing Activities

During the years ended December 31, 2003 and 2002, the Company focused on an overall strategy to reduce debt. The Company s balance sheet reflected outstanding debt of approximately $1.1 billion at December 31, 2003, after principal reductions of approximately $700 million for early extinguishments and $600 million for scheduled payments since December 31, 2001. The Company has not issued any new debt since 2001, however in 2002, debt increased $913.7 million related to debt assumed as part of the acquisition of Normandy. During November 2003, Newmont completed an equity offering for 25.0 million shares of its common stock and received proceeds of approximately $1.0 billion. This was the only public offering during the last three years.

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NYOL Debt and Derivatives Liability Extinguishments

In March 2002, Newmont, through an indirect, wholly-owned subsidiary, Yandal Bond Company Limited (YBCL), made an offer to repurchase any and all outstanding 8 7/8% Senior Notes due 2008 of Newmont s Australian subsidiary, NYOL. As of the offer date, $300 million principal amount of notes was outstanding. The repurchase offer was made pursuant to the terms of an Indenture dated as of April 7, 1998, between NYOL and The Bank of New York, as Trustee. The Indenture required that NYOL, 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 could 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. The Change of Control Offer was open until May 14, 2002, and resulted in redemption of $62.8 million of the outstanding notes and gave rise to a $0.6 million *Loss on extinguishment of debt*.

On May 29, 2003, YBCL made a second offer to acquire all of NYOL s outstanding 8 7/8% Senior Notes due 2008. On May 28, 2003, YBCL made a separate offer to acquire all of NYOL s gold hedge contracts from the relevant counterparties. The offer to acquire the notes was at a price of $500 per $1,000 of principal amount. The offer to acquire the gold hedge contracts was at $0.50 per $1.00 of the net mark-to-market hedge liability as calculated by YBCL as of May 22, 2003.

On July 3, 2003, the board of directors of NYOL resolved to place NYOL into Voluntary Administration (VA, a form of insolvency proceeding in Australia) as NYOL was insolvent or likely to become insolvent. To comply with applicable legal requirements and to allow holders of NYOL s outstanding 8 7/8% Senior Notes more time to assess these developments, YBCL extended the expiration of the offer to acquire the notes to July 11, 2003. As of that date, YBCL had received binding tenders for the notes totaling $237.0 million, representing 99.9% of the total $237.2 million principal amount outstanding with third-parties at the date of its May 29, 2003 offer. Six of the total of seven counterparties to the gold hedge contracts, representing 94% of the gold ounces in the NYOL hedge book and 76% of the mark-to-market value of the May 22, 2003 hedge liability, had assigned their hedge contracts to YBCL prior to the NYOL entering into VA.

In conjunction with the VA process, Newmont made an offer to the administrator of NYOL to bring NYOL out of VA. Newmont s offer to the administrator effectively valued the assets in excess of $200 million and provided that NYOL s outstanding third-party note holders and the remaining hedge contract counterparty would receive not more than $0.40 on the dollar. Newmont s offer also honored any prior unpaid obligations to NYOL s employees and guaranteed payment in full to NYOL s trade creditors. On August 29, 2003 NYOL s creditors passed a resolution to accept Newmont s offer and on September 8, 2003, Newmont s offer, in the form of Deeds of Company Arrangement, were signed by the administrators. On September 10, 2003, the conditions precedent to the offer were fulfilled, the offer became effective and NYOL was returned to the control of its directors, and its employees continued their employment.

In accordance with the terms of Newmont s offer, an NYOL subsidiary, Clynton Court, subject to the Deeds of Company Arrangement, assumed the liabilities to be settled, including the outstanding third-party notes, the liability to the remaining hedge contract counterparty and the liabilities to trade creditors that existed at July 3, 2003 (the applicable liabilities). Newmont contributed sufficient cash to Clynton Court to settle the applicable liabilities as per the terms of its offer and to pay the fees of the administrator. Upon assumption by Clynton Court, the applicable liabilities of NYOL were extinguished.

The above transactions gave rise to a *Gain on extinguishment of NYOL bonds, net* of $114.0 million and a *Gain on extinguishment of NYOL derivative liability, net* of $106.5 million, both net of transaction costs, for the year ended December 31, 2003. Total cash payments to extinguish the NYOL bonds and the NYOL derivatives liabilities (including costs) were $98.5 million and $103.6 million, respectively, during the year ended December 31, 2003.

On September 3, 2003, J. Aron & Co. commenced proceedings in the Supreme Court of New South Wales (Australia) against NYOL and its subsidiaries in relation to the VA. J. Aron & Co., an NYOL creditor, initially sought injunctive relief but was denied by the court on September 8, 2003. On October 30, 2003, J. Aron & Co. filed a statement of claim alleging various deficiencies in the implementation of the VA process and seeking damages and other relief against NYOL and other parties.

Other Debt Extinguishments

During 2003, Newmont extinguished the following debt instruments: $148 million of its 8 3/8% debentures resulting in a *Loss on extinguishment of debt* of $11.2 million; $52.3 million of its 8 5/8% debentures resulting in a *Loss on extinguishment of debt* of $11.6 million; $30.9 million of its 7 5/8% guaranteed notes resulting in a *Loss on extinguishment of debt* of $4.4 million; $80.5 million of its 7 1/2% guaranteed notes resulting in a *Loss on extinguishment of debt* $6.4 million; and $100 million in aggregate principal of its 6% convertible subordinated debentures resulting in a *Loss on extinguishment of debt* of $0.2 million.

Corporate Revolving Credit Facilities

The Company has three uncollateralized revolving credit facilities with a consortium of banks: a $200.0 million U.S. dollar denominated revolving credit facility with an initial term of 364 days, which may be extended annually to October 2006 (and with a current maturity date of October 6, 2004); a $400.0 million multi-currency revolving credit facility, which matures in October 2006 and provides for borrowing in U.S., Canadian and Australian dollars, and which also contains a letter of credit sub-facility; and a $150.0 million multi-currency revolving credit facility, which also matures in 2006, and provides for borrowing in U.S. and Australian dollars. Interest rates and facility fees vary based on the credit ratings of the Company s senior, uncollateralized, long-term debt. Borrowings under the facilities bear interest at a rate per annum equal to either the LIBOR plus a margin ranging from 0.45% to 1.25% or the greater of the federal funds rate plus 0.5% or the lead bank s prime rate plus a margin ranging from 0% to 0.25%. Facility fees accrue at a rate per annum ranging from 0.10% to 0.40% of the commitment. At December 31, 2003, the fees were 0.15%, 0.175% and 0.30% of the commitment, for the $200.0 million, the $400.0 million and the $150.0 million facilities, respectively. There were no outstanding borrowings under the facilities as of December 31, 2003 and 2002. The Company is in compliance with all covenants under these facilities.

Other Debt

Due to the acquisition of Normandy and Franco-Nevada effective February 15, 2002, Newmont consolidated additional debt of $913.7 million consisting of $150.0 million of ten year 7 5/8% guaranteed notes, $100.0 million of ten year 7 1/2% guaranteed notes, the NYOL 8 7/8% Senior Notes due April 2008 discussed above and other debt instruments.

In May 2001, Newmont issued uncollateralized debentures with a principal amount of $275 million due May 2011 bearing an annual interest rate of 8.625%. 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 debentures.

Prepaid Forward Sales Contract

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, from 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.

Debt Covenants

Certain of Newmont s current debt facilities contain various common public debt covenants and default provisions including payment defaults, limitation on liens, limitation on sales and leaseback agreements and merger restrictions. These debt instruments include the medium-term notes, 8 $^{5}/8\%$ debentures, 8 $^{3}/8\%$ debentures and sale-leaseback of the refractory ore treatment plant. None of the aforementioned public debt instruments contain financial ratio covenants or credit rating provisions that could create liquidity issues for the Company.

In addition to the covenants noted above, the Corporate Revolving Credit Facilities contain financial ratio covenants requiring the Company to maintain a net debt (total debt net of cash) to EBITDA (Earnings before interest expense, income taxes, depreciation and amortization) ratio of less than or equal to 4.0 and a net debt to total capitalization ratio of less than or equal to 62.5%. Furthermore, the Corporate Revolving Credit Facilities contain covenants limiting the sale of all or substantially all of the Company s assets, certain change of control provisions and a negative pledge on certain assets.

Certain of the Company s project debt facilities contain various common project debt covenants and default provisions including limitations on dividends subject to certain debt service cover ratios, limitations on sales of assets, negative pledges on certain assets, change of control provisions and limitations of additional permitted debt.

At December 31, 2003, the Company and its subsidiaries were in full compliance with all debt covenants and default provisions.

Scheduled Debt Payments

Scheduled minimum long-term debt repayments are $190.9 million in 2004, $142.8 million in 2005, $85.8 million in 2006, $74.8 million in 2007, $147.5 million in 2008 and $435.7 million thereafter. Newmont expects to be able to fund maturities of its debt from *Net cash provided by operating activities.*

Common Stock Offering

During November 2003, Newmont completed an equity offering for 25 million shares of its common stock under its existing shelf registration statement filed with the Securities and Exchange Commission. The proceeds of approximately $1.0 billion from this offering are intended to be used for general corporate purposes, which could include the funding of new project development, other capital expenditures and repayment of debt.

In January 2004, Newmont filed a new shelf registration statement on Form S-3 under which it can issue debt and equity securities from time-to-time having an aggregate offering price of $1.0 billion. Newmont also filed a shelf registration statement on Form S-4 under which it can issue, from time-to-time in connection with future acquisitions of businesses, properties or assets, common stock and common stock warrants having an aggregate offering price of U.S.$200 million. These registration statements were declared effective on February 4, 2004.

Dividends

The Company paid dividends of $0.17 per common share of Newmont stock during 2003 and $0.12 per common share in each of 2002 and 2001. On February 4, 2004, the Company declared a regular quarterly dividend of $0.05 per share, payable March 24, 2004 to holders of record at the close of business on March 3, 2004. The quarterly dividend increased to $0.05 per share from $0.04 per share in the fourth quarter of 2003.

Redemption of Preferred Convertible Stock

The Company did not pay any preferred stock dividends during 2003 and paid $3.7 million and $7.5 million in preferred stock dividends in 2002 and 2001, respectively.

In April 2002, Newmont announced the redemption of all issued and outstanding shares of its $3.25 cumulative preferred stock as of May 15, 2002. Pursuant to the terms of the cumulative convertible preferred stock, Newmont paid a redemption price of $50.325 per share, plus $0.8125 per share for accrued dividends at the redemption date. In settlement of the total redemption price of $51.1375 per preferred share, Newmont issued each holder of record 1.19187 shares of its common stock and cash for any remaining fractional interests.

Environmental

The Company s mining and exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. At December 31, 2003 and 2002, $361.0 million and $254.1 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 Recent Accounting Pronouncements).

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, $58.6 million and $48.1 million were accrued for such obligations at December 31, 2003 and 2002, respectively. 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 54% greater or 41% lower than the amount accrued at December 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 *Other* expenses in the period estimates are revised.

Newmont spent $18.7 million, $14.6 million, and $8.1 million in 2003, 2002 and 2001, respectively, for environmental obligations related to former, primarily historic, mining activities, and expects to spend

approximately $13.7 million in 2004. Expenditures for 2003 related primarily to the Dawn mill site near Ford, Washington and the McCoy Cove property in central Nevada. Expenditures for 2002 relate primarily to the Dawn mill site and the Resurrection site near Leadville, Colorado.

Included in 2003 and 2002 capital expenditures were $25.7 million and $14.3 million, respectively, to comply with environmental regulations. Expenditures of approximately $42 million to $45 million are anticipated in 2004, primarily for projects to be completed in 2004 at Yanacocha to increase water treatment and testing capacity to accommodate mine expansion. Ongoing costs to comply with environmental regulations have not been a significant component of cash operating costs.

For more information on the Company s reclamation and remediation liabilities, see Note 14 to the Consolidated Financial Statements.

Forward-Looking Statements

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information concerning this item begins on the following page.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets and the related statements of consolidated operations and comprehensive income (loss), of changes in stockholders equity and of cash flows, present fairly, in all material respects, the financial position of Newmont Mining Corporation and its subsidiaries at December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 32 of the consolidated financial statements, the Company has restated its statements of consolidated cash flows for the years ended December 31, 2003 and 2002.

As explained in Notes 2 and 24 to the consolidated financial statements, the Company changed its method of (i) accounting for asset retirement obligations effective January 1, 2003; (ii) accounting for depreciation, depletion and mine development, effective January 1, 2002; and (iii) accounting for derivative instruments and hedging activities effective January 1, 2001.

/s/ PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Denver, Colorado

February 27, 2004 (except for Note 32 as to which the date is July 27, 2004)

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NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Years Ended December 31,		
	2003	**2002**	**2001**
	(in thousands, except per share)		
Revenues			
Sales gold	$ 3,082,936	$ 2,566,833	$ 1,666,108
Sales base metals, net	74,820	55,321	
Royalties	56,303	35,718	598
	3,214,059	2,657,872	1,666,706
Costs and expenses			
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)			
Gold	1,655,989	1,580,347	1,117,930
Base metals	44,273	36,040	
Depreciation, depletion and amortization	564,481	505,598	301,563
Exploration, research and development	115,238	88,886	55,528
General and administrative	130,292	115,252	61,153
Write-down of long-lived assets	35,260	3,652	32,711
Merger and restructuring			60,510
Other	49,506	29,372	11,466
	2,595,039	2,359,147	1,640,861
Other income (expense)			
Gain on investments, net	83,166	47,086	
Gain (loss) on derivative instruments, net	22,876	(39,805)	1,797
Gain on extinguishment of NYOL bonds, net	114,031		
Gain on extinguishment of NYOL derivative liability, net	106,506		
Loss on extinguishment of debt	(33,832)		
Loss on guarantee of QMC debt	(30,000)		
Dividends, interest income, foreign currency exchange and other income	132,198	39,885	7,387
Interest, net of capitalized interest of $8,945, $5,226 and $10,633, respectively	(88,579)	(129,565)	(98,080)
	306,366	(82,399)	(88,896)
Pre-tax income (loss) before minority interest, equity income (loss) and impairment of affiliates and cumulative effect of a change in accounting principle	925,386	216,326	(63,051)
Income tax (expense) benefit	(206,950)	(19,900)	59,268
Minority interest in income of subsidiaries	(173,178)	(97,442)	(65,374)
Equity loss and impairment of Australian Magnesium Corporation	(119,485)	(1,775)	
Equity income of affiliates	84,427	53,151	22,513
Income (loss) before cumulative effect of a change in accounting principle	510,200	150,360	(46,644)
Cumulative effect of a change in accounting principle, net of tax of $11,188 in 2003 and $(4,147) in 2002	(34,533)	7,701	
Net income (loss)	475,667	158,061	(46,644)
Preferred stock dividends		(3,738)	(7,475)
Net income (loss) applicable to common shares	$ 475,667	$ 154,323	$ (54,119)
Net income (loss)	$ 475,667	$ 158,061	$ (46,644)
Other comprehensive income (loss), net of tax	86,853	(54,578)	16,340

Comprehensive income (loss)	$ 562,520	$ 103,483	$ (30,304)
Income (loss) before cumulative effect of a change in accounting principle per common share, basic	$ 1.24	$ 0.40	$ (0.28)
Cumulative effect of a change in accounting principle per common share, basic	(0.08)	0.02	
Net income (loss) per common share, basic	$ 1.16	$ 0.42	$ (0.28)
Income (loss) before cumulative effect of a change in accounting principle per common share, diluted	$ 1.23	$ 0.39	$ (0.28)
Cumulative effect of a change in accounting principle per common share, diluted	(0.08)	0.02	
Net income (loss) per common share, diluted	$ 1.15	$ 0.41	$ (0.28)
Basic weighted-average common shares outstanding	410,600	370,940	195,059
Diluted weighted-average common shares outstanding	413,723	372,975	195,059

The accompanying notes are an integral part of these financial statements.

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NEWMONT MINING CORPORATION

CONSOLIDATED BALANCE SHEETS

	At December 31,	
	2003	**2002**
	(in thousands, except shares and per share)	
ASSETS		
Cash and cash equivalents	$ 1,314,022	$ 401,683
Marketable securities	144,711	