NEWMONT MINING CORP /DE/
Form 10-Q
August 02, 2007

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D. C. 20549**

# Form 10-Q

**(Mark One)**

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

**For the Quarterly Period Ended June 30, 2007**

**or**

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

**For the transition period from_____to_____**

**Commission File Number: 001-31240**

# NEWMONT MINING CORPORATION

**(Exact name of registrant as specified in its charter)**

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

**(Address of Principal Executive Offices)** **(Zip Code)**

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

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

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

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

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

There were 426,909,947 shares of common stock outstanding on July 27, 2007 (and 24,628,906 exchangeable shares).

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**PART I FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**NEWMONT MINING CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)**

**(unaudited, in millions except per share)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Revenues | | | | |
| Sales - gold, net | $ 962 | $ 1,091 | $ 2,005 | $ 2,086 |
| Sales - copper, net | 340 | 202 | 553 | 339 |
| | 1,302 | 1,293 | 2,558 | 2,425 |
| Costs and expenses | | | | |
| Costs applicable to sales (exclusive of loss on settlement of price-capped forward sales contracts and depreciation, depletion and amortization, shown separately below) | | | | |
| Gold | 628 | 544 | 1,304 | 1,038 |
| Copper | 134 | 84 | 262 | 149 |
| Loss on settlement of price-capped forward sales contracts (Note 3) | 531 | | 531 | |
| Depreciation, depletion and amortization | 193 | 146 | 381 | 281 |
| Exploration | 45 | 46 | 85 | 79 |
| Advanced projects, research and development | 13 | 24 | 29 | 39 |
| General and administrative | 36 | 37 | 73 | 74 |
| Other expense, net (Note 4) | 53 | 13 | 74 | 27 |
| | 1,633 | 894 | 2,739 | 1,687 |
| Other income (expense) | | | | |
| Other income, net (Note 5) | 25 | 1 | 35 | 7 |
| Interest expense, net | (25) | (23) | (49) | (43) |
| | | (22) | (14) | (36) |
| (Loss) income from continuing operations before income tax, minority interest and equity income of affiliates | (331) | 377 | (195) | 702 |
| Income tax benefit (expense) (Note 8) | 23 | (121) | (21) | (153) |
| Minority interest in income of consolidated subsidiaries (Note 9) | (98) | (128) | (154) | (227) |
| (Loss) income from continuing operations | (406) | 128 | (370) | 322 |
| (Loss) income from discontinued operations (Note 10) | (1,656) | 33 | (1,624) | 48 |
| Net (loss) income | $ (2,062) | $ 161 | $ (1,994) | $ 370 |
| Income per common share (Note 12) | | | | |
| Basic: | | | | |
| (Loss) income from continuing operations | $ (0.90) | $ 0.29 | $ (0.82) | $ 0.71 |
| (Loss) income from discontinued operations | (3.67) | 0.07 | (3.60) | 0.11 |

| | | | | |
|---|---|---|---|---|
| Net (loss) income | $ (4.57) | $ 0.36 | $ (4.42) | $ 0.82 |
| Diluted: | | | | |
| (Loss) income from continuing operations | $ (0.90) | $ 0.29 | $ (0.82) | $ 0.71 |
| (Loss) income from discontinued operations | (3.67) | 0.07 | (3.60) | 0.11 |
| Net (loss) income | $ (4.57) | $ 0.36 | $ (4.42) | $ 0.82 |
| Basic weighted-average common shares outstanding | 451 | 449 | 451 | 449 |
| Diluted weighted-average common shares outstanding | 454 | 452 | 453 | 451 |
| Cash dividends declared per common share | $ 0.10 | $ 0.10 | $ 0.20 | $ 0.20 |

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

**NEWMONT MINING CORPORATION**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(unaudited, in millions)**

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 668 | $ 1,166 |
| Marketable securities and other short-term investments (Note 15) | 1,028 | 109 |
| Trade receivables | 228 | 142 |
| Accounts receivable | 138 | 206 |
| Inventories (Note 16) | 406 | 382 |
| Stockpiles and ore on leach pads (Note 17) | 337 | 378 |
| Deferred income tax assets | 138 | 156 |
| Other current assets | 128 | 93 |
| Current assets | 3,071 | 2,632 |
| Property, plant and mine development, net | 7,024 | 6,594 |
| Investments (Note 15) | 472 | 1,319 |
| Long-term stockpiles and ore on leach pads (Note 17) | 795 | 812 |
| Deferred income tax assets | 675 | 799 |
| Other long-term assets | 177 | 178 |
| Goodwill | 1,320 | 1,343 |
| Assets of operations held for sale (Note 10) | 327 | 1,924 |
| Total assets | $ 13,861 | $ 15,601 |
| **LIABILITIES** | | |
| Current portion of long-term debt (Note 18) | $ 161 | $ 159 |
| Accounts payable | 274 | 340 |
| Employee-related benefits | 143 | 182 |
| Derivative instruments (Note 11) | | 174 |
| Income and mining taxes | 91 | 357 |
| Other current liabilities (Note 19) | 605 | 515 |
| Current liabilities | 1,274 | 1,727 |
| Long-term debt (Note 18) | 2,493 | 1,752 |
| Reclamation and remediation liabilities (Note 20) | 546 | 528 |
| Deferred income tax liabilities | 383 | 626 |
| Employee-related benefits | 286 | 309 |
| Other long-term liabilities (Note 19) | 161 | 135 |
| Liabilities of operations held for sale (Note 10) | 108 | 89 |
| Total liabilities | 5,251 | 5,166 |
| Commitments and contingencies (Note 24) | | |
| Minority interest in subsidiaries | 1,308 | 1,098 |
| **STOCKHOLDERS EQUITY** | | |
| Common stock | 683 | 677 |
| Additional paid-in capital | 6,738 | 6,703 |
| Accumulated other comprehensive income | 789 | 673 |

| | | |
|---|---|---|
| Retained (deficit) earnings | (908) | 1,284 |
| Total stockholders equity | 7,302 | 9,337 |
| Total liabilities and stockholders equity | $ 13,861 | $ 15,601 |

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

**NEWMONT MINING CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(unaudited, in millions)**

| | Six Months Ended June 30, | |
|---|---|---|
| | **2007** | **2006** |
| Operating activities: | | |
| Net (loss) income | $ (1,994) | $ 370 |
| Adjustments to reconcile net (loss) income to net cash from continuing operations: | | |
| Depreciation, depletion and amortization | 381 | 281 |
| Revenue from prepaid forward sales obligation | | (48) |
| Loss (income) from discontinued operations | 1,624 | (48) |
| Accretion of accumulated reclamation obligations | 19 | 14 |
| Deferred income taxes | (143) | (77) |
| Minority interest expense | 154 | 227 |
| Gain on asset sales, net | (4) | (10) |
| Hedge (gain) loss, net | (7) | 74 |
| Other operating adjustments and write-downs | 79 | 90 |
| Net cash provided from continuing operations before net change in operating assets and liabilities | 109 | 873 |
| Net change in operating assets and liabilities (Note 21) | (733) | (351) |
| Net cash (used in) provided from continuing operations | (624) | 522 |
| Net cash provided from discontinued operations | 61 | 49 |
| Net cash (used in) provided from operations | (563) | 571 |
| Investing activities: | | |
| Additions to property, plant and mine development | (713) | (700) |
| Investments in marketable debt securities | (124) | (1,057) |
| Proceeds from sale of marketable debt securities | 134 | 1,530 |
| Acquisitions (Note 14) | | (187) |
| Cash received on repayment of Batu Hijau carried interest (Note 9) | 161 | |
| Other | 5 | 6 |
| Net cash used in investing activities of continuing operations | (537) | (408) |
| Net cash provided from (used in) investing activities of discontinued operations | 43 | (25) |
| Net cash used in investing activities | (494) | (433) |
| Financing activities: | | |
| Proceeds from debt, net | 1,161 | 99 |
| Repayment of debt | (418) | (63) |
| Dividends paid to common stockholders | (90) | (90) |
| Dividends paid to minority interests | (115) | (89) |
| Proceeds from stock issuance | 14 | 57 |
| Change in restricted cash and other | 2 | (2) |
| Net cash provided from (used in) financing activities | 554 | (88) |
| Effect of exchange rate changes on cash | 5 | 3 |

| | | |
|---|---|---|
| Net change in cash and cash equivalents | (498) | 53 |
| Cash and cash equivalents at beginning of period | 1,166 | 1,082 |
| Cash and cash equivalents at end of period | $ 668 | $ 1,135 |

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

**NEWMONT MINING CORPORATION**

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

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

**(1) BASIS OF PRESENTATION**

The interim Condensed Consolidated Financial Statements of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company ) are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim Condensed Consolidated Financial Statements are not necessarily indicative of the results that may be reported for the entire year. These interim Condensed Consolidated Financial Statements should be read in conjunction with Newmont s Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended December 31, 2006, filed February 26, 2007.

References to A$ refer to Australian currency, CDN$ to Canadian currency, IDR to Indonesian currency and $ to United States currency.

Certain amounts for the three and six months ended June 30, 2006 and as of December 31, 2006 have been reclassified to conform to the 2007 presentation. The Company has reclassified the balance sheet, income statement and cash flow statement amounts for the Merchant Banking Segment and the Zarafshan-Newmont Joint Venture operation from the historical presentation to discontinued operations in the Condensed Consolidated Balance Sheet, Condensed Consolidated Statements of Income (Loss) and Cash Flows for all periods presented.

**(2) ACCOUNTING DEVELOPMENTS**

During the second quarter of 2007, the Company revised its estimate of haul truck lives prospectively to ten years based on experience. The impact of the change in estimate was a reduction of *Depreciation, depletion and amortization* of $6 for the second quarter of 2007.

**Recently Adopted Pronouncements**

*Income Taxes*

The Company adopted Financial Accounting Standards Board ( FASB ) Interpretation No. 48, Accounting for Uncertainty in Income Taxes, ( FIN 48 ) an interpretation of FASB Statement No. 109, Accounting for Income Taxes on January 1, 2007. Refer to Note 8 for a discussion regarding the cumulative effect of adopting FIN 48.

The Company s continuing practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. The Company had $13 accrued for interest at January 1, 2007. This amount has been considered in the statement of financial position as part of the cumulative effect adjustment to retained earnings.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various states and in foreign jurisdictions. With limited exception, the Company is no longer subject to U.S. federal, state and local income or non-U.S. income tax audits by taxing authorities for years through 1999.

**Recently Issued Pronouncements**

*Fair Value Option for Financial Assets and Liabilities*

In February 2007, the FASB issued FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( FAS 159 ). FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with the objective of improving financial reporting by mitigating volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of FAS 159 are

**NEWMONT MINING CORPORATION**

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

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

effective for the Company s year ending December 31, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company s consolidated financial position, results of operations and disclosures.

*Fair Value Measurements*

In September 2006, the FASB issued FASB Statement No. 157, Fair Value Measurements ( FAS 157 ). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 are effective for the Company s fiscal year ending December 31, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company s consolidated financial position, results of operations and disclosures.

**(3) PRICE-CAPPED FORWARD SALES CONTRACTS**

In 2001, the Company entered into transactions that closed out certain call options. The options were replaced with a series of forward sales contracts requiring physical delivery of the same quantity of gold over slightly extended future periods. Under the terms of the contracts, the Company would realize the lower of the spot price on the delivery date or the capped price, ranging from $381 to $392 per ounce. The forward sales contracts were accounted for as normal sales contracts under SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities and SFAS No. 138 Accounting for Certain Derivative Instruments and Certain Hedging Activities-an Amendment to SFAS No. 133. The initial fair value of the forward sales contracts was recorded as deferred revenue, and the fair value of these contracts was not included on the Condensed Consolidated Balance Sheets.

In June 2007, the Company paid $578 to eliminate its entire 1.85 million ounce price-capped forward sales contracts. The Company reported a pre-tax loss of $531 ($460 after-tax) on the early settlement of the contracts, after a $47 reversal of previously recognized deferred revenue.

**(4) OTHER EXPENSE, NET**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Reclamation and remediation | $ 17 | $ | $ 17 | $ 3 |
| Pension settlement loss (Note 6) | 13 | | 13 | |
| Buyat Bay litigation and other | 4 | 5 | 8 | 11 |
| Western Australia power plant | 2 | | 7 | |
| Peruvian royalty | 1 | | 4 | |
| Australian office relocation | 3 | 3 | 4 | 3 |
| Other | 13 | 5 | 21 | 10 |
| | $ 53 | $ 13 | $ 74 | $ 27 |

**(5) OTHER INCOME, NET**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Interest income | $ 9 | $ 17 | $ 23 | $ 36 |
| Foreign currency exchange gains, net | 8 | 6 | 3 | 9 |
| Gain (loss) on ineffective portion of derivative instruments, net | 2 | (35) | | (59) |
| Gain on sale of other assets, net | 2 | 7 | 4 | 9 |

| | | | | |
|---|---|---|---|---|
| Income from development projects, net | | 5 | | 9 |
| Other | 4 | 1 | 5 | 3 |
| | $ 25 | $ 1 | $ 35 | $ 7 |

**NEWMONT MINING CORPORATION**

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

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

**(6) EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Pension benefit costs, net | | | | |
| Service cost | $ 5 | $ 4 | $ 10 | $ 8 |
| Interest cost | 6 | 6 | 12 | 11 |
| Expected return on plan assets | (6) | (5) | (11) | (9) |
| Amortization of prior service cost | 1 | 1 | 1 | 1 |
| Amortization of loss | 14 | 2 | 16 | 4 |
| | $ 20 | $ 8 | $ 28 | $ 15 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Other benefit costs, net | | | | |
| Service cost | $ 2 | $ 1 | $ 3 | $ 3 |
| Interest cost | 2 | 2 | 3 | 3 |
| | $ 4 | $ 3 | $ 6 | $ 6 |

A pension settlement loss of $13 related to senior management retirements was recognized in the three and six months ended June 30, 2007 and included in *Other expense, net*.

**(7) STOCK BASED COMPENSATION**

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Stock options | $ 6 | $ 9 | $ 10 | $ 15 |
| Restricted stock | 1 | | 3 | |
| Restricted stock units | | | 1 | |
| Deferred stock awards | 2 | 1 | 4 | 3 |
| | $ 9 | $ 10 | $ 18 | $ 18 |

For the three and six months ended June 30, 2007 and 2006, 1,066,500 and 1,238,750 stock options, respectively, were granted at the weighted-average exercise price of $42 and $57, respectively. At June 30, 2007, there was $20 of unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of approximately 2 years. The total intrinsic value of options exercised in the second quarter of 2007 and 2006 was $15 and $19, respectively. The total intrinsic value of options exercised in the first half of 2007 and 2006 was $15 and $40, respectively. During the six months ended June 30, 2007 and 2006, 1,112,947 and 953,791 stock

options vested, respectively, at the weighted-average fair market value of $48 and $39, respectively.

For the three months ended June 30, 2007 and 2006, 33,286 and nil shares of restricted stock, respectively, were granted and issued, at the weighted-average fair market value of $42 and $nil, respectively. For the six months ended June 30, 2007 and 2006, 175,114 and 102,491 shares of restricted stock, respectively, were granted and issued, at the weighted-average fair market value of $45 and $58, respectively.

For the three months ended June 30, 2007 and 2006, no shares of restricted stock units were granted. For the six months ended June 30, 2007 and 2006, 20,212 and 19,181 shares of restricted stock units, respectively, were granted, at the weighted-average fair market value of $45 and $58, respectively, per underlying share of the Company s common stock.

For the three and six months ended June 30, 2007 and 2006, 365,776 and 237,946 deferred stock awards, respectively, were granted.

**NEWMONT MINING CORPORATION**

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

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

**(8) INCOME TAXES**

The Company operates in numerous countries around the world and accordingly is subject to, and pays, annual income taxes under the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Company is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Company s business conducted within the country involved. The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, ( FIN 48 ) an interpretation of FASB Statement No. 109, Accounting for Income Taxes on January 1, 2007. FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. The interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. As a result of this adoption, the Company recognized a $72 increase in its net liability for unrecognized income tax benefits. As of the adoption date, the beginning balance of net deferred tax assets was reduced by $37 (primarily, as a result of utilization of foreign tax credits and net operating losses as part of the FIN 48 measurement process, offset, in part, by the impact of the interaction of the Alternative Minimum Tax rules), goodwill increased by $5, minority interest increased by $4, and retained earnings decreased by $108. Also as of the adoption date, the Company reclassified $16 of income tax liabilities from current to non-current liabilities because payment of cash is not anticipated within one year of the balance sheet date. At January 1, 2007, the Company had $267 of total gross unrecognized tax benefits. Of this, $202 represents the amount of net unrecognized tax benefits that, if recognized, would affect the Company s effective income tax rate. There have been no significant changes to these amounts in the second quarter of 2007.

The Company s continuing practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. The Company had $13 accrued for interest at January 1, 2007.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various states and in foreign jurisdictions. With limited exception, the Company is no longer subject to U.S. federal, state and local income or non-U.S. income tax audits by taxing authorities for years through 1999.

In December 2006, the Company entered into an in-principle heads of agreement with the Australian Taxation Office. The heads of agreement specifies the terms of a proposed settlement of the outstanding audit issues relating to Normandy for the tax years 1994-1999. The issues relate to years before the Company acquired Normandy. At the date of the business combination, Normandy had recorded no income tax liability with respect to the tax positions taken in reporting certain transactions, therefore the Company s initial best estimate of the income tax contingency relating to these issues was recorded as a tax liability at the date of acquisition, February 15, 2002, by increasing the purchase price of Normandy. At December 31, 2006, the long-term income tax liability balance relating to this proposed settlement was reclassified to current income taxes payable. The $276 (A$336) income tax liability was paid in the second quarter of 2007. On July 13, 2007, the Company received a closure letter from the Australian Tax Office stating that all audit issues for the tax years 1994-1999 are settled.

**(9) MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES**

Newmont has a 45% ownership interest in the Batu Hijau mine, held through a partnership ( NTP ) with an affiliate of Sumitomo Corporation of Japan. Newmont has a 56.25% interest in NTP and the Sumitomo affiliate holds the remaining 43.75%. NTP in turn owns 80% of P.T. Newmont Nusa Tenggara ( PTNNT ), the Indonesian subsidiary that owns Batu Hijau. Newmont identified NTP as a Variable Interest Entity and has fully consolidated Batu Hijau in its consolidated financial statements since January 1, 2004. The remaining 20% interest in PTNNT is owned by P.T. Pukuafa Indah ( PTPI ), an unrelated Indonesian company. Because PTPI s interest was a carried interest, and because PTPI had been advanced a loan by NTP, Newmont reported a 52.875% economic interest in Batu Hijau, which reflected its actual economic interest in the mine until such time as the loan was fully repaid (including accrued interest). On May 25, 2007, PTPI fully repaid the loan (including accrued interest) from NTP. As a result of the loan repayment, Newmont s economic interest in Batu Hijau was reduced from 52.875% to 45% and the Company recorded a net charge of $25 million (after-tax) against *Minority interest expense* in the second quarter of 2007.

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**NEWMONT MINING CORPORATION**

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

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

**(10) DISCONTINUED OPERATIONS**

Discontinued operations include the Company s Merchant Banking Segment, its 50% interest in the Zarafshan-Newmont Joint Venture, expropriated by the Uzbekistan government in August 2006, and the Holloway mine sold in November 2006.

During June 2007, Newmont s Board of Directors approved a plan to cease Merchant Banking activities. Merchant Banking previously provided advisory services to assist in managing the Company s portfolio of operating and property interests. Merchant Banking was also engaged in developing value optimization strategies for operating and non-operating assets, business development activities, merger and acquisition analysis and negotiations, monetizing inactive exploration properties, capitalizing on proprietary technology and know-how and acting as an internal resource for other corporate groups to improve and maximize business outcomes. As a result of the Board s approval of management s plan to cease Merchant Banking activities, the Company recorded a $1,665 non-cash charge to impair the goodwill associated with the Merchant Banking Segment in the three and six months ended June 30, 2007. The Company has decided to dispose of its royalty portfolio and a portion of its existing equity investments within the next twelve months and will not make further investments in equity securities that do not support its core mining business.

The Company has reclassified the balance sheet amounts and the income statement results from the historical presentation to *Assets* and *Liabilities of operations held for sale* on the Condensed Consolidated Balance Sheets and to *(Loss) income from discontinued operations* in the Condensed Consolidated Statements of Income (Loss) for all periods presented. The Condensed Consolidated Statements of Cash Flows have been reclassified for discontinued operations for all periods presented.

The following table details selected financial information included in *(Loss) income from discontinued operations* in the Condensed Consolidated Statements of Income (Loss):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Sales - gold, net | $ | $ 24 | $ | $ 47 |
| Income from operations | $ 32 | $ 31 | $ 82 | $ 49 |
| Loss on impairment | (1,665) | | (1,665) | |
| Pre-tax (loss) gain | (1,633) | 31 | (1,583) | 49 |
| Income tax (expense) benefit | (23) | 2 | (41) | (1) |
| (Loss) income from discontinued operations | $ (1,656) | $ 33 | $ (1,624) | $ 48 |

The major classes of *Assets* and *Liabilities of operations held for sale* in the Condensed Consolidated Balance Sheets are as follows:

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| Assets: | | |
| Accounts receivable | $ 10 | $ 10 |
| Property, plant and mine development | 255 | 253 |
| Deferred income tax assets | 62 | |
| Goodwill | | 1,661 |

| | | |
|---|---|---|
| Total assets of operations held for sale | $ 327 | $ 1,924 |
| Liabilities: | | |
| Accounts payable | $ 1 | $ |
| Income and mining taxes | 32 | 7 |
| Deferred income tax liabilities | 71 | 77 |
| Other liabilities | 4 | 5 |
| Total liabilities of operations held for sale | $ 108 | $ 89 |

**NEWMONT MINING CORPORATION**

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

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

**(11) SALES CONTRACTS, COMMODITY AND DERIVATIVE INSTRUMENTS**

For the three months ended June 30, 2007 and 2006, gains of $2 and losses of $35, respectively, were included in *Other income, net* for the ineffective portion of derivative instruments designated as cash flow hedges. For the six months ended June 30, 2007 and 2006, losses of $nil and $59, respectively, were included in *Other income, net* for the ineffective portion of derivative instruments designated as cash flow hedges. The amount anticipated to be reclassified from *Accumulated other comprehensive income* to income for derivative instruments during the next 12 months is a gain of approximately $7. The maximum period over which hedged forecasted transactions are expected to occur is 4 years.

Newmont had the following derivative contracts outstanding at June 30, 2007:

| | Expected Maturity Date | | | Fair Value At June 30, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | Total/ Average | 2007 | At December 31, 2006 |
| $/IDR Forward Purchase Contracts: | | | | | |
| $ (millions) | $ 23 | $ 7 | $ 30 | $ 1 | $ 4 |
| Average rate (IDR/$) | 9,473 | 9,292 | 9,431 | | |

Newmont had copper collar contracts with a fair value of $(173) and gold put option contracts of $(1) outstanding at December 31, 2006. Final delivery under the copper collar contracts occurred in February 2007.

***Provisional Copper and Gold Sales***

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

At June 30, 2007 and 2006, Batu Hijau had the following gross revenues (before treatment and refining charges) subject to final price adjustments:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Gross revenue subject to final price adjustments | | | | |
| Copper | $ 322 | $ 377 | $ 402 | $ 477 |
| Gold | $ 20 | $ 24 | $ 28 | $ 24 |

The average final price adjustments realized were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Average final price adjustments | | | | |
| Copper | 26% | 62% | 4% | 44% |
| Gold | 2% | 5% | 2% | 7% |

***Interest Rate Swap Contracts***

At June 30, 2007, Newmont had $100 fixed to floating swap contracts designated as a hedge against a portion of its $275 8 5/8% debentures expiring in 2011. Under the hedge contract terms, the Company receives fixed-rate interest payments at 8.625% and pays floating-rate interest amounts based on periodic London Interbank Offered Rate ( LIBOR ) settings plus a spread, ranging from 2.60% to 3.49%. For the three and six months ended June 30, 2007 and 2006, these transactions had an insignificant impact on interest expense. The fair value of the interest rate swaps was $nil and $1 at June 30, 2007 and December 31, 2006, respectively.

**NEWMONT MINING CORPORATION**

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

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

**(12) INCOME PER COMMON SHARE**

Basic income per common share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted income per common share is computed similarly to basic income per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Numerator: | | | | |
| (Loss) income from continuing operations | $ (406) | $ 128 | $ (370) | $ 322 |
| (Loss) income from discontinued operations | (1,656) | 33 | (1,624) | 48 |
| Net (loss) income | $ (2,062) | $ 161 | $ (1,994) | $ 370 |
| Denominator: | | | | |
| Basic | 451 | 449 | 451 | 449 |
| Effect of employee stock-based awards | 3 | 3 | 2 | 2 |
| Diluted | 454 | 452 | 453 | 451 |
| Income per common share | | | | |
| Basic: | | | | |
| (Loss) income from continuing operations | $ (0.90) | $ 0.29 | $ (0.82) | $ 0.71 |
| (Loss) income from discontinued operations | (3.67) | 0.07 | (3.60) | 0.11 |
| Net (loss) income | $ (4.57) | $ 0.36 | $ (4.42) | $ 0.82 |
| Diluted: | | | | |
| (Loss) income from continuing operations | $ (0.90) | $ 0.29 | $ (0.82) | $ 0.71 |
| (Loss) income from discontinued operations | (3.67) | 0.07 | (3.60) | 0.11 |
| Net (loss) income | $ (4.57) | $ 0.36 | $ (4.42) | $ 0.82 |

Options to purchase 2.2 million and 2.2 million shares of common stock at average exercise prices of $51.43 and $53.85 were outstanding at June 30, 2007 and 2006, respectively, but were not included in the computation of diluted weighted average number of common shares because their effect would have been anti-dilutive.

**(13) COMPREHENSIVE INCOME**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Net (loss) income | $ (2,062) | $ 161 | $ (1,994) | $ 370 |
| Other comprehensive income (loss), net of tax: | | | | |
| Unrealized gain on marketable equity securities (Note 15) | 135 | 64 | 31 | 255 |

| | | | | |
|---|---|---|---|---|
| Foreign currency translation adjustments | 59 | 20 | 65 | 19 |
| Change in pension and other benefit liabilities: | | | | |
| Net amount reclassified to income | 15 | | 17 | |
| Change in fair value of cash flow hedge instruments: | | | | |
| Net change from periodic revaluations | | (108) | 4 | (180) |
| Net amount reclassified to income | (2) | 93 | (1) | 130 |
| Net unrecognized (loss) gain on derivatives | (2) | (15) | 3 | (50) |
| | 207 | 69 | 116 | 224 |
| Comprehensive (loss) income | $ (1,855) | $ 230 | $ (1,878) | $ 594 |

**NEWMONT MINING CORPORATION**

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

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

**(14) ACQUISITIONS**

In March 2006, Newmont acquired Newcrest Mining Limited s 22.22% interest in the Boddington unincorporated joint venture for cash consideration of $164 plus stamp duty of $9 paid in the third quarter of 2006, bringing its interest in the project to 66.67%.

In January 2006, Newmont acquired the remaining 15% interest in the Akyem project for cash consideration of $23, bringing its interest in the project to 100%.

**(15) INVESTMENTS**

| | At June 30, 2007 | | | | At December 31, 2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost/ Equity Basis | Unrealized Gain | Unrealized Loss | Fair/ Equity Value | Cost/ Equity Basis | Unrealized Gain | Unrealized Loss | Fair/ Equity Value |
| Current: | | | | | | | | |
| Marketable debt securities: | | | | | | | | |
| Auction rate securities | $ | $ | $ | $ | $ 10 | $ | $ | $ 10 |
| Marketable equity securities: | | | | | | | | |
| Canadian Oil Sands Trust | 291 | 670 | | 961 | | | | |
| Agincourt Resources | | | | | 37 | 10 | | 47 |
| Other | 17 | 41 | | 58 | 10 | 33 | | 43 |
| | 308 | 711 | | 1,019 | 47 | 43 | | 90 |
| Other investments, at cost | 9 | | | 9 | 9 | | | 9 |
| | $ 317 | $ 711 | $ | $ 1,028 | $ 66 | $ 43 | $ | $ 109 |
| Long-term: | | | | | | | | |
| Marketable equity securities: | | | | | | | | |
| Canadian Oil Sands Trust | $ | $ | $ | $ | $ 265 | $ 603 | $ | $ 868 |
| Gabriel Resources, Ltd. | 105 | 106 | | 211 | 69 | 104 | | 173 |
| Shore Gold, Inc. | 99 | | (20) | 79 | 90 | | | 90 |
| Miramar Mining Corp. | 30 | 51 | | 81 | 28 | 57 | | 85 |
| Other | 30 | 10 | | 40 | 34 | 17 | (4) | 47 |
| | 264 | 167 | (20) | 411 | 486 | 781 | (4) | 1,263 |
| Other investments, at cost | 11 | | | 11 | 12 | | | 12 |
| Investment in affiliates: | | | | | | | | |
| European Gold Refineries | 25 | | | 25 | 17 | | | 17 |
| AGR Matthey JV | 17 | | | 17 | 16 | | | 16 |
| Regis Resources NL | 8 | | | 8 | 11 | | | 11 |
| | 50 | | | 50 | 44 | | | 44 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | $ 325 | $ 167 | $ (20) | $ 472 | $ 542 | $ 781 | $ (4) | $ 1,319 |

During the second quarter of 2007, Newmont sold shares of Oxiana Ltd. and Pan Australian Resources, recognizing gains of $4 and $2, respectively, purchased shares of Neptune Minerals for $5 and recognized a $4 impairment of its investment in Southwestern Resources for an other-than-temporary decline in value of marketable equity securities. During the first half of 2007, the unrealized value of the Company s investments in marketable equity securities increased by $38, primarily related to an increase in the value of Canadian Oil Sands Trust offset by a decline in value of Shore Gold, Inc.

In June 2007, the Board of Directors of Newmont approved a plan to discontinue its Merchant Banking Segment. Specifically, the Company has decided to dispose of a portion of its existing equity investments within the next twelve months and not to make further investments in equity securities that do not support its core mining business. As a result, Newmont s investment in Canadian Oil Sands Trust has been reclassified to current. In addition, the realized investment gains and impairments have been reclassified to *(Loss) income from discontinued operations* on the Condensed Consolidated Statements of Income (Loss). For more information on the discontinued operation of the Merchant Banking Segment, see Note 10 to the Condensed Consolidated Financial Statements.

**NEWMONT MINING CORPORATION**

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

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

**(16) INVENTORIES**

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| In-process | $ 85 | $ 61 |
| Concentrate | 15 | 6 |
| Precious metals | 7 | 43 |
| Materials, supplies and other | 299 | 272 |
| | $ 406 | $ 382 |

During the second quarter of 2007, Newmont recorded aggregate write-downs of $1 included in *Costs applicable to sales* in Australia/New Zealand to reduce the carrying value of inventories to estimated net realizable value.

**(17) STOCKPILES AND ORE ON LEACH PADS**

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| Current: | | |
| Stockpiles | $ 190 | $ 216 |
| Ore on leach pads | 147 | 162 |
| | $ 337 | $ 378 |
| Long-term: | | |
| Stockpiles | $ 527 | $ 527 |
| Ore on leach pads | 268 | 285 |
| | $ 795 | $ 812 |

During the second quarter of 2007, Newmont recorded aggregate write-downs of $13 included in *Costs applicable to sales* at Yanacocha to reduce the carrying value of ore on one of its leach pads to estimated net realizable value.

**(18) DEBT**

| | At June 30, 2007 | | At December 31, 2006 | |
|---|---|---|---|---|
| | Current | Non-Current | Current | Non-Current |
| Sale-leaseback of refractory ore treatment plant | $ 22 | $ 213 | $ 21 | $ 235 |
| Corporate revolving credit facility | | 810 | | |
| 5 7/8% notes, net of discount | | 597 | | 597 |

| | | | | |
|---|---|---|---|---|
| 8 5/8% debentures, net of discount | | 217 | | 217 |
| Newmont Australia 7 5/8% guaranteed notes, net of premium | | 120 | | 120 |
| PTNNT project financing facility | 87 | 349 | 87 | 393 |
| PTNNT shareholder loan | 36 | | 36 | |
| Yanacocha credit facility | 14 | 82 | 10 | 90 |
| Yanacocha bonds | | 100 | | 100 |
| Project financings, capital leases and other | 2 | 5 | 5 | |
| | $ 161 | $ 2,493 | $ 159 | $ 1,752 |

Scheduled minimum debt repayments at June 30, 2007 are $87 for the remainder of 2007, $246 in 2008, $128 in 2009, $133 in 2010, $320 in 2011 and $1,740 thereafter.

During the second quarter of 2007, Newmont borrowed net proceeds of $810 under its $2,000 senior revolving credit facility.

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

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

**(19) OTHER LIABILITIES**

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| Other current liabilities: | | |
| Accrued capital expenditures | $ 163 | $ 128 |
| Accrued operating costs | 123 | 156 |
| Deferred income tax liabilities | 107 | 9 |
| Reclamation and remediation liabilities | 90 | 77 |
| Royalties | 34 | 39 |
| Interest | 32 | 34 |
| Taxes other than income and mining | 17 | 18 |
| Deferred revenue | 2 | 9 |
| Other | 37 | 45 |
| | $ 605 | $ 515 |

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| Other long-term liabilities: | | |
| Income taxes | $ 124 | $ 54 |
| Deferred revenue from the sale of future production | | 47 |
| Other | 37 | 34 |
| | $ 161 | $ 135 |

**(20) RECLAMATION AND REMEDIATION LIABILITIES (ASSET RETIREMENT OBLIGATIONS)**

At June 30, 2007 and December 31, 2006, $523 and $520, respectively, were accrued for reclamation obligations relating to mineral properties in accordance with SFAS No. 143, Accounting for Asset Retirement Obligations. In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites involved. At June 30, 2007 and December 31, 2006, $113 and $85, respectively, were accrued for such obligations. These amounts are also included in *Reclamation and remediation liabilities*.

The following is a reconciliation of the liability for asset retirement obligations:

| | Six Months Ended June 30, 2007 | 2006 |
|---|---|---|
| Balance at beginning of period | $ 605 | $ 505 |
| Additions, changes in estimates and other | 36 | 19 |
| Liabilities settled | (24) | (25) |

| | | |
|---|---|---|
| Accretion expense | 19 | 14 |
| Balance at end of period | $ 636 | $ 513 |

The current portions of *Reclamation and remediation liabilities* of $90 and $77 at June 30, 2007 and December 31, 2006, respectively, are included in *Other current liabilities*.

**NEWMONT MINING CORPORATION**

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

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

**(21) NET CHANGE IN OPERATING ASSETS AND LIABILITIES**

*Net cash (used in) provided from operating activities* attributable to the net change in operating assets and liabilities is composed of the following:

| | Six Months Ended June 30, | |
|---|---|---|
| | **2007** | **2006** |
| Decrease (increase) in operating assets: | | |
| Trade and accounts receivable | $ (16) | $ (98) |
| Inventories, stockpiles and ore on leach pads | (12) | (224) |
| Other assets | (39) | (14) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and other accrued liabilities | (642) | 10 |
| Reclamation liabilities | (24) | (25) |
| | $ (733) | $ (351) |

The decrease in accounts payable and other accrued liabilities includes $276 from the settlement of pre-acquisition Australian income taxes of Normandy and $174 from the final settlement of copper collar contracts.

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

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

**(22) SEGMENT INFORMATION**

The Company has reclassified its segment presentation to eliminate the Merchant Banking segment for all prior periods presented (Notes 1 and 10). Financial information relating to Newmont s segments is as follows:

| | Three Months Ended June 30, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Nevada | Yanacocha | Australia/ New Zealand | Batu Hijau | Africa | Other Operations |
| Sales, net: | | | | | | |
| Gold | $ 349 | $ 208 | $ 227 | $ 59 | $ 82 | $ 36 |
| Copper | $ | $ | $ | $ 340 | $ | $ |
| Cost applicable to sales: | | | | | | |
| Gold | $ 258 | $ 133 | $ 155 | $ 20 | $ 47 | $ 15 |
| Copper | $ | $ | $ | $ 134 | $ | $ |
| Loss on settlement of price-capped forward sales contracts | $ | $ | $ | $ | $ | $ |
| Depreciation, depletion and amortization: | | | | | | |
| Gold | $ 66 | $ 40 | $ 34 | $ 5 | $ 13 | $ 3 |
| Copper | $ | $ | $ | $ 26 | $ | $ |
| Other | $ | $ | $ 1 | $ | $ | $ |
| Exploration | $ | $ | $ | $ | $ | $ |
| Advanced projects, research and development | $ 2 | $ 2 | $ 1 | $ | $ 3 | $ |
| Other income, net | $ 2 | $ 5 | $ (10) | $ 1 | $ | $ 1 |
| Interest expense, net | $ | $ 1 | $ 2 | $ 10 | $ | $ |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 17 | $ 35 | $ 31 | $ 205 | $ 18 | $ 13 |
| Equity income of affiliates | $ | $ | $ (2) | $ | $ | $ |
| Capital expenditures | $ 119 | $ 58 | $ 129 | $ 17 | $ 19 | $ 5 |

| | Three Months Ended June 30, 2007 | | | |
|---|---|---|---|---|
| | Total Operations | Exploration | Corporate and Other | Consolidated |
| Sales, net: | | | | |
| Gold | $ 961 | $ | $ 1 | $ 962 |
| Copper | $ 340 | $ | $ | $ 340 |
| Cost applicable to sales: | | | | |
| Gold | $ 628 | $ | $ | $ 628 |
| Copper | $ 134 | $ | $ | $ 134 |
| Loss on settlement of price-capped forward sales contracts | $ | $ | $ 531 | $ 531 |
| Depreciation, depletion and amortization: | | | | |
| Gold | $ 161 | $ | $ | $ 161 |
| Copper | $ 26 | $ | $ | $ 26 |
| Other | $ 1 | $ | $ 5 | $ 6 |
| Exploration | $ | $ 45 | $ | $ 45 |
| Advanced projects, research and development | $ 8 | $ | $ 5 | $ 13 |
| Other income, net | $ (1) | $ 1 | $ 25 | $ 25 |
| Interest expense, net | $ 13 | $ | $ 12 | $ 25 |
| | $ 319 | $ (45) | $ (605) | $ (331) |

| | | | | | |
|---|---|---|---|---|---|
| Pre-tax income (loss) before minority interest and equity income of affiliates | | | | | |
| Equity income of affiliates | $ (2) | $ | $ | 2 | $ |
| Capital expenditures | $ 347 | $ | $ | 4 | $ 351 |

**NEWMONT MINING CORPORATION**

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

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

| | Three Months Ended June 30, 2006 | | | | | |
|---|---|---|---|---|---|---|
| | Nevada | Yanacocha | Australia/ New Zealand | Batu Hijau | Africa | Other Operations |
| Sales, net: | | | | | | |
| Gold | $ 316 | $ 489 | $ 191 | $ 85 | $ | $ 41 |
| Copper | $ | $ | $ | $ 202 | $ | $ |
| Cost applicable to sales: | | | | | | |
| Gold | $ 234 | $ 145 | $ 123 | $ 27 | $ | $ 15 |
| Copper | $ | $ | $ | $ 84 | $ | $ |
| Depreciation, depletion and amortization: | | | | | | |
| Gold | $ 35 | $ 49 | $ 28 | $ 6 | $ | $ 4 |
| Copper | $ | $ | $ | $ 18 | $ | $ |
| Other | $ | $ | $ | $ | $ 1 | $ |
| Exploration | $ | $ | $ | $ | $ | $ |
| Advanced projects, research and development | $ 4 | $ | $ | $ | $ 10 | $ 1 |
| Other income | $ 6 | $ 5 | $ (1) | $ (29) | $ | $ 1 |
| Interest expense, net | $ | $ 1 | $ | $ 11 | $ | $ |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 46 | $ 297 | $ 29 | $ 111 | $ (11) | $ 27 |
| Equity income of affiliates | $ | $ | $ | $ | $ | $ |
| Capital expenditures | $ 136 | $ 57 | $ 39 | $ 21 | $ 70 | $ 5 |

| | Three Months Ended June 30, 2006 | | | |
|---|---|---|---|---|
| | Total Operations | Exploration | Corporate and Other | Consolidated |
| Sales, net: | | | | |
| Gold | $ 1,122 | $ | $ (31) | $ 1,091 |
| Copper | $ 202 | $ | $ | $ 202 |
| Cost applicable to sales: | | | | |
| Gold | $ 544 | $ | $ | $ 544 |
| Copper | $ 84 | $ | $ | $ 84 |
| Depreciation, depletion and amortization: | | | | |
| Gold | $ 122 | $ | $ | $ 122 |
| Copper | $ 18 | $ | $ | $ 18 |
| Other | $ 1 | $ 1 | $ 4 | $ 6 |
| Exploration | $ | $ 46 | $ | $ 46 |
| Advanced projects, research and development | $ 15 | $ | $ 9 | $ 24 |
| Other income | $ (18) | $ 1 | $ 18 | $ 1 |
| Interest expense, net | $ 12 | $ | $ 11 | $ 23 |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 499 | $ (46) | $ (76) | $ 377 |
| Equity income of affiliates | $ | $ | $ | $ |
| Capital expenditures | $ 328 | $ | $ 6 | $ 334 |

**NEWMONT MINING CORPORATION**

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

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

| | Six Months Ended June 30, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Nevada | Yanacocha | Australia/ New Zealand | Batu Hijau | Africa | Other Operations |
| Sales, net: | | | | | | |
| Gold | $ 710 | $ 505 | $ 443 | $ 115 | $ 163 | $ 68 |
| Copper | $ | $ | $ | $ 553 | $ | $ |
| Cost applicable to sales: | | | | | | |
| Gold | $ 534 | $ 274 | $ 327 | $ 48 | $ 90 | $ 31 |
| Copper | $ | $ | $ | $ 262 | $ | $ |
| Loss on settlement of price-capped forward sales contracts | $ | $ | $ | $ | $ | $ |
| Depreciation, depletion and amortization: | | | | | | |
| Gold | $ 121 | $ 82 | $ 69 | $ 11 | $ 23 | $ 8 |
| Copper | $ | $ | $ | $ 54 | $ | $ |
| Other | $ | $ | $ 2 | $ | $ | $ |
| Exploration | $ | $ | $ | $ | $ | $ |
| Advanced projects, research and development | $ 2 | $ 4 | $ 2 | $ | $ 9 | $ |
| Other income, net | $ 3 | $ 11 | $ (9) | $ 5 | $ 1 | $ 1 |
| Interest expense, net | $ | $ 2 | $ 2 | $ 20 | $ 1 | $ |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 44 | $ 147 | $ 30 | $ 277 | $ 40 | $ 37 |
| Equity income of affiliates | $ | $ | $ (3) | $ | $ | $ |
| Capital expenditures | $ 277 | $ 114 | $ 227 | $ 24 | $ 56 | $ 8 |

| | Six Months Ended June 30, 2007 | | | |
|---|---|---|---|---|
| | Total Operations | Exploration | Corporate and Other | Consolidated |
| Sales, net: | | | | |
| Gold | $ 2,004 | $ | $ 1 | $ 2,005 |
| Copper | $ 553 | $ | $ | $ 553 |
| Cost applicable to sales: | | | | |
| Gold | $ 1,304 | $ | $ | $ 1,304 |
| Copper | $ 262 | $ | $ | $ 262 |
| Loss on settlement of price-capped forward sales contracts | $ | $ | $ 531 | $ 531 |
| Depreciation, depletion and amortization: | | | | |
| Gold | $ 314 | $ | $ | $ 314 |
| Copper | $ 54 | $ | $ | $ 54 |
| Other | $ 2 | $ | $ 11 | $ 13 |
| Exploration | $ | $ 85 | $ | $ 85 |
| Advanced projects, research and development | $ 17 | $ | $ 12 | $ 29 |
| Other income, net | $ 12 | $ 1 | $ 22 | $ 35 |
| Interest expense, net | $ 25 | $ | $ 24 | $ 49 |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 575 | $ (85) | $ (685) | $ (195) |
| Equity income of affiliates | $ (3) | $ | $ 3 | $ |
| Capital expenditures | $ 706 | $ | $ 7 | $ 713 |

**NEWMONT MINING CORPORATION**

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

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

| | Six Months Ended June 30, 2006 | | | | | |
|---|---|---|---|---|---|---|
| | Nevada | Yanacocha | Australia/ New Zealand | Batu Hijau | Africa | Other Operations |
| Sales, net: | | | | | | |
| Gold | $ 604 | $ 916 | $ 378 | $ 124 | $ | $ 96 |
| Copper | $ | $ | $ | $ 339 | $ | $ |
| Cost applicable to sales: | | | | | | |
| Gold | $ 440 | $ 269 | $ 251 | $ 42 | $ | $ 36 |
| Copper | $ | $ | $ | $ 149 | $ | $ |
| Depreciation, depletion and amortization: | | | | | | |
| Gold | $ 71 | $ 92 | $ 54 | $ 10 | $ | $ 9 |
| Copper | $ | $ | $ | $ 34 | $ | $ |
| Other | $ | $ | $ 1 | $ | $ 1 | $ |
| Exploration | $ | $ | $ | $ | $ | $ |
| Advanced projects, research and development | $ 6 | $ 1 | $ | $ | $ 17 | $ 1 |
| Other income | $ 10 | $ 9 | $ | $ (49) | $ | $ 3 |
| Interest expense, net | $ | $ 1 | $ | $ 22 | $ | $ |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 93 | $ 556 | $ 58 | $ 157 | $ (18) | $ 34 |
| Equity income of affiliates | $ | $ | $ | $ | $ | $ |
| Capital expenditures | $ 290 | $ 113 | $ 62 | $ 84 | $ 135 | $ 7 |

| | Six Months Ended June 30, 2006 | | | |
|---|---|---|---|---|
| | Total Operations | Exploration | Corporate and Other | Consolidated |
| Sales, net: | | | | |
| Gold | $ 2,118 | $ | $ (32) | $ 2,086 |
| Copper | $ 339 | $ | $ | $ 339 |
| Cost applicable to sales: | | | | |
| Gold | $ 1,038 | $ | $ | $ 1,038 |
| Copper | $ 149 | $ | $ | $ 149 |
| Depreciation, depletion and amortization: | | | | |
| Gold | $ 236 | $ | $ | $ 236 |
| Copper | $ 34 | $ | $ | $ 34 |
| Other | $ 2 | $ 2 | $ 7 | $ 11 |
| Exploration | $ | $ 79 | $ | $ 79 |
| Advanced projects, research and development | $ 25 | $ | $ 14 | $ 39 |
| Other income | $ (27) | $ 2 | $ 32 | $ 7 |
| Interest expense, net | $ 23 | $ | $ 20 | $ 43 |
| Pre-tax income (loss) before minority interest and equity income of affiliates | $ 880 | $ (79) | $ (99) | $ 702 |
| Equity income of affiliates | $ | $ | $ | $ |
| Capital expenditures | $ 691 | $ | $ 9 | $ 700 |

**NEWMONT MINING CORPORATION**

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

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

| | At June 30, 2007 | At December 31, 2006 |
|---|---|---|
| Goodwill: | | |
| Australia/New Zealand | $ 191 | $ 214 |
| Exploration | 1,129 | 1,129 |
| | $ 1,320 | $ 1,343 |
| Total assets: | | |
| Nevada | $ 2,796 | $ 2,652 |
| Yanacocha | 1,796 | 1,827 |
| Australia/New Zealand | 1,571 | 1,333 |
| Batu Hijau | 2,392 | 2,441 |
| Africa | 1,012 | 964 |
| Other operations | 146 | 163 |
| Exploration | 1,311 | 1,296 |
| Corporate and other | 2,510 | 3,001 |
| Total assets from continuing operations | 13,534 | 13,677 |
| Assets held for sale | 327 | 1,924 |
| | $ 13,861 | $ 15,601 |

**NEWMONT MINING CORPORATION**

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

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

**(23) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

Newmont USA, a 100% owned subsidiary of Newmont Mining Corporation, has fully and unconditionally guaranteed certain publicly traded notes. The following condensed consolidating financial statements are provided for Newmont USA, as guarantor, and for Newmont Mining Corporation, as issuer, as an alternative to providing separate financial statements for the guarantor. The accounts of Newmont Mining Corporation are presented using the equity method of accounting for investments in subsidiaries.

| | Three Months Ended June 30, 2007 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Statement of Income** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Revenues | | | | | |
| Sales - gold, net | $ | $ 660 | $ 302 | $ | $ 962 |
| Sales - copper, net | | 340 | | | 340 |
| | | 1,000 | 302 | | 1,302 |
| Costs and expenses | | | | | |
| Costs applicable to sales (exclusive of loss on settlement of price-capped forward sales contracts and depreciation, depletion and amortization, shown separately below) | | | | | |
| Gold | | 433 | 198 | (3) | 628 |
| Copper | | 134 | | | 134 |
| Loss on settlement of price-capped forward sales contracts | | 531 | | | 531 |
| Depreciation, depletion and amortization | | 148 | 45 | | 193 |
| Exploration | | 32 | 13 | | 45 |
| Advanced projects, research and development | | 8 | 5 | | 13 |
| General and administrative | | 33 | | 3 | 36 |
| Other expense, net | | 43 | 10 | | 53 |
| | | 1,362 | 271 | | 1,633 |
| Other income (expense) | | | | | |
| Other income, net | 15 | 30 | (20) | | 25 |
| Interest income - intercompany | 35 | 26 | | (61) | |
| Interest expense - intercompany | (2) | | (59) | 61 | |
| Interest expense, net | (9) | (12) | (4) | | (25) |
| | 39 | 44 | (83) | | |
| Income (loss) from continuing operations before taxes, minority interest and equity income of affiliates | 39 | (318) | (52) | | (331) |
| Income tax (expense) benefit | (14) | (12) | 49 | | 23 |

| | | | | | |
|---|---|---|---|---|---|
| Minority interest in income of subsidiaries | | (99) | (4) | 5 | (98) |
| Equity (loss) income of affiliates | (431) | | (46) | 477 | |
| (Loss) income from continuing operations | (406) | (429) | (53) | 482 | (406) |
| (Loss) income from discontinued operations | (1,656) | 19 | (1,666) | 1,647 | (1,656) |
| Net (loss) income | $ (2,062) | $ (410) | $ (1,719) | $ 2,129 | $ (2,062) |

**NEWMONT MINING CORPORATION**

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

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

| | Three Months Ended June 30, 2006 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Statement of Income** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Revenues | | | | | |
| Sales - gold, net | $ | $ 910 | $ 181 | $ | $ 1,091 |
| Sales - copper, net | | 202 | | | 202 |
| | | 1,112 | 181 | | 1,293 |
| Costs and expenses | | | | | |
| Costs applicable to sales (exclusive of depreciation, depletion and amortization, shown separately below) | | | | | |
| Gold | | 430 | 116 | (2) | 544 |
| Copper | | 84 | | | 84 |
| Depreciation, depletion and amortization | | 120 | 26 | | 146 |
| Exploration | | 34 | 12 | | 46 |
| Advanced projects, research and development | | 14 | 10 | | 24 |
| General and administrative | | 32 | 3 | 2 | 37 |
| Other | | 8 | 5 | | 13 |
| | | 722 | 172 | | 894 |
| Other income (expense) | | | | | |
| Other income (expense), net | 13 | (1) | (11) | | 1 |
| Interest income - intercompany | 30 | 17 | | (47) | |
| Interest expense - intercompany | (2) | | (45) | 47 | |
| Interest expense, net | (7) | (13) | (3) | | (23) |
| | 34 | 3 | (59) | | (22) |
| Income (loss) from continuing operations before taxes, minority interest and equity income of affiliates | 34 | 393 | (50) | | 377 |
| Income tax (expense) benefit | (10) | (156) | 45 | | (121) |
| Minority interest in income of subsidiaries | | (130) | 2 | | (128) |
| Equity income (loss) of affiliates | 133 | | 21 | (154) | |
| Income (loss) from continuing operations | 157 | 107 | 18 | (154) | 128 |
| Income (loss) from discontinued operations | 4 | (1) | 30 | | 33 |
| Net income (loss) | $ 161 | $ 106 | $ 48 | $ (154) | $ 161 |

**NEWMONT MINING CORPORATION**

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

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

| | Six Months Ended June 30, 2007 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Statement of Income** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Revenues | | | | | |
| Sales - gold, net | $ | $ 1,419 | $ 586 | $ | $ 2,005 |
| Sales - copper, net | | 553 | | | 553 |
| | | 1,972 | 586 | | 2,558 |
| Costs and expenses | | | | | |
| Costs applicable to sales (exclusive of loss on settlement of price-capped forward sales contracts and depreciation, depletion and amortization, shown separately below) | | | | | |
| Gold | | 903 | 408 | (7) | 1,304 |
| Copper | | 262 | | | 262 |
| Loss on settlement of price-capped forward sales contracts | | 531 | | | 531 |
| Depreciation, depletion and amortization | | 293 | 88 | | 381 |
| Exploration | | 58 | 27 | | 85 |
| Advanced projects, research and development | | 16 | 13 | | 29 |
| General and administrative | | 64 | 2 | 7 | 73 |
| Other expense, net | | 68 | 6 | | 74 |
| | | 2,195 | 544 | | 2,739 |
| Other income (expense) | | | | | |
| Other income, net | 17 | 48 | (30) | | 35 |
| Interest income - intercompany | 66 | 51 | | (117) | |
| Interest expense - intercompany | (3) | | (114) | 117 | |
| Interest expense, net | (18) | (24) | (7) | | (49) |
| | 62 | 75 | (151) | | (14) |
| Income (loss) from continuing operations before taxes, minority interest and equity income of affiliates | 62 | (148) | (109) | | (195) |
| Income tax (expense) benefit | (21) | (50) | 50 | | (21) |
| Minority interest in income of subsidiaries | | (154) | (8) | 8 | (154) |
| Equity (loss) income of affiliates | (411) | | (29) | 440 | |
| (Loss) income from continuing operations | (370) | (352) | (96) | 448 | (370) |
| (Loss) income from discontinued operations | (1,624) | 12 | (1,628) | 1,616 | (1,624) |
| Net (loss) income | $ (1,994) | $ (340) | $ (1,724) | $ 2,064 | $ (1,994) |

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**NEWMONT MINING CORPORATION**

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

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

| | Six Months Ended June 30, 2006 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Statement of Income** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Revenues | | | | | |
| Sales - gold, net | $ | $ 1,727 | $ 359 | $ | $ 2,086 |
| Sales - copper, net | | 339 | | | 339 |
| | | 2,066 | 359 | | 2,425 |
| Costs and expenses | | | | | |
| Costs applicable to sales (exclusive of depreciation, depletion and amortization, shown separately below) | | | | | |
| Gold | | 803 | 239 | (4) | 1,038 |
| Copper | | 149 | | | 149 |
| Depreciation, depletion and amortization | | 229 | 52 | | 281 |
| Exploration | | 59 | 20 | | 79 |
| Advanced projects, research and development | | 21 | 17 | 1 | 39 |
| General and administrative | | 66 | 5 | 3 | 74 |
| Other | | 18 | 9 | | 27 |
| | | 1,345 | 342 | | 1,687 |
| Other income (expense) | | | | | |
| Other income (expense), net | 14 | (4) | (3) | | 7 |
| Interest income - intercompany | 59 | 30 | | (89) | |
| Interest expense - intercompany | (4) | | (85) | 89 | |
| Interest expense, net | (13) | (25) | (5) | | (43) |
| | 56 | 1 | (93) | | (36) |
| Income (loss) from continuing operations before taxes, minority interest and equity income of affiliates | 56 | 722 | (76) | | 702 |
| Income tax (expense) benefit | (13) | (235) | 95 | | (153) |
| Minority interest in income of subsidiaries | | (229) | (10) | 12 | (227) |
| Equity income (loss) of affiliates | 323 | | 63 | (386) | |
| Income (loss) from continuing operations | 366 | 258 | 72 | (374) | 322 |
| Income (loss) from discontinued operations | 4 | (1) | 45 | | 48 |
| Net income (loss) | $ 370 | $ 257 | $ 117 | $ (374) | $ 370 |

**NEWMONT MINING CORPORATION**

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

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

| | At June 30, 2007 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Balance Sheets** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Assets | | | | | |
| Cash and cash equivalents | $ | $ 522 | $ 146 | $ | $ 668 |
| Marketable securities and other short-term investments | | 3 | 1,025 | | 1,028 |
| Trade receivables | | 224 | 4 | | 228 |
| Accounts receivable | 2,379 | 918 | 402 | (3,561) | 138 |
| Inventories | | 330 | 76 | | 406 |
| Stockpiles and ore on leach pads | | 302 | 35 | | 337 |
| Deferred income tax assets | | 89 | 49 | | 138 |
| Other current assets | 1 | 89 | 38 | | 128 |
| Current assets | 2,380 | 2,477 | 1,775 | (3,561) | 3,071 |
| Property, plant and mine development, net | | 4,887 | 2,157 | (20) | 7,024 |
| Investments | | 1 | 471 | | 472 |
| Investments in subsidiaries | 4,137 | | 972 | (5,109) | |
| Long-term stockpiles and ore on leach pads | | 735 | 60 | | 795 |
| Deferred income tax assets | 28 | 506 | 141 | | 675 |
| Other long-term assets | 2,241 | 1,372 | 108 | (3,544) | 177 |
| Goodwill | | | 1,320 | | 1,320 |
| Assets of operations held for sale | | 62 | 265 | | 327 |
| Total assets | $ 8,786 | $ 10,040 | $ 7,269 | $ (12,234) | $ 13,861 |
| Liabilities | | | | | |
| Current portion of long-term debt | $ | $ 161 | $ | $ | $ 161 |
| Accounts payable | 193 | 2,771 | 875 | (3,565) | 274 |
| Employee related benefits | | 106 | 37 | | 143 |
| Income and mining taxes | 23 | 50 | 18 | | 91 |
| Other current liabilities | 7 | 283 | 313 | 2 | 605 |
| Current liabilities | 223 | 3,371 | 1,243 | (3,563) | 1,274 |
| Long-term debt | 1,407 | 966 | 120 | | 2,493 |
| Reclamation and remediation liabilities | | 406 | 140 | | 546 |
| Deferred income tax liabilities | 53 | 182 | 148 | | 383 |
| Employee-related benefits | 1 | 257 | 28 | | 286 |
| Other long-term liabilities | 262 | 94 | 3,369 | (3,564) | 161 |
| Liabilities of operations held for sale | 9 | 57 | 41 | 1 | 108 |
| Total liabilities | 1,955 | 5,333 | 5,089 | (7,126) | 5,251 |
| Minority interest in subsidiaries | | 1,316 | 548 | (556) | 1,308 |
| Stockholders equity | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Preferred stock | | | 61 | (61) | |
| Common stock | 683 | | | | 683 |
| Additional paid-in capital | 6,267 | 2,219 | 2,865 | (4,613) | 6,738 |
| Accumulated other comprehensive income (loss) | 789 | (38) | 530 | (492) | 789 |
| Retained (deficit) earnings | (908) | 1,210 | (1,824) | 614 | (908) |
| Total stockholders equity | 6,831 | 3,391 | 1,632 | (4,552) | 7,302 |
| Total liabilities and stockholders equity | $ 8,786 | $ 10,040 | $ 7,269 | $ (12,234) | $ 13,861 |

**NEWMONT MINING CORPORATION**

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

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

| | At December 31, 2006 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Balance Sheets** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Assets | | | | | |
| Cash and cash equivalents | $ | $ 1,040 | $ 126 | $ | $ 1,166 |
| Marketable securities and other short-term investments | 1 | 28 | 80 | | 109 |
| Trade receivables | | 139 | 3 | | 142 |
| Accounts receivable | 1,817 | 587 | 636 | (2,834) | 206 |
| Inventories | | 296 | 86 | | 382 |
| Stockpiles and ore on leach pads | | 339 | 39 | | 378 |
| Deferred income tax assets | | 100 | 56 | | 156 |
| Other current assets | | 66 | 27 | | 93 |
| Current assets | 1,818 | 2,595 | 1,053 | (2,834) | 2,632 |
| Property, plant and mine development, net | | 4,740 | 1,870 | (16) | 6,594 |
| Investments | | 281 | 1,038 | | 1,319 |
| Investments in subsidiaries | 6,046 | 111 | 4,347 | (10,504) | |
| Long-term stockpiles and ore on leach pads | | 756 | 56 | | 812 |
| Deferred income tax assets | 43 | 482 | 274 | | 799 |
| Other long-term assets | 1,749 | 1,104 | 198 | (2,873) | 178 |
| Goodwill | | | 1,343 | | 1,343 |
| Assets of operations held for sale | | | 1,924 | | 1,924 |
| Total assets | $ 9,656 | $ 10,069 | $ 12,103 | $ (16,227) | $ 15,601 |
| Liabilities | | | | | |
| Current portion of long-term debt | $ | $ 154 | $ 5 | $ | $ 159 |
| Accounts payable | 47 | 2,376 | 750 | (2,833) | 340 |
| Employee related benefits | | 147 | 35 | | 182 |
| Derivative instruments | | 173 | 1 | | 174 |
| Income and mining taxes | 85 | (54) | 326 | | 357 |
| Other current liabilities | 9 | 360 | 147 | (1) | 515 |
| Current liabilities | 141 | 3,156 | 1,264 | (2,834) | 1,727 |
| Long-term debt | 597 | 1,035 | 120 | | 1,752 |
| Reclamation and remediation liabilities | | 408 | 120 | | 528 |
| Deferred income tax liabilities | 53 | 187 | 361 | 25 | 626 |
| Employee-related benefits | 1 | 283 | 25 | | 309 |
| Other long-term liabilities | 258 | 145 | 2,752 | (3,020) | 135 |
| Liabilities of operations held for sale | | | 89 | | 89 |
| Total liabilities | 1,050 | 5,214 | 4,731 | (5,829) | 5,166 |
| Minority interest in subsidiaries | | 1,140 | 343 | (385) | 1,098 |

| | | | | | |
|---|---|---|---|---|---|
| Stockholders equity | | | | | |
| Preferred stock | | | 61 | (61) | |
| Common stock | 677 | | | | 677 |
| Additional paid-in capital | 5,972 | 2,219 | 5,167 | (6,655) | 6,703 |
| Accumulated other comprehensive income (loss) | 673 | 19 | 427 | (446) | 673 |
| Retained earnings | 1,284 | 1,477 | 1,374 | (2,851) | 1,284 |
| Total stockholders equity | 8,606 | 3,715 | 7,029 | (10,013) | 9,337 |
| Total liabilities and stockholders equity | $ 9,656 | $ 10,069 | $ 12,103 | $ (16,227) | $ 15,601 |

**NEWMONT MINING CORPORATION**

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

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

| | Six Months Ended June 30, 2007 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Statement of Cash Flows** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Operating activities: | | | | | |
| Net (loss) income | $ (1,994) | $ (340) | $ (1,724) | $ 2,064 | $ (1,994) |
| Adjustments to reconcile net (loss) income to net cash provided from operations | 1,605 | 455 | 2,107 | (2,064) | 2,103 |
| Net change in operating assets and liabilities | 35 | (434) | (334) | | (733) |
| Net cash provided from (used in) continuing operations | (354) | (319) | 49 | | (624) |
| Net cash provided from (used in) discontinued operations | | 1 | 60 | | 61 |
| Net cash provided from (used in) operations | (354) | (318) | 109 | | (563) |
| Investing activities: | | | | | |
| Additions to property, plant and mine development | | (431) | (282) | | (713) |
| Investments in marketable debt and equity securities | | (124) | | | (124) |
| Proceeds from sale of marketable debt and equity securities | | 134 | | | 134 |
| Batu settlement | | 161 | | | 161 |
| Other | | 5 | | | 5 |
| Net cash used in investing activities of continued operations | | (255) | (282) | | (537) |
| Net cash provided from investing activities of discontinued operations | 1 | 7 | 35 | | 43 |
| Net cash provided from (used in) investing activities | 1 | (248) | (247) | | (494) |
| Financing activities: | | | | | |
| Net borrowings (repayments) | 429 | 165 | 149 | | 743 |
| Dividends paid to common stockholders | (90) | | | | (90) |
| Dividends paid to minority interests | | (115) | | | (115) |
| Proceeds from stock issuance | 14 | | | | 14 |
| Change in restricted cash and other | | (3) | 5 | | 2 |
| Net cash provided from (used in) financing activities | 353 | 47 | 154 | | 554 |
| Net cash provided from (used in) financing activities of discontinued operations | | | | | |
| Net cash provided from (used in) financing activities | 353 | 47 | 154 | | 554 |
| Effect of exchange rate changes on cash | | 1 | 4 | | 5 |
| Net change in cash and cash equivalents | | (518) | 20 | | (498) |
| Cash and cash equivalents at beginning of period | | 1,040 | 126 | | 1,166 |

| | | | | | |
|---|---|---|---|---|---|
| Cash and cash equivalents at end of period | $ | $ 522 | $ 146 | $ | $ 668 |

**NEWMONT MINING CORPORATION**

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

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

| | Six Months Ended June 30, 2006 | | | | |
|---|---|---|---|---|---|
| **Condensed Consolidating Statement of Cash Flows** | **Newmont Mining Corporation** | **Newmont USA** | **Other Subsidiaries** | **Eliminations** | **Newmont Mining Corporation Consolidated** |
| Operating activities: | | | | | |
| Net income (loss) | $ 370 | $ 257 | $ 110 | $ (367) | $ 370 |
| Adjustments to reconcile net income to net cash provided from operations | (350) | 601 | (115) | 367 | 503 |
| Net change in operating assets and liabilities | (23) | (351) | 23 | | (351) |
| Net cash (used in) provided from continuing operations | (3) | 507 | 18 | | 522 |
| Net cash provided from discontinued operations | | 4 | 45 | | 49 |
| Net cash (used in) provided from operations | (3) | 511 | 63 | | 571 |
| Investing activities: | | | | | |
| Additions to property, plant and mine development | | (503) | (197) | | (700) |
| Investments in marketable debt and equity securities | | (1,068) | 11 | | (1,057) |
| Proceeds from sale of marketable debt and equity securities | | 1,530 | | | 1,530 |
| Acquisitions | | | (187) | | (187) |
| Other | | 5 | 1 | | 6 |
| Net cash (used in) investing activities of continuing operations | | (36) | (372) | | (408) |
| Net cash provided from (used in) investing activities of discontinued operations | 4 | (6) | (23) | | (25) |
| Net cash provided from (used in) investing activities | 4 | (42) | (395) | | (433) |
| Financing activities: | | | | | |
| Net borrowings (repayments) | 17 | (304) | 323 | | 36 |
| Dividends paid to common stockholders | (87) | | (3) | | (90) |
| Dividends paid to minority interests | | (89) | | | (89) |
| Proceeds from stock issuance | 57 | | | | 57 |
| Change in restricted cash and other | 12 | (13) | (1) | | (2) |
| Net cash (used in) provided from financing activities | (1) | (406) | 319 | | (88) |
| Effect of exchange rate changes on cash | | 3 | | | 3 |
| Net change in cash and cash equivalents | | 66 | (13) | | 53 |
| Cash and cash equivalents at beginning of period | 1 | 979 | 102 | | 1,082 |
| Cash and cash equivalents at end of period | $ 1 | $ 1,045 | $ 89 | $ | $ 1,135 |

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**NEWMONT MINING CORPORATION**

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

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

**(24) COMMITMENTS AND CONTINGENCIES**

**General**

The Company follows FAS No. 5, Accounting for Contingencies, in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated loss contingencies are accrued by a charge to income when information available prior to issuance of the financial statements indicates that it is probable (greater than a 75% probability) that a liability could be incurred and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a material loss could be incurred.

**Operating Segments**

The Company s operating segments are identified in Note 22. Except as noted in this paragraph, all of the Company s commitments and contingencies specifically described in this Note 24 relate to the Corporate and Other reportable segment. The Nevada Operations matters under Newmont USA Limited relate to the Nevada reportable segment. The PT Newmont Minahasa Raya matters relate to the Other Operations reportable segment. The Yanacocha matters relate to the Yanacocha reportable segment. The Newmont Yandal Operations Pty Limited and the Newmont Australia Limited matters relate to the Australia/New Zealand reportable segment.

**Environmental Matters**

The Company s mining and exploration activities are subject to various 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 applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

Estimated future reclamation costs are based principally on legal and regulatory requirements. At June 30, 2007 and December 31, 2006, $523 and $520, respectively, were accrued for reclamation costs relating to mineral properties in accordance with FAS No. 143, Accounting for Asset Retirement Obligations (see Note 20).

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, $113 and $85 were accrued for such obligations at June 30, 2007 and December 31, 2006, respectively. These amounts are included in *Other current liabilities* and *Reclamation and remediation liabilities*. Depending upon the ultimate resolution of these matters, the Company believes that it is reasonably possible that the liability for these matters could be as much as 59% greater or 16% lower than the amount accrued at June 30, 2007. The amounts accrued for these matters are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in *Other expense, net* in the period estimates are revised.

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

***Dawn Mining Company LLC ( Dawn ) - 51% Newmont Owned***

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

In 1991, Dawn s mining lease at the mine was terminated. As a result, Dawn was required to file a formal mine closure and reclamation plan. The Department of Interior commenced an analysis of Dawn s proposed plan and alternate closure and reclamation plans for the mine. Work on this analysis has been suspended indefinitely. In mid-2000, the mine was included on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act ( CERCLA ). In March 2003, the EPA notified Dawn and Newmont that it had thus far expended $12 on the Remedial Investigation/Feasibility Study under CERCLA

**NEWMONT MINING CORPORATION**

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

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

( RI/FS ). In October 2005, the EPA issued the RI/FS on this property in which it indicated a preferred remedy estimated to cost approximately $150. Newmont and Dawn filed comments on the RI/FS with the EPA in January 2006. On October 3, 2006, the EPA issued a final Record of Decision in which it formally selected the preferred remedy identified in the RI/FS.

On January 28, 2005, the EPA filed a lawsuit against Dawn and Newmont under CERCLA in the U.S. District Court for the Eastern District of Washington. The EPA has asserted that Dawn and Newmont are liable for reclamation or remediation work and costs at the mine. Dawn does not have sufficient funds to pay for the reclamation plan it proposed or for any alternate plan, or for any additional remediation work or costs at the mine. Newmont intends to vigorously contest any claims as to its liability.

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

*Dawn Mill Site.* Dawn also owns a uranium mill site facility, located on private land near Ford, Washington, which is subject to state and federal regulation. In late 1999, Dawn sought and later received state approval for a revised closure plan that expedites the reclamation process at the site. The currently approved plan for the site is guaranteed by Newmont.

***Idarado Mining Company ( Idarado ) - 80.1% Newmont Owned***

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

Idarado agreed in the consent decree to undertake specified remediation work at its former mining site in the Telluride/Ouray area of Colorado. Remediation work at this property is substantially complete. If the remediation does not achieve specific performance objectives defined in the consent decree, the State may require Idarado to implement supplemental activities at the site, also as defined in the consent decree. Idarado and Newmont obtained a $6 reclamation bond to secure their potential obligations under the consent decree. In addition, Idarado settled natural resources damages and past and future response costs, and agreed to habitat enhancement work under the consent decree. All of this work is substantially complete.

***Newmont Capital Limited - 100% Newmont Owned***

In February 1999, the EPA placed the Lava Cap mine site in Nevada County, California on the National Priorities List under CERCLA. The EPA then initiated a RI/FS under CERCLA to determine environmental conditions and remediation options at the site.

Newmont Capital, formerly known as Franco-Nevada Mining Corporation, Inc., owned the property for approximately three years from 1984 to 1986 but never mined or conducted exploration at the site. The EPA asserts that Newmont Capital is responsible for clean up costs incurred at the site. Newmont Capital and the EPA have entered into an agreement tolling the statute of limitations until December 31, 2007 to facilitate on-going settlement negotiations with respect to potential claims under CERCLA. Based on Newmont Capital s limited involvement at Lava Cap, it does not believe it has any liability for environmental conditions at the site, and intends to vigorously defend any formal claims by the EPA. Newmont cannot reasonably predict the likelihood or outcome of any future action arising from this matter.

***Newmont USA Limited - 100% Newmont Owned***

*Pinal Creek.* Newmont is a defendant in a lawsuit brought on November 5, 1991 in U.S. District Court in Arizona by the Pinal Creek Group, alleging that the company and others are responsible for some portion of costs incurred to address groundwater contamination emanating from copper mining operations located in the area of Globe and Miami, Arizona. Two former subsidiaries of Newmont, Pinto Valley Copper Corporation and Magma Copper Company (now known as BHP Copper Inc.), owned some of the mines in the area between 1983 and 1987. The court has dismissed plaintiffs claims seeking to hold Newmont liable for the acts or omissions of its former subsidiaries. Based on information presently available, Newmont believes it has strong defenses to plaintiffs remaining claims, including, without limitation, that Newmont s agents did not participate in any pollution causing activities; that Newmont s liabilities, if any, were contractually transferred to one of the plaintiffs; that

portions of plaintiffs claimed damages are not recoverable; and that Newmont s equitable share of liability, if any, would be immaterial. While Newmont has denied liability and is vigorously defending these claims, we cannot reasonably predict the outcome of this lawsuit.

*Grass Valley*. On February 3, 2004, the City of Grass Valley, California brought suit against Newmont under CERCLA in the U.S. District Court for the Northern District of California. This matter involves an abandoned mine adit on property previously owned

**NEWMONT MINING CORPORATION**

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

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

by a predecessor of Newmont and currently owned by the City of Grass Valley. The complaint alleges that the adit is discharging metals-bearing water into a stream on the property, in concentrations in excess of current EPA drinking water standards. In July 2007, the Regional Water Control Board issued a letter requiring Newmont to conduct investigatory work relating to the adit. Newmont cannot reasonably predict the outcome of this matter.

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

*Ross Adams Mine Site.* By letter dated June 5, 2007, the US Forest Service notified Newmont that it had expended approximately $300,000 in response costs to address environmental conditions at the Adams Ross mine in Prince of Wales, Alaska, and requested Newmont USA Limited pay those costs and perform an Engineering Evaluation/Cost Analysis to assess what future response activities might need to be completed at the site. Newmont does not believe it has any liability for environmental conditions at the site, and intends to vigorously defend any formal claims by the EPA. Newmont cannot reasonably predict the likelihood or outcome of any future action against it arising from this matter.

***PT Newmont Minahasa Raya ( PTNMR ) - 80% Newmont Owned***

In July 2004, a criminal complaint was filed against PTNMR, the Newmont subsidiary that operated the Minahasa mine in Indonesia, alleging environmental pollution relating to submarine tailings placement into nearby Buyat Bay. The Indonesian police detained five PTNMR employees during September and October of 2004. The police investigation and the detention of PTNMR s employees was declared illegal by the South Jakarta District Court in December 2004, but in March 2005, the Indonesian Supreme Court upheld the legality of the police investigation, and the police turned their evidence over to the local prosecutor. In July 2005, the prosecutor filed an indictment against PTNMR and its President Director, alleging environmental pollution at Buyat Bay. After the court rejected motions to dismiss the proceeding, the trial proceeded and all evidence, including that of the defense, was presented in court as of September 2006. In November 2006 the prosecution filed its charge, seeking a three-year jail sentence for PTNMR s President Director plus a nominal fine. In addition, the prosecution recommended a nominal fine against PTNMR. The defense filed responses in January 2007, and final briefing was completed in March 2007. On April 24, 2007, the court entered its verdict acquitting PTNMR and its President Director of all charges. In May 2007, the prosecution appealed the decision of the court to the Indonesian Supreme Court, despite Indonesian laws that prohibit the appeal of a verdict of acquittal.

On March 9, 2005, the Indonesian Ministry of the Environment filed a civil lawsuit against PTNMR and its President Director in relation to these allegations, seeking in excess of $100 in monetary damages. In October 2005, PTNMR filed an objection to the court s jurisdiction, contending that the Government previously agreed to resolve any disputes through out-of-court conciliation or arbitration. The Court upheld PTNMR s objection and dismissed the case in November 2005. The Government filed a notice of appeal of this ruling. On February 16, 2006, PTNMR and the Government of the Republic of Indonesia signed an agreement settling the civil lawsuit. Under the terms of the agreement, the Government and PTNMR will nominate members to an independent scientific panel that will develop and implement a ten-year environmental monitoring and assessment program to make a definitive, scientific conclusion regarding the condition of Buyat Bay. PTNMR is required to fund specific remedial measures if, as a result of its mining operations, pollution has occurred. The agreement also provides for enhanced community development programs in North Sulawesi. PTNMR provided initial funding of $12 to cover the cost of the monitoring and community development programs, which was paid in the first quarter of 2007 and included in *Other current liabilities* at December 31, 2006. Over a ten-year period, PTNMR will contribute an additional $18. The present value of $13 is included in *Other long-term liabilities* at December 31, 2006. The funds will be managed by an organization governed by interested stakeholders. Accountability for the fund will be ensured through yearly reports that will be made available to the public. The transparency of the scientific panel s activities will also be assured through annual reports to the public. Pursuant to the agreement, the civil lawsuit against PTNMR has been terminated. The scientific panel held its first meeting in February 2007 and has now commenced its work program.

In addition, on March 22, 2007, an Indonesian non-governmental organization named Wahana Lingkungan Hidup Indonesia ( WALHI ) filed a civil suit against PTNMR and Indonesia s Ministry of Energy and Mineral Resources and Ministry for the Environment, alleging pollution from the disposal of mine tailings into Buyat Bay, and seeking a court order requiring PTNMR to fund a 25-year monitoring program in relation to Buyat Bay.

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Independent sampling and testing of Buyat Bay water and fish, as well as area residents, conducted by the World Health Organization and the Australian Commonwealth Scientific and Industrial Research Organization, confirm that PTNMR has not polluted the Buyat Bay environment, and, therefore, has not adversely affected the fish in Buyat Bay or the health of nearby residents. The Company remains steadfast that it has not caused pollution or health problems and will continue to vigorously defend itself against these allegations.

***Resurrection Mining Company ( Resurrection ) - 100% Newmont Owned***

Newmont, Resurrection and other defendants were named in lawsuits filed by the State of Colorado (the State ) under CERCLA in 1983, which were subsequently consolidated with a lawsuit filed by EPA in 1986. These proceedings sought to compel the defendants to remediate the impacts of pre-existing, historic mining activities near Leadville, Colorado, which date back to the mid-1800s, and which the government agencies claim were causing substantial environmental problems in the area.

In 1988 and 1989, the EPA issued administrative orders with respect to one area on the site and the defendants collectively implemented those orders by constructing a water treatment plant, which was placed in operation in early 1992. Remaining remedial work for this area consists of water treatment plant operation and continuing environmental monitoring and maintenance activities. The parties also entered into a consent decree with respect to the remaining areas at the site, which apportioned liabilities and responsibilities for these areas. The EPA approved remedial actions for selected components of Resurrection s portion of the site, which were initiated in 1995. The EPA has not selected the final remedy for the site. In March 1999, the parties entered into a Memorandum of Understanding ( MOU ) to facilitate the settlement of natural resources damages claims under CERCLA for the upper Arkansas River Basin. In January 2004, an MOU report was issued that evaluated the extent of natural resource damages and possible restoration activities that might be required.

On August 9, 2005, ASARCO LLC, another potentially responsible party at the site, filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Southern District of Texas (the Bankruptcy Court ). ASARCO is contractually responsible for 50% of the ongoing expenses at the water treatment plant. In June 2007, Resurrection, the EPA, the State and ASARCO reached a settlement relating to all outstanding issues at the site. The settlement is subject to approval by the Bankruptcy Court and the United States District Court for the District of Colorado.

**Other Legal Matters**

***Minera Yanacocha S.R.L. ( Yanacocha ) - 51.35% Newmont Owned***

*Choropampa*. In June 2000, a transport contractor of Yanacocha spilled approximately 151 kilograms of elemental mercury near the town of Choropampa, Peru, which is located 53 miles (85 kilometers) southwest of the Yanacocha mine. Elemental mercury is not used in Yanacocha s operations but is a by-product of gold mining and was sold to a Lima firm for use in medical instruments and industrial applications. A comprehensive health and environmental remediation program was undertaken by Yanacocha in response to the incident. In August 2000, Yanacocha paid under protest a fine of 1,740,000 Peruvian soles (approximately $0.5) to the Peruvian government. Yanacocha has entered into settlement agreements with a number of individuals impacted by the incident. As compensation for the disruption and inconvenience caused by the incident Yanacocha entered into agreements with and provided a variety of public works in the three communities impacted by this incident. Yanacocha cannot predict the likelihood of additional expenditures related to this matter.

Yanacocha, various wholly-owned subsidiaries of Newmont, and other defendants have been named in lawsuits filed by approximately 1,100 Peruvian citizens in Denver District Court for the State of Colorado. These actions seek compensatory damages based on claims associated with the elemental mercury spill incident. In February 2005, Yanacocha and the various Newmont defendants answered the complaint in the Denver District Court. The parties in these cases have agreed to submit these matters to binding arbitration.

Additional lawsuits relating to the Choropampa incident were filed against Yanacocha in the local courts of Cajamarca, Peru, in May 2002 by over 900 Peruvian citizens. A significant number of the plaintiffs in these lawsuits entered into settlement agreements with Yanacocha prior to filing such claims. In September 2006, the Peruvian Supreme Court issued contradictory opinions on the validity of these settlement agreements. Subsequent lower court decisions have upheld the validity of these settlement agreements, discharging a number of the lawsuits. In 2005, Yanacocha entered into settlement agreements with approximately 350 additional plaintiffs.

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

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

*Conga.* Yanacocha is involved in a dispute with the Provincial Municipality of Celendin regarding the authority of that governmental body to regulate the development of the Conga project. In the fourth quarter of 2004, the Municipality of Celendin enacted an ordinance declaring the area around Conga to be a mining-free reserve and naturally protected area. Yanacocha has challenged this ordinance on the grounds that, under Peruvian law, local governments lack authority to create such areas and deny the rights granted by Yanacocha s mining concessions. Based on legal precedent established by Peru s Constitutional Tribunal, it is reasonable to believe that Yanacocha s mining rights will be upheld.

Yanacocha has carefully evaluated the social issues and dynamics of the communities in and around the area of Conga. Yanacocha has engaged in extensive community and external affairs efforts at this early stage of the Conga project. It is Yanacocha s current assessment that a significant percentage of the population in the communities immediately surrounding the Conga area support the project. Yanacocha will continue to engage actively with these communities during the process of permitting the project, and will expand its outreach efforts to communities in the surrounding region. It will continually monitor and evaluate conditions in the area and any resulting impact on Yanacocha s ability to successfully permit and develop the Conga project.

***Newmont Mining Corporation***

On June 8, 2005, UFCW Local 880 - Retail Food Employers Joint Pension Fund filed a putative class action in the federal district court in Colorado purportedly on behalf of purchasers of Newmont Mining Corporation ( Newmont ) publicly traded securities between July 28, 2004 and April 26, 2005. The action named Newmont, Wayne W. Murdy, Pierre Lassonde and Bruce D. Hansen as defendants. Substantially similar purported class actions were filed in the same court on June 15, 2005 by John S. Chapman and on June 20, 2005 by Zoe Myerson. In November 2005, the court consolidated these cases and, in March 2006, appointed a lead plaintiff. In April 2006, the lead plaintiff filed a consolidated amended complaint naming David Francisco, Russell Ball, Thomas Enos and Robert Gallagher as additional defendants. It alleged, among other things, that Newmont and the individual defendants violated certain antifraud provisions of the federal securities laws by failing to disclose alleged operating deficiencies and sought unspecified monetary damages and other relief. On October 20, 2006, the lead plaintiff, on behalf of a settlement class consisting of all purchasers of Newmont securities from November 1, 2003, through and including March 23, 2006 (except defendants and certain related persons), entered into a Stipulation of Settlement with defendants. If approved by the Court, the Settlement (a) would release all claims asserted, or that could have been asserted, in the action; (b) would provide for a payment by Newmont of $15 to be distributed to class members pursuant to a plan of allocation developed by the lead plaintiff; and (c) would provide that all defendants deny any wrongdoing or liability with respect to the settled matters. The parties have moved for preliminary approval of the settlement, but the court has not ruled on the motion. Gideon Minerals, U.S.A., Inc. ( Gideon ) has sought to intervene to bring a claim alleging that Gideon has an interest in the Batu Hijau operation in Indonesia; the court has denied that motion. Gideon subsequently filed a substantially similar motion and moved for default judgment; the court has also denied this motion and has required Gideon to show cause as to why it should not be sanctioned in relation to its filings.

On June 14, 2005, June 30, 2005 and July 1, 2005, purported derivative actions were filed, on behalf of Newmont, by Doris Staehr, Frank J. Donio and Jack G. Blaz, respectively, in the federal district court in Colorado against certain of Newmont s current and former directors and officers. Each action alleged that certain defendants breached their fiduciary duties by engaging in insider trading and misappropriation of information, and that all defendants breached their fiduciary duties and engaged in conduct that constituted abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment in connection with, among other things, failing to disclose alleged operating deficiencies and failing to prevent alleged violations of environmental laws in Indonesia. The plaintiffs seek, on behalf of Newmont, among other remedies, all damages sustained by the Company as a result of the allegedly improper conduct. In November 2005, the court consolidated these cases and in December 2005 the court appointed a lead plaintiff. On April 10, 2006, the lead plaintiff filed a consolidated amended complaint. In a related development, on January 13, 2006, a purported Newmont shareholder sent to the Board of Directors a letter demanding the Company take action against the defendants in the purported derivative actions with respect to the matters alleged in the derivative complaints. The Board has taken the demand under consideration. Counsel for plaintiffs in the derivative actions, counsel for the demanding shareholder and the Company have agreed to settle the action and related disputes on the basis of certain revisions to the Company s corporate governance arrangements, and an attorneys fee to be paid by the Company. This settlement stipulation was filed with the court on June 19, 2007 and is subject to court approval. The defendants deny the claims made and, should the settlements not be finally approved, intend to vigorously defend against them.

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

***Newmont Yandal Operations Pty Ltd ( NYOL ) - 100% Newmont Owned***

On September 3, 2003, J. Aron & Co. commenced proceedings in the Supreme Court of New South Wales (Australia) against NYOL, its subsidiaries and the administrator in relation to the completed voluntary administration of the NYOL group. J. Aron & Co., an NYOL creditor, initially sought injunctive relief that was denied by the court on September 8, 2003. On October 30, 2003, J. Aron & Co. filed a statement of claim alleging various deficiencies in the implementation of the voluntary administration process and seeking damages and other relief against NYOL and other parties. Newmont cannot reasonably predict the final outcome of this lawsuit.

***Zarafshan-Newmont Joint Venture - 50% Newmont Owned***

On October 30, 2006, Newmont (Uzbekistan) Limited, one of the Company s subsidiaries, initiated an arbitration in the Arbitration Institute of the Stockholm Chamber of Commerce against the Republic of Uzbekistan, Uzbekistan s State Committee for Geology and Mineral Resources ( Goskomgeologia ), and Navoi Mining and Metallurgical Combine ( NGMK ) (a company wholly owned by the Republic of Uzbekistan). On October 31, 2006, Newmont (Uzbekistan) Limited and Newmont USA Limited (also the Company s subsidiary) initiated a separate arbitration against the Republic of Uzbekistan in the International Centre for Settlement of Investment Disputes. Goskomgeologia and NGMK subsequently filed certain counterclaims against Newmont (Uzbekistan) Limited in the Stockholm arbitration. On June 30, 2007, the Newmont parties and the Uzbek parties signed agreements to settle the dispute, and on July 16, 2007 effected closing under such agreements, on terms that would include payments to the Company totaling $80. Under the agreements, the Company s interest in the Zarafshan-Newmont Joint Venture transferred to the Uzbek parties, and both arbitrations were terminated. None of the parties admitted liability in connection with any of the matters in dispute. In September 2006, the Company wrote off the book value of its interest in the Zarafshan-Newmont Joint Venture.

**Other Commitments and Contingencies**

Tax contingencies are provided for under FIN 48 (see Notes 2 and 8).

In a 1993 asset exchange, a wholly-owned subsidiary transferred a coal lease under which the subsidiary had collected advance royalty payments totaling $484. From 1994 to 2018, remaining advance payments under the lease to the transferee total $390. In the event of title failure as stated in the lease, this subsidiary has a primary obligation to refund previously collected payments and has a secondary obligation to refund any of the $390 collected by the transferee, if the transferee fails to meet its refund obligation. The subsidiary has title insurance on the leased coal deposits of $240 covering the secondary obligation. The Company and the subsidiary regard the circumstances entitling the lessee to a refund as remote.

The Company has minimum royalty obligations on one of its producing mines in Nevada for the life of the mine. Amounts paid as a minimum royalty (where production royalties are less than the minimum obligation) in any year are recoverable in future years when the minimum royalty obligation is exceeded. Although the minimum royalty requirement may not be met in a particular year, the Company expects that over the mine life, gold production will be sufficient to meet the minimum royalty requirements. Minimum royalty payments payable are $8 for 2007, $13 for 2008, $2 in 2009 and 2010, $18 in 2011 and $98 thereafter.

As part of its ongoing business and operations, the Company and its affiliates are required to provide surety bonds, bank letters of credit and bank guarantees as financial support for various purposes, including environmental reclamation, exploration permitting, workers compensation programs and other general corporate purposes. At June 30, 2007 and December 31, 2006, there were $487 and $445, respectively, of outstanding letters of credit, surety bonds and bank guarantees. The surety bonds, letters of credit and bank guarantees reflect fair value as a condition of their underlying purpose and are subject to fees competitively determined in the market place. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As the specific requirements are met, the beneficiary of the associated instrument cancels and/or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding until closure. Generally, bonding requirements associated with environmental regulation are becoming more restrictive. In addition, the surety markets for certain types of environmental bonding used by the Company have become increasingly constrained. The Company, however, believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements, through existing or alternative means, as they arise.

Under the Batu Hijau Contract of Work with the Indonesian government, beginning in 2005, and continuing through 2010, a portion of each foreign shareholders equity interest in the project must be offered for sale to the Indonesian government or to Indonesian nationals. The price at which such interest must be offered for sale to the Indonesian parties is the highest of the then-

**NEWMONT MINING CORPORATION**

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

current replacement cost, the price at which shares of the project company would be accepted for listing on the Jakarta Stock Exchange, or the fair market value of such interest in the project company as a going concern. Pursuant to this provision of the Batu Hijau Contract of Work, it is possible that the ownership interest of the Newmont/Sumitomo partnership in Batu Hijau could be reduced to 49% by the end of 2010.

A company owned by an Indonesian national currently owns a 20% equity interest in Batu Hijau, and the Newmont/Sumitomo partnership was required to offer a 3% interest for sale in 2006. An offer to sell a 3% interest was made to the government of Indonesia. While the central government declined to participate, local governments in the area in which the mine is located have expressed interest in acquiring shares, as have various Indonesian nationals. The Newmont/Sumitomo partnership continues discussions with various interested parties to meet its divestiture obligations. Under the terms of the Contract of Work, an additional 7% interest in Batu Hijau was offered for sale in March 2007 to the government of Indonesia.

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

**(25) SUPPLEMENTARY DATA**

**Ratio of Earnings to Fixed Charges**

The ratio of earnings to fixed charges for the six months ended June 30, 2007 was (1.7). The ratio of earnings to fixed charges represents income from continuing operations before income tax expense, minority interest and equity income of affiliates, divided by interest expense. Interest expense includes amortization of capitalized interest and the portion of rent expense representative of interest. Interest expense does not include interest on income tax liabilities. The computation of the ratio of earnings to fixed charges can be found in Exhibit 12.1.

**(26) SUBSEQUENT EVENTS**

**Zarafshan-Newmont Joint Venture**

On July 16, 2007, the Company and the Uzbekistan government, whom the Company filed demands of arbitration against, closed a transaction to settle their dispute on terms that include payments to the Company totaling $80. Under the agreement, the Company s interest in the Zarafshan-Newmont Joint Venture was transferred to the Uzbek parties, and both arbitrations were terminated. The Company has received one payment for $20 with the balance expected to be received in August 2007.

**Convertible Senior Notes**

During July 2007, the Company completed a private offering of $1,150 convertible senior notes due 2014 and 2017, each in the amount of $575. The 2014 Notes, maturing on July 15, 2014, will pay interest semi-annually at a rate of 1.25% per annum, and the 2017 Notes, maturing on July 15, 2017, will pay interest semi-annually at a rate of 1.625% per annum. The Notes will be convertible, at the holder s option, equivalent to a conversion price of $46.21 per share of common stock. The Company does not have an option to redeem the notes prior to their applicable stated maturity date. The net proceeds from the offering, after expenses, were approximately $1,125.

**Convertible Note Hedge and Warrant Transactions**

In connection with the Convertible Senior Notes offering, the Company entered into convertible note hedge transactions and warrant transactions. These transactions included the purchase of call options and the sale of warrants. The purchased call options cover, in the aggregate and subject to customary anti-dilution adjustments, 24,887,956 shares of the Company s common stock, par value $1.60 per share. The Company sold warrants to purchase, in the aggregate and subject to customary anti-dilution adjustments, 24,887,956 shares of common stock. In most cases, the warrants may not be exercised prior to the maturity of the notes. As a result of the call option and warrant transactions, the conversion price of $46.21 was effectively increased to $60.27. The aggregate cost to the Company of the purchased call options was approximately $366,

partially offset by approximately $248 that the Company received from the sale of the sold warrants. The purchased call options and sold warrants were accounted for as equity transactions and could have a potentially dilutive effect.

**ITEM 1A. RISK FACTORS.**

On June 19, 2007, ground subsidence occurred in an area of our underground Midas mine, located in Nevada, resulting in an employee fatality. State and federal mine safety regulators have suspended operations at the mine pending further review and investigation. At this time, we cannot reasonably predict when the mine will be reopened. In the first half of 2007, 61,000 ounces of gold were sold at Midas.

**ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**
(dollars in millions, except per share, per ounce and per pound amounts).

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, IDR to Indonesian currency and $ to United States currency.

This item should be read in conjunction with our interim unaudited Condensed Consolidated Financial Statements and the notes thereto included in this quarterly report.

**Selected Financial and Operating Results**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Revenues | $ 1,302 | $ 1,293 | $ 2,558 | $ 2,425 |
| (Loss) income from continuing operations | $ (406) | $ 128 | $ (370) | $ 322 |
| Net (loss) income | $ (2,062) | $ 161 | $ (1,994) | $ 370 |
| Net (loss) income per common share, basic | | | | |
| (Loss) income from continuing operations | $ (0.90) | $ 0.29 | $ (0.82) | $ 0.71 |
| Net (loss) income | $ (4.57) | $ 0.36 | $ (4.42) | $ 0.82 |
| Consolidated gold ounces sold (thousands)[1] | 1,448 | 1,843 | 3,053 | 3,652 |
| Consolidated copper pounds sold (millions) | 97 | 117 | 188 | 198 |
| Average price received[2] | | | | |
| Gold (per ounce) | $ 667 | $ 605 | $ 660 | $ 580 |
| Copper (per pound) | $ 3.92 | $ 2.25 | $ 3.34 | $ 2.18 |
| Costs applicable to sales[3] | | | | |
| Gold (per ounce) | $ 433 | $ 299 | $ 427 | $ 287 |
| Copper (per pound) | $ 1.40 | $ 0.71 | $ 1.40 | $ 0.75 |

(1) Includes 23 and 37 incremental start-up sales for the three and six months ended June 30, 2006, respectively, from Phoenix and Leeville which are not included in *Revenue* and *Costs applicable to sales* per ounce calculations.

(2) Before treatment and refining charges but after hedge losses (excluding settlement of price-capped forward sales contracts) and provisional pricing mark-to-market adjustments.

(3) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

**Consolidated Financial Results**

Newmont s loss from continuing operations for the second quarter and first half of 2007 was $406, or $0.90 per share and $370, or $0.82 per share, respectively, primarily as a result of a $460 after-tax loss on settlement of the price-capped forward sales contracts. Also, results for the second quarter and first half of 2007 compared to 2006 were impacted by fewer gold ounces sold and higher operating costs, partially offset by higher realized gold and copper prices.

*Sales - gold, net* for the second quarter of 2007 decreased $129 compared to the second quarter of 2006 due to 372,000 fewer ounces sold, partially offset by a $66 increase in the average price realized per ounce after treatment and refining charges. *Sales gold, net* for the first half of 2007 decreased $81 compared to the first half of 2006 as a result of 562,000 fewer ounces sold, partially offset by an $80 increase in the average price realized per ounce after treatment and refining charges. The following analysis summarizes the change in consolidated gold sales revenue:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Consolidated gold sales: | | | | |
| Gross | $ 965 | $ 1,100 | $ 2,014 | $ 2,098 |
| Less: Treatment and refining charges | (3) | (9) | (9) | (12) |
| Net | $ 962 | $ 1,091 | $ 2,005 | $ 2,086 |
| Consolidated gold ounces sold (thousands): | | | | |
| Gross | 1,448 | 1,843 | 3,053 | 3,652 |
| Less: Incremental start-up sales | | (23) | | (37) |
| Net | 1,448 | 1,820 | 3,053 | 3,615 |
| Average price realized per ounce: | | | | |
| Before treatment and refining charges | $ 667 | $ 605 | $ 660 | $ 580 |
| After treatment and refining charges | $ 665 | $ 599 | $ 657 | $ 577 |

The change in consolidated gold sales is due to:

| | Three Months Ended June 30, 2007 vs. 2006 | Six Months Ended June 30, 2007 vs. 2006 |
|---|---|---|
| Decrease in consolidated ounces sold | $ (225) | $ (326) |
| Increase in average realized gold price | 90 | 242 |
| Decrease in treatment and refining charges | 6 | 3 |
| | $ (129) | $ (81) |

*Sales - copper, net* for the second quarter of 2007 increased $138 compared to the second quarter of 2006 as higher realized prices more than offset 20 million fewer pounds sold. *Sales copper, net* for the first half of 2007 increased $214 compared to the first half of 2006 as higher realized copper prices more than offset 10 million fewer pounds sold. Hedge losses recognized during the second quarter and first half of 2007 were lower than the corresponding period in 2006 as the final deliveries were made under copper collar contracts in February 2007. In the second quarter and first half of 2006, losses of $32 and $55, respectively, were included in *Other income, net* for the ineffective portion of copper hedges. For a complete discussion regarding variations in gold and copper volumes, see *Results of Consolidated Operations* below.

The following analysis summarizes the change in consolidated copper sales revenue:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Consolidated copper sales: | | | | |
| Gross before hedging | $ 337 | $ 366 | $ 582 | $ 542 |
| Hedging loss | | (260) | (1) | (355) |
| Provisional pricing mark-to-market gain | 41 | 158 | 47 | 245 |
| Gross after hedging and provisional pricing | 378 | 264 | 628 | 432 |
| Less: Treatment and refining charges | (38) | (62) | (75) | (93) |
| Net | $ 340 | $ 202 | $ 553 | $ 339 |

| | | | | |
|---|---|---|---|---|
| Consolidated copper pounds sold (millions) | 97 | 117 | 188 | 198 |
| Average price realized per pound: | | | | |
| Gross before hedging | $ 3.49 | $ 3.11 | $ 3.10 | $ 2.73 |
| Hedging loss | | (2.21) | | (1.79) |
| Provisional pricing mark-to-market | 0.43 | 1.35 | 0.24 | 1.24 |
| Gross after hedging and provisional pricing | 3.92 | 2.25 | 3.34 | 2.18 |
| Less: Treatment and refining charges | (0.39) | (0.53) | (0.40) | (0.47) |
| Net | $ 3.53 | $ 1.72 | $ 2.94 | $ 1.71 |

The change in consolidated copper sales is due to:

| | Three Months Ended June 30, 2007 vs. 2006 | Six Months Ended June 30, 2007 vs. 2006 |
|---|---|---|
| Decrease in consolidated pounds sold | $ (47) | $ (22) |
| Increase in average realized copper price | 161 | 218 |
| Decrease in treatment and refining charges | 24 | 18 |
| | $ 138 | $ 214 |

The following is a summary of net gold and copper sales:

| | Three Months Ended June 30, 2007 | 2006 | Six Months Ended June 30, 2007 | 2006 |
|---|---|---|---|---|
| ***Gold*** | | | | |
| Nevada, USA | $ 349 | $ 316 | $ 710 | $ 604 |
| Yanacocha, Peru | 208 | 489 | 505 | 916 |
| Australia/New Zealand: | | | | |
| Tanami, Australia | 86 | 54 | 160 | 114 |
| Kalgoorlie, Australia | 47 | 49 | 109 | 101 |
| Jundee, Australia | 50 | 49 | 90 | 85 |
| Pajingo, Australia | 27 | 21 | 58 | 39 |
| Waihi, New Zealand | 17 | 18 | 26 | 39 |
| | 227 | 191 | 443 | 378 |
| Batu Hijau, Indonesia | 59 | 85 | 115 | 124 |
| Ahafo, Ghana | 82 | | 163 | |
| Other Operations: | | | | |
| Golden Giant, Canada | 6 | 9 | 8 | 28 |
| Kori Kollo, Bolivia | 15 | 20 | 31 | 44 |
| La Herradura, Mexico | 15 | 12 | 29 | 24 |
| | 36 | 41 | 68 | 96 |
| Corporate | 1 | (31) | 1 | (32) |
| | $ 962 | $ 1,091 | $ 2,005 | $ 2,086 |
| ***Copper*** | | | | |
| Batu Hijau, Indonesia | $ 340 | $ 202 | $ 553 | $ 339 |

*Costs applicable to sales* increased in the second quarter and first half of 2007 from 2006 as detailed in the table below, primarily due to new operations at Ahafo in Ghana and Phoenix and Leeville in Nevada, increased input commodity prices, higher labor costs, higher waste removal costs and unfavorable exchange rate movements in the Australian dollar. For a complete discussion regarding variations in operations, see *Results of Consolidated Operations* below.

*Depreciation, depletion and amortization* ( DD&A ) increased in the second quarter and first half of 2007 compared to 2006 as detailed in the table below, and primarily relates to increases from new operations at Ahafo in Ghana, Phoenix and Leeville in Nevada and Waihi in Australia/New Zealand and the expansion of the mining fleet at Batu Hijau in the second half of 2006, partially offset by lower amortization due to lower production at Yanacocha and the change in estimate of haul truck lives. Newmont expects 2007 DD&A to be approximately $750 to $800.

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

| | Costs Applicable to Sales | | | | Depreciation, Depletion and Amortization | | | |
|---|---|---|---|---|---|---|---|---|
| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| ***Gold*** | | | | | | | | |
| Nevada, USA | $ 258 | $ 234 | $ 534 | $ 440 | $ 66 | $ 35 | $ 121 | $ 71 |
| Yanacocha, Peru | 133 | 145 | 274 | 269 | 40 | 49 | 82 | 92 |
| Australia/New Zealand: | | | | | | | | |
| Tanami, Australia | 51 | 36 | 101 | 74 | 10 | 6 | 19 | 13 |
| Kalgoorlie, Australia | 37 | 39 | 95 | 83 | 5 | 7 | 13 | 13 |
| Jundee, Australia | 37 | 27 | 73 | 53 | 6 | 6 | 12 | 11 |
| Pajingo, Australia | 17 | 16 | 36 | 30 | 7 | 6 | 16 | 11 |
| Waihi, New Zealand | 13 | 5 | 22 | 11 | 6 | 3 | 9 | 6 |
| | 155 | 123 | 327 | 251 | 34 | 28 | 69 | 54 |
| Batu Hijau, Indonesia | 20 | 27 | 48 | 42 | 5 | 6 | 11 | 10 |
| Ahafo, Ghana | 47 | | 90 | | 13 | | 23 | |
| Other Operations: | | | | | | | | |
| Golden Giant, Canada | 1 | 1 | 2 | 9 | | | | 1 |
| Kori Kollo, Bolivia | 8 | 10 | 16 | 17 | 2 | 2 | 5 | 4 |
| La Herradura, Mexico | 6 | 4 | 13 | 10 | 1 | 2 | 3 | 4 |
| | 15 | 15 | 31 | 36 | 3 | 4 | 8 | 9 |
| | 628 | 544 | 1,304 | 1,038 | 161 | 122 | 314 | 236 |
| ***Copper*** | | | | | | | | |
| Batu Hijau, Indonesia | 134 | 84 | 262 | 149 | 26 | 18 | 54 | 34 |
| ***Other*** | | | | | | | | |
| Exploration | | | | | | 1 | | 2 |
| Australia/New Zealand | | | | | 1 | | 2 | 1 |
| Corporate and Other | | | | | 5 | 5 | 11 | 8 |
| | | | | | 6 | 6 | 13 | 11 |
| | $ 762 | $ 628 | $ 1,566 | $ 1,187 | $ 193 | $ 146 | $ 381 | $ 281 |

The *Loss on settlement of price-capped forward sales contracts* resulted from the elimination of the entire 1.85 million ounce forward sales contracts.

*Exploration* increased for the first half of 2007 primarily a result of increased spending at the Fort a la Corne diamond joint venture in Canada and increased spending in Nevada and Suriname. Newmont expects 2007 *Exploration* expense to be approximately $170 to $175.

*Advanced projects, research and development* decreased $11 and $10 for the second quarter and first half of 2007, respectively, compared to 2006. The decrease is due to start-up costs at Ahafo, Phoenix and Leeville in 2006. Newmont expects 2007 *Advanced projects, research and development* expenses to be approximately $85 to $100.

*General and administrative* expenses remained constant for the second quarter and first half of 2007 compared to 2006. Newmont expects 2007 *General and administrative* expenses to be approximately $155 to $165.

*Other expense, net* for the second quarter and first half of 2007 and 2006 is summarized as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Reclamation and remediation | $ 17 | $ | $ 17 | $ 3 |
| Pension settlement loss | 13 | | 13 | |
| Buyat Bay litigation and other | 4 | 5 | 8 | 11 |
| Western Australia power plant | 2 | | 7 | |
| Peruvian royalty | 1 | | 4 | |
| Australian office relocation | 3 | 3 | 4 | 3 |
| Other | 13 | 5 | 21 | 10 |
| | $ 53 | $ 13 | $ 74 | $ 27 |

During the second quarter of 2007 the Company incurred $17 for reclamation and remediation costs at the former Resurrection and Empire mines and incurred a $13 settlement loss related to senior management retirements.

*Other income, net* for the second quarter and first half of 2007 and 2006 is summarized as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Interest income | $ 9 | $ 17 | $ 23 | $ 36 |
| Foreign currency exchange gains, net | 8 | 6 | 3 | 9 |
| Gain (loss) on ineffective portion of derivative instruments, net | 2 | (35) | | (59) |
| Gain on sale of other assets, net | 2 | 7 | 4 | 9 |
| Income from development projects, net | | 5 | | 9 |
| Other | 4 | 1 | 5 | 3 |
| | $ 25 | $ 1 | $ 35 | $ 7 |

Interest income decreased in 2007 due to a reduction in funds available for investment, partially offset by a higher return on funds invested.

Gain (loss) on ineffective portion of derivative instruments, net included gains of $2 and $nil in the second quarter and first half of 2007, respectively, for the ineffective portion of interest rate swap derivative instruments designated as cash flow hedges. In the second quarter and first half of 2006, the losses included $32 and $55, respectively, for the ineffective portion of copper collar contracts and $3 and $4, respectively, for interest rate swap derivatives designated as cash flow hedges.

Income from development projects in 2006 included revenue net of incremental operating costs incurred prior to commencement of commercial production at the Leeville and Phoenix operations in Nevada during the fourth quarter of 2006.

*Interest expense, net* remained constant in the second quarter and increased 14% in the first half of 2007, compared to 2006 due to $200 debt issued at Yanacocha during 2006 and a 13% and 17% decrease, respectively, in capitalized interest as a result of the completion of the Ahafo, Phoenix and Leeville development projects in 2006. Newmont expects 2007 *Interest expense, net* to be approximately $95 to $105.

*Income tax (benefit) expense* during the second quarter of 2007 was $(23) compared to $121 during the second quarter of 2006, and $21 for the first half of 2007 compared to $153 for the first half of 2006. The effective tax rate for the second quarter of 2007 was 7% compared to 32% for the second quarter of 2006. The 25% decrease over the 2006 second quarter rate primarily relates to the following discrete items occurring in 2007: (i) decrease in pretax income from the loss recognized on closing out certain hedging-related contracts; and (ii) a valuation allowance release relative to the Company s deferred tax asset for capital losses in Australia, with the decrease in tax expense offset by increases attributable to the following items: (i) foreign tax credits generated by the Company that required a valuation allowance, (ii) the effect of different income tax rates in countries where earnings are indefinitely reinvested, and (iii) the effect of foreign earnings net of foreign taxes. The effective tax rate in the second quarter of 2007 is different from the United States statutory rate of 35% primarily due to (i) U.S. percentage depletion, (ii) a change in valuation allowance on deferred tax assets associated with foreign tax credits, (iii) the effect of different income tax rates in countries where earnings are indefinitely reinvested, and (iv) the foreign earnings net of foreign taxes. The effective tax rate in 2006 is different from the United States statutory rate of 35% primarily due to (i) U.S. percentage depletion, (ii) additional tax benefits associated with the change in Australian and Ghanaian tax law, and (iii) the valuation allowance release relative to the Company s deferred tax assets for foreign tax credits, the latter two being discrete non-recurring items. For a complete discussion of the factors that influence the Company s effective tax rate, see Management s Discussion and Analysis of Results of Operations and Financial Condition in Newmont s Annual Report on Form 10-K for the year ended December 31, 2006, filed February 26, 2007. Newmont expects the 2007 full year tax rate to be approximately 42% to 47% assuming an average gold price of $650 per ounce. The higher expected rate for the 2007 full year, as compared to the rate incurred through the second quarter of 2007, is mainly attributable to the full year impact of the change in valuation allowance on deferred tax assets associated with foreign tax credits.

In December 2006, the Company entered into an in-principle heads of agreement with the Australian Taxation Office. The heads of agreement specified the terms of a proposed settlement of the outstanding audit issues relating to Normandy for the tax years 1994-1999. These issues related to years before the Company acquired Normandy. At the date of the business combination, Normandy had recorded no income tax liability with respect to the tax positions taken in reporting certain transactions, therefore the Company s initial best estimate of the income tax contingency relating to these issues was recorded as a tax liability at the date of acquisition, February 15, 2002, by increasing the purchase price of Normandy. At December 31, 2006, the long-term income tax liability balance relating to this proposed settlement was reclassified to current income taxes payable. The $276 (A$336) income tax liability was paid in the second quarter of 2007. On July 13, 2007, the Company received a closure letter from the Australian Tax Office stating that all audit issues for the tax years 1994-1999 are settled.

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*Minority interest in income of consolidated subsidiaries* decreased $30 and $73 in the second quarter and first half of 2007, respectively, as a result of decreased earnings at Yanacocha partially offset by a $25 charge related to the repayment of the carried interest loan and increased earnings at Batu Hijau.

The *(Loss) income from discontinued operations* includes the Company s Merchant Banking Segment, its 50% interest in the Zarafshan-Newmont Joint Venture, expropriated by the Uzbekistan government in August 2006, and the Holloway mine sold in November 2006. The Company reclassified the income statement results from the historical presentation to discontinued operations in the Condensed Consolidated Statements of Income (Loss) for all periods presented (see Note 10 to the Condensed Consolidated Financial Statements). During the first half of 2007, Merchant Banking obtained Oxiana Ltd. shares following the acquisition of Agincourt Resources by Oxiana Ltd. recognizing a $27 gain, realized an additional gain of $13 on the sale of Oxiana Ltd., Pan Australia and other equity security investments and recognized impairments totaling $10 on its investments in Queenstake Resources Ltd. and Southwestern Resources for an other-than-temporary decline in value of marketable equity securities and warrants. Merchant Banking s royalty interests and equity investments generated $36 and $29 of royalty and dividend income for the second quarter of 2007 and 2006, respectively, and $67 and $58 for the first half of 2007 and 2006. In addition, the Company concluded that the carrying value of Merchant Banking Segment goodwill was impaired, and therefore recognized a $1,665 non-cash impairment charge in the three and six months ended June 30, 2007.

**Results of Consolidated Operations**

| | Gold Ounces or Copper Pounds Sold[1] | | Costs Applicable to Sales[2] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| **Three Months Ended June 30,** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** |
| | **(ounces in thousands)** | | **($ per ounce)** | | **($ per ounce)** | |
| ***Gold*** | | | | | | |
| Nevada | 531 | 543 | $ 485 | $ 450 | $ 124 | $ 68 |
| Yanacocha[3] (51.3% owned) | 312 | 785 | 426 | 185 | 128 | 61 |
| Australia/New Zealand | 338 | 316 | 456 | 388 | 99 | 88 |
| Batu Hijau[3] [4] | 90 | 134 | 224 | 196 | 52 | 46 |
| Ahafo | 123 | | 384 | | 108 | |
| Other[3] | 54 | 65 | 295 | 251 | 65 | 62 |
| Total/Weighted-Average | 1,448 | 1,843 | $ 433 | $ 299 | $ 111 | $ 67 |
| ***Copper*** | | | | | | |
| | **(pounds in millions)** | | **($ per pound)** | | **($ per pound)** | |
| Batu Hijau[3] [4] | 97 | 117 | $ 1.40 | $ 0.71 | $ 0.28 | $ 0.16 |

| | Gold Ounces or Copper Pounds Sold[1] | | Costs Applicable to Sales[2] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| **Six Months Ended June 30,** | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** |
| | **(ounces in thousands)** | | **($ per ounce)** | | **($ per ounce)** | |
| ***Gold*** | | | | | | |
| Nevada | 1,091 | 1,078 | $ 489 | $ 423 | $ 111 | $ 68 |
| Yanacocha[3] (51.3% owned) | 767 | 1,555 | 357 | 173 | 107 | 59 |
| Australia/New Zealand | 670 | 649 | 487 | 386 | 103 | 83 |
| Batu Hijau[3] [4] | 174 | 207 | 276 | 200 | 63 | 48 |
| Ahafo | 248 | | 362 | | 93 | |
| Other[3] | 103 | 163 | 312 | 226 | 82 | 53 |
| Total/Weighted-Average | 3,053 | 3,652 | $ 427 | $ 287 | $ 103 | $ 65 |
| ***Copper*** | **(pounds in millions)** | | **($ per pound)** | | **($ per pound)** | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Batu Hijau[3] [4] | 188 | 198 | $ 1.40 | $ 0.75 | $ 0.29 | $ 0.17 | |

(1) Includes 23 and 37 incremental start-up sales for the three and six months ended June 30, 2006, respectively, from Phoenix and Leeville which are not included in *Revenue*, *Costs applicable to sales* and *Depreciation, depletion and amortization* per ounce calculations.

(2) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

(3) Consolidated gold ounces or copper pounds sold includes minority interests share.

(4) On May 25, 2007, Newmont s economic interest in Batu Hijau was reduced from 52.875% to 45%.

Consolidated gold ounces sold decreased 21% in the second quarter of 2007 from 2006, primarily due to lower production at Yanacocha, partially offset by the commencement of operations at Ahafo in the third quarter of 2006. Consolidated copper pounds sold decreased 17% in the second quarter of 2007 from 2006, primarily due to lower concentrate shipments at Batu Hijau.

*Costs applicable to sales* per consolidated gold ounce sold increased 45% in the second quarter of 2007 from 2006, primarily due to the decrease in production, higher waste removal costs at Nevada, Yanacocha and Batu Hijau and high operating costs at

Phoenix in Nevada. Also, the strengthening of the Australian dollar increased consolidated *costs applicable to sales* by $10 per ounce in the second quarter of 2007 compared to 2006. *Costs applicable to sales* per copper pound increased 97% in the second quarter of 2007 from 2006, primarily due to the increase in waste removal costs at Batu Hijau.

Consolidated gold ounces sold decreased 16% in the first half of 2007 from 2006, primarily due to lower production at Yanacocha, partially offset by the commencement of operations at Ahafo in the third quarter of 2006. Consolidated copper pounds sold decreased 5% in the first half of 2007 from 2006, primarily due to increases in concentrate inventory at Batu Hijau.

*Costs applicable to sales* per consolidated gold ounce sold increased 49% in the first half of 2007 from 2006, primarily due to decreased production, higher waste removal costs at Nevada, Yanacocha and Batu Hijau and high operating costs at Phoenix in Nevada. Also, the strengthening of the Australian dollar increased consolidated *Costs applicable to sales* by $8 per ounce in the first half of 2007 compared to 2006. *Costs applicable to sales* per copper pound sold increased 87% in the first half of 2007 from 2006, primarily due to the increase in waste removal costs at Batu Hijau.

The Company expects consolidated gold sales of approximately 6.1 to 6.6 million ounces in 2007, primarily as a result of lower production from Yanacocha and Australia, as well as the completion of mining at Lone Tree in Nevada and remnant production at Golden Giant (Other operations). *Costs applicable to sales* for the full year in 2007 are expected to be approximately $375 to $400 per ounce. The increase from 2006, is primarily from lower production at Yanacocha and Australia, as well as higher labor, consumables and energy prices in all operating regions and a stronger Australian dollar. Additionally, continued operating difficulties at Phoenix, unfavorable exchange rate movements in Australia, potential power interruptions in Ghana, an extended suspension of operations at Midas in Nevada and higher than planned oil prices would negatively impact the Company s *Costs applicable to sales* in 2007.

The Company expects consolidated copper sales of approximately 400 to 435 million pounds of copper in 2007 at *Costs applicable to sales* of approximately $1.10 to $1.20 per pound.

***Nevada Operations***

| | Gold Ounces Sold[1] | | Costs Applicable to Sales[2] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Three months ended June 30, | 531 | 543 | $ 485 | $ 450 | $ 124 | $ 68 |
| Six months ended June 30, | 1,091 | 1,078 | $ 489 | $ 423 | $ 111 | $ 68 |

(1) Includes 23 and 37 incremental start-up sales for the three and six months ended June 30, 2006, respectively, from Phoenix and Leeville which are not included in *Revenue*, *Costs applicable to sales* and *Depreciation, depletion and amortization* per ounce calculations.

(2) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

Gold ounces sold in Nevada decreased 2% in the second quarter of 2007 from 2006. Increased gold sales with the commencement of commercial production at Phoenix and Leeville in October of 2006 were offset by the completion of mining at Lone Tree in 2006. Open pit ore mined increased to 10.7 million tons in the second quarter of 2007, up from 7.8 million tons in the second quarter of 2006. Underground ore mined increased 79% in the second quarter of 2007 due to commencement of commercial production at Leeville and steady ramp-up toward full capacity. Ore milled increased to 5.9 million tons from 3.8 million tons in the second quarter of 2006, although milled ore grade decreased 22% with the processing of lower grade ore from Phoenix. Ore placed on leach pads decreased by 53% due to the completion of mining at Lone Tree in 2006 and fewer leach ore tons were processed at Carlin in the second quarter of 2007, as the ore mined contained a higher proportion of mill material. Processing at the Lone Tree mill continued in the second quarter of 2007 with ore hauled from Twin Creeks and is expected to continue for the remainder of 2007. Nevada s C*osts applicable to sales* per ounce increased 8% in the second quarter of 2007 compared to 2006. Higher cost production from Phoenix contributed to the increase in operating costs. Waste removal costs also increased operating costs due to accelerated mining at Pete, Gold Quarry and Twin Creeks. Costs for underground contracted services also increased at Leeville and Carlin East. Labor and input commodity cost escalation continued to impact operating costs. The increased costs above were partially offset by lower mill maintenance expense in the second quarter of 2007. *Depreciation, depletion and amortization* per ounce increased 82% from the second quarter of 2006 as a result of increased investment in new equipment and facilities in late 2006.

Nevada s gold ounces sold remained constant in the first half of 2007 compared to 2006 primarily due to the commencement of commercial production at Phoenix and Leeville in the fourth quarter of 2006 offset by the completion of mining at Lone Tree. *Costs applicable to sales* per ounce increased 16% in the first half of 2007 compared to 2006, primarily as a result of higher cost production from Phoenix, increased waste removal costs, underground contract services, labor and commodity costs partially offset by the change in the Turquoise Ridge joint venture

agreement in 2006.

On June 19, 2007, ground subsidence occurred in an area of the Midas underground mine, located in Nevada, resulting in an employee fatality. State and federal mine safety regulators have suspended operations at the mine pending further review and investigation. At this time, it cannot be reasonably predicted when the mine will be reopened, however, the Company does not expect a material impact on Nevada s production. In the first half of 2007, 61,000 ounces of gold were sold at Midas.

Phoenix remains the primary risk factor impacting Nevada s gold sales and costs applicable to sales outlook for the year. During the second quarter of 2007, Phoenix continued to experience lower than expected recoveries and throughput due to hard ore and reduced crusher availability. The Company made improvements to the flotation circuit and installed a cyanide detoxification system to improve recoveries during the second quarter. Additionally, blasting improvements were made during the second quarter which enhanced fragmentation of the harder ore and increased throughput. The Company continues to evaluate solutions to address ongoing metallurgical issues, mill throughput and crusher availability, with a final optimization plan expected by mid-2008.

The Company continues to expect gold sales in Nevada of approximately 2.3 to 2.6 million ounces for 2007 and *Costs applicable to sales,* excluding the impact of Phoenix, are projected to be within the expected range of approximately $375 to $400 per ounce for 2007. However, ongoing challenges at Phoenix will likely result in *Costs applicable to sales* of approximately $400 to $440 per ounce for 2007. Potentially higher grades, improved throughput and increased recoveries at Leeville and Twin Creeks could provide cost reduction opportunities for the remainder of 2007.

Construction of the 200-megawatt coal-fired power plant was approximately 77% complete at June 30, 2007 and remains on schedule for completion in 2008. Anticipated capital costs for the power plant are expected to be between $620 and $640.

***Yanacocha Operations***

| | Gold Ounces Sold[1] | | Costs Applicable to Sales[2] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Three months ended June 30, | 312 | 785 | $ 426 | $ 185 | $ 128 | $ 61 |
| Six months ended June 30, | 767 | 1,555 | $ 357 | $ 173 | $ 107 | $ 59 |

(1) Consolidated gold ounces sold includes minority interests share (51.35% Newmont owned).

(2) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

Consolidated gold sales at Yanacocha decreased 60% in the second quarter of 2007 compared to 2006 due to a higher waste-to-ore ratio and the mining of lower grades. Ore mined decreased to 20.7 million tons in the second quarter of 2007 from 29.8 million tons in the second quarter of 2006. During the same periods, the amount of waste material mined increased to 32.1 million tons from 25.5 million tons. In addition, leached ore grade decreased by 47% from 0.032 to 0.017 ounces per ton in the second quarter of 2007 primarily due to a different mine sequence at the La Quinua pit. *Costs applicable to sales* per ounce increased 130% in the second quarter of 2007 compared to 2006 due to lower production, a higher proportion of waste tons mined and a valuation charge related to the La Quinua leach pad inventory. Consumption of cyanide, chemicals and reagents decreased from the second quarter of 2006 as the volume of tons placed on leach pads declined.

Consolidated gold sales at Yanacocha decreased 51% in the first half of 2007 compared to 2006 as a result of lower production as leach ore grade and ore placed on leach pads were 56% and 39%, respectively, lower in the first half of 2007 compared to 2006. *Costs applicable to sales* per ounce increased 106% in the first half of 2007 compared to 2006 due to the decrease in production, higher waste removal and labor costs.

The Company continues to expect consolidated gold sales of approximately 1.5 to 1.6 million ounces for 2007. Yanacocha s gold sales for the remainder of the year could be adversely impacted by higher waste removal rates and lower ore grades, while opportunities exist for inventory reductions and higher ore grades during the remainder of the year. The Company continues to expect *Costs applicable to sales* of approximately $340 to $360 per ounce for 2007. Potential additional sales from inventory reductions could result in *Costs applicable to sales* per ounce towards the lower end of the expected range for the full year.

Construction of the gold mill at Yanacocha was approximately 68% complete at June 30, 2007. Progress on the gold mill continues as expected, with costs expected to be between $250 and $270 with commercial production anticipated by mid-2008.

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***Australia/New Zealand Operations***

| Three Months Ended June 30, | Gold Ounces Sold 2007 | Gold Ounces Sold 2006 | Costs Applicable to Sales[1] 2007 | Costs Applicable to Sales[1] 2006 | Depreciation, Depletion and Amortization 2007 | Depreciation, Depletion and Amortization 2006 |
|---|---|---|---|---|---|---|
| | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Tanami | 130 | 91 | $ 391 | $ 403 | $ 75 | $ 76 |
| Kalgoorlie (50% owned) | 71 | 82 | 517 | 483 | 68 | 76 |
| Jundee | 71 | 78 | 521 | 344 | 84 | 78 |
| Pajingo | 39 | 35 | 443 | 439 | 180 | 167 |
| Waihi (Martha) | 27 | 30 | 460 | 146 | 221 | 91 |
| Total/Weighted-Average | 338 | 316 | $ 456 | $ 388 | $ 99 | $ 88 |

| Six Months Ended June 30, | Gold Ounces Sold 2007 | Gold Ounces Sold 2006 | Costs Applicable to Sales[1] 2007 | Costs Applicable to Sales[1] 2006 | Depreciation, Depletion and Amortization 2007 | Depreciation, Depletion and Amortization 2006 |
|---|---|---|---|---|---|---|
| | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Tanami | 243 | 199 | $ 414 | $ 372 | $ 78 | $ 69 |
| Kalgoorlie (50% owned) | 166 | 176 | 573 | 473 | 80 | 73 |
| Jundee | 133 | 140 | 551 | 380 | 89 | 78 |
| Pajingo | 87 | 67 | 414 | 439 | 179 | 158 |
| Waihi (Martha) | 41 | 67 | 530 | 162 | 228 | 88 |
| Total/Weighted-Average | 670 | 649 | $ 487 | $ 386 | $ 103 | $ 83 |

(1) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

Australia/New Zealand gold sales increased 7% in the second quarter 2007 compared to 2006, primarily due to increased production at Tanami and Pajingo, partially offset by lower production at Kalgoorlie, Jundee and Waihi. *Costs applicable to sales* per ounce increased by 18%, primarily due to the strengthening of the Australian dollar, which increased *Costs applicable to sales* by approximately $43 per ounce, and increased royalties due to the higher gold price and increased input costs, particularly diesel, electricity and labor.

Australia/New Zealand gold sales increased 3% in the first half of 2007 compared to 2006 as a result of higher production at Tanami and Pajingo and an inventory drawdown, partially offset by lower production at Kalgoorlie, Jundee and Waihi. *Costs applicable to sales* per ounce increased 26% due to the strengthening of the Australian dollar, decrease in production, increased royalties due to the higher gold price and increased diesel, electricity and labor.

*Tanami, Australia*. Gold ounces sold increased 43% in the second quarter of 2007 from 2006 due to a 44% increase in mill ore grade. *Costs applicable to sales* per ounce decreased 3% due to the increase in production, partially offset by higher ore hauling charges associated with longer hauling distances, as well increased royalties due to the higher production and gold price.

Gold ounces sold increased 22% in the first half of 2007 compared to 2006 as a result of a 22% increase in mill ore grade and a drawdown of inventory, partially offset by extended mill repairs and limited underground ore availability during the first quarter of 2007 from haul road flooding. *Costs applicable to sales* per ounce increased 11% due to increased underground mining and royalty costs, partially offset by the higher production.

*Kalgoorlie, Australia*. Gold ounces sold decreased 13% in the second quarter of 2007 compared to 2006 due to an 11% decrease in mill ore grade due to the planned mining sequence. *Costs applicable to sales* per ounce increased 7%, primarily due to lower gold production and increased mining and milling costs.

Gold ounces sold decreased 6% in the first half of 2007 compared to 2006 as a result of lower production, partially offset by inventory sales. *Costs applicable to sales* per ounce increased 21% due to lower production combined with higher mining and milling costs.

*Jundee, Australia*. Gold ounces sold decreased 9% in the second quarter of 2007 compared to 2006, due to a 25% decrease in mill throughput, partially offset by a 28% increase in mill ore grade. Mill throughput decreased due to the relocation of the Nimary ball mill to

the Jundee mill. *Costs applicable to sales* per ounce increased 51%, primarily due to higher labor, maintenance and electricity costs, as well as increased waste removal costs. Electricity prices more than doubled due to higher natural gas prices.

Gold ounces sold decreased 5% in the first half of 2007 compared to 2006 as a result of lower mill throughput and ore grade caused by the relocation of the Nimary ball mill, partially offset by 18% higher mill ore grade and inventory sales. *Costs applicable to sales* per ounce increased 45% due to lower production and increased underground mining and milling costs.

*Pajingo, Australia*. Gold ounces sold increased 11% in the second quarter of 2007 from 2006, due to a 10% increase in tons milled and a 2% increase in mill ore grade as mining and ground conditions improved. *Costs applicable to sales* per ounce remained constant as higher maintenance and overhead costs were offset by increased production.

Gold ounces sold increased 30% in the first half of 2007 compared to 2006 as a result of higher production due to increased mill throughput and ore grade from improved mining conditions. *Costs applicable to sales* per ounce decreased 6% due to higher production, partially offset by higher maintenance and overhead costs.

*Waihi (Martha), New Zealand*. Gold ounces sold decreased 10% in the second quarter of 2007 from 2006, resulting from the planned transition to underground operations and the ramp-up to steady state milling of underground material. *Costs applicable to sales* per ounce were higher due to the decrease in gold production, lower mill throughput and lower average recoveries from the planned transition to underground operations.

Gold ounces sold decreased 39% and *Costs applicable to sales* per ounce were higher in the first half of 2007 compared to 2006 as a result of the transition to underground operations.

The Company continues to expect gold sales in Australia/New Zealand of approximately 1.275 to 1.325 million ounces for 2007. The Company has revised its *Costs applicable to sales* outlook for the year to approximately $490 to $515 per ounce, reflecting the adverse impact of the Australian dollar exchange rate appreciating above 0.75, and higher than expected operating costs at Jundee. *Costs applicable to sales* in Australia/New Zealand are expected to change by approximately $5 to $6 per ounce for every 0.01 move in the Australian dollar exchange rate above an assumed average exchange rate of 0.80 for the second half of 2007.

Development of the Boddington project remains on schedule and is approximately 44% complete, with start-up expected in late 2008 or early 2009. Newmont s share of the expected capital cost remains between $900 and $1,100.

***Batu Hijau Operation***

| | Gold Ounces Sold[1] | | Costs Applicable to Sales[2] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| **Gold** | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Three months ended June 30, | 90 | 134 | $ 224 | $ 196 | $ 52 | $ 46 |
| Six months ended June 30, | 174 | 207 | $ 276 | $ 200 | $ 63 | $ 48 |

| | Copper Pounds Sold[1] | | Costs Applicable to Sales[2] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| **Copper** | (pounds in millions) | | ($ per ounce) | | ($ per ounce) | |
| Three months ended June 30, | 97 | 117 | $ 1.40 | $ 0.71 | $ 0.28 | $ 0.16 |
| Six months ended June 30, | 188 | 198 | $ 1.40 | $ 0.75 | $ 0.29 | $ 0.17 |

(1) Consolidated gold ounces or copper pounds sold includes minority interests share. On May 25, 2007, Newmont s economic interest in Batu Hijau was reduced from 52.875% to 45%.

(2) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

Consolidated copper and gold sales per ounce decreased 17% and 33% in the second quarter of 2007 from 2006, respectively, primarily from the timing of concentrate shipments and lower gold production. Concentrates held in inventory increased in the second quarter of 2007 compared to decreases in concentrate inventories in the second quarter of 2006. Copper production remained constant from the prior year quarter while gold production decreased 22% due to 23% lower gold mill ore grade from processing a larger proportion of ore from stockpiles. Total tons mined in

the second quarter of 2007 decreased by 24% compared to the second quarter of 2006 due to longer hauling distances. The waste-to-ore ratio increased to 5.9 in the second quarter of 2007, up from 0.95 in the second quarter of 2006, in preparation for the next phase of ore mining.

*Costs applicable to sales* nearly doubled per pound of copper and increased 14% per ounce of gold in the second quarter of 2007 from 2006 as a higher proportion of total operating costs were allocated to copper. Total *Costs applicable to sales* increased 38% from the second quarter of 2006 to the second quarter of 2007, primarily due to increased waste stripping and more ore processed from stockpiles. Additionally, operating costs were impacted by higher labor, maintenance and stockpile re-handling costs.

Consolidated copper and gold sales decreased 5% and 16% in the first half of 2007 from 2006, respectively, due to an increase in concentrate inventory. Copper production remained constant while gold production decreased 11% due to 9% lower mill ore grade. *Costs applicable to sales* per ounce increased 87% per pound of copper and 38% per ounce of gold due to increased waste removal costs, lower gold production, increased labor, maintenance and stockpile re-handling costs.

The average realized net copper price increased to $3.53 per pound in the second quarter of 2007 from $1.72 per pound in the second quarter of 2006, as the final copper hedge contract deliveries were made in February 2007.

The Company expects consolidated gold and copper sales to meet or exceed approximately 435,000 to 475,000 ounces of gold and approximately 395 to 435 million pounds of copper in 2007. Fewer waste tons were mined in the second quarter of 2007 as compared to the first quarter of 2007 and will continue to be lower during the second half of the year as mining progresses through waste material. The Company continues to expect *Costs applicable to sales* of approximately $225 to $240 per ounce of gold and $1.10 to $1.20 per pound of copper for 2007. Additionally, a higher proportion of total operating costs could be allocated to gold if gold prices and gold sales volumes increase at a rate higher than copper prices and volumes.

Newmont has a 45% ownership interest in the Batu Hijau mine, held through a partnership ( NTP ) with an affiliate of Sumitomo Corporation of Japan. Newmont has a 56.25% interest in NTP and the Sumitomo affiliate holds the remaining 43.75%. NTP in turn owns 80% of P.T. Newmont Nusa Tenggara ( PTNNT ), the Indonesian subsidiary that owns Batu Hijau. Newmont identified NTP as a Variable Interest Entity and has fully consolidated Batu Hijau in its consolidated financial statements since January 1, 2004. The remaining 20% interest in PTNNT is owned by P.T. Pukuafa Indah ( PTPI ), an unrelated Indonesian company. Because PTPI s interest was a carried interest, and because PTPI had been advanced a loan by NTP, Newmont reported a 52.875% economic interest in Batu Hijau, which reflected its actual economic interest in the mine until such time as the loan was fully repaid (including accrued interest). On May 25, 2007, PTPI fully repaid the loan (including accrued interest) from NTP. As a result of the repayment, Newmont s economic interest in Batu Hijau was reduced from 52.875% to 45% and the Company recorded a net charge of $25 million (after-tax) against *Minority interest expense* in the second quarter of 2007.

Under the Contract of Work, beginning in 2005 and continuing through 2010, a portion of the project must be offered for sale to the Indonesian government or to Indonesian nationals, equal to the difference between the following percentages and the percentage of shares already owned by the Indonesian government or Indonesian nationals (if such number is positive): 15%, by the end of 2005; 23%, by the end of 2006; 30%, by the end of 2007; 37%, by the end of 2008; 44%, by the end of 2009; and 51%, by the end of 2010. The price at which such interest must be offered for sale to the Indonesian parties is the highest of the then-current replacement cost, the price at which shares of the project company would be accepted for listing on the Jakarta Stock Exchange, or the fair market value of such interest in the project company as a going concern. Pursuant to this provision, it is possible that the ownership interest of the Newmont/Sumitomo partnership in Batu Hijau could be reduced to 49% by the end of 2010.

A company owned by an Indonesian national currently owns a 20% interest in Batu Hijau, and therefore the Newmont/Sumitomo partnership was required to offer a 3% interest for sale in 2006. An offer to sell a 3% interest was made to the government of Indonesia. While the central government declined to participate, local governments in the area in which the mine is located have expressed interest in acquiring shares, as have various Indonesian nationals. The Newmont/Sumitomo partnership continues discussions with various interested parties to meet its divestiture obligations. Under the terms of the Contract of Work, an additional 7% interest in Batu Hijau was offered for sale in March 2007 to the government of Indonesia.

***Ahafo Operation***

| | Gold Ounces Sold | | Costs Applicable to Sales[1] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Three months ended June 30, | 123 | | $ 384 | $ | $ 108 | $ |
| Six months ended June 30, | 248 | | $ 362 | $ | $ 93 | $ |

(1) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

Ahafo sold 123,000 and 248,000 ounces in the second quarter and first half of 2007, respectively. Ore tons mined and mill throughput were in line with expectations. Mill ore grade of 0.063 and 0.062 ounces per ton was higher than expected during the second quarter and first half of 2007, respectively. *Costs applicable to sales* were $384 and $362 per ounce for the second quarter and first half of 2007, respectively, primarily due to lower than anticipated self-generated power requirements. Additionally, higher than expected production from the higher ore grades helped to reduce *Costs applicable to sales* per ounce.

The Company continues to expect gold sales of approximately 410,000 to 450,000 ounces in 2007. Potential production opportunities may exist from continued higher ore grades. The potential for increased power rationing during the second half of the year could offset these benefits. The Company continues to expect *Costs applicable to sales* of approximately $460 to $500 per ounce for the year. Lower than anticipated power charges and higher than expected ore grades could reduce *Costs applicable to sales* to the lower end of or below the expected range if sustained throughout the remainder of the year.

Construction of the 80 mega-watt power plant was substantially complete at the end of the second quarter of 2007, with completion testing progressing well. Power production is expected to be available within a month. As a result of the mining industry s initiative to install the power plant, the Ghanaian government has agreed, if required, to distribute power proportionately between participating mines and other industrial and commercial customers.

***Other Operations***

| | Gold Ounces Sold | | Costs Applicable to Sales[1] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| **Three Months Ended June 30,** | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Kori Kollo[2] (88% owned) | 22 | 31 | $ 369 | $ 309 | $ 113 | $ 67 |
| La Herradura (44% owned) | 23 | 20 | 265 | 229 | 43 | 98 |
| Golden Giant | 9 | 14 | 187 | 157 | | |
| Total/Weighted-Average | 54 | 65 | $ 295 | $ 251 | $ 65 | $ 62 |

| | Gold Ounces Sold | | Costs Applicable to Sales[1] | | Depreciation, Depletion and Amortization | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| **Six Months Ended June 30,** | (ounces in thousands) | | ($ per ounce) | | ($ per ounce) | |
| Kori Kollo[2] (88% owned) | 46 | 75 | $ 358 | $ 227 | $ 110 | $ 56 |
| La Herradura (44% owned) | 45 | 40 | 294 | 251 | 76 | 98 |
| Golden Giant | 12 | 48 | 205 | 203 | | 12 |
| Total/Weighted-Average | 103 | 163 | $ 312 | $ 226 | $ 82 | $ 53 |

(1) Excludes depreciation, depletion and amortization and loss on settlement of price-capped forward sales contracts.

(2) Consolidated gold ounces sold includes minority interests share.

*Kori Kollo, Bolivia*. Consolidated gold ounces sold decreased 29% in the second quarter of 2007 from 2006 and 39% in the first half of 2007 from 2006, resulting from lower production due to fewer tons and gold ounces placed on the leach pads in the first quarter of 2007 compared to the first quarter of 2006. *Costs applicable to sales* per ounce increased 19% in the second quarter of 2007 from 2006 and 58% in the first half of 2007 from 2006, primarily as a result of lower production and higher waste removal costs.

*La Herradura, Mexico*. Gold ounces sold increased 15% in the second quarter of 2007 from 2006, primarily as a result of 20% more tons placed on the leach pad. *Costs applicable to sales* per ounce increased 16%, primarily due to increased waste removal costs. Gold ounces sold increased 13% in the first half of 2007 from 2006 primarily as a result of more tons placed on the leach pad. *Costs applicable to sales* per ounce increased 17%, primarily due to increased waste removal costs.

*Golden Giant, Canada*. Mining operations at Golden Giant were completed in December 2005. Remnant production from in-circuit inventory recovery and mill clean-up activities was completed in the second quarter of 2007.

Consolidated gold sales for Other Operations in 2007 are expected to be approximately 160,000 to 200,000 ounces at *Costs applicable to sales* of approximately $305 to $325 per ounce.

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***Foreign Currency Exchange Rates***

The Company s foreign operations sell their gold and copper production based on U.S. dollar metal prices. Approximately 28% and 35%, of Newmont s *Costs applicable to sales* were paid in local currencies during the second quarter of 2007 and 2006, respectively. Approximately 28% and 34%, of Newmont s *Costs applicable to sales* were paid in local currencies during the first half of 2007 and 2006, respectively. Variations in the local currency exchange rates in relation to the U.S. dollar at Newmont s foreign mining operations, primarily Australia/New Zealand, increased consolidated *Costs applicable to sales* per ounce by approximately $10 and $8 during the second quarter and first half of 2007 as compared to the corresponding periods in 2006.

**Liquidity and Capital Resources**

***Cash (Used in) Provided from Operating Activities***

*Net cash used in continuing operations* was $624 for the first half of 2007 compared to *Net cash provided from continuing operations* of $522 in 2006. Cash flow used in operations during 2007 was negatively impacted by $578 settlement of the price-capped forward sales contracts, $276 settlement of pre-acquisition Australia income taxes of Normandy, fewer gold ounces and copper pounds sold and higher operating costs, partially offset by higher realized gold and copper prices, as discussed above in *Consolidated Financial Results*.

***Investing Activities***

*Net cash used in investing activities of continuing operations* was $537 during the first half of 2007 compared to $408 during the same period of 2006.

Additions to property, plant and mine development were as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2007 | 2006 |
| Nevada, USA | $ 277 | $ 290 |
| Yanacocha, Peru | 114 | 113 |
| Australia/New Zealand: | | |
| Tanami, Australia | 16 | 11 |
| Kalgoorlie, Australia | 2 | 9 |
| Jundee, Australia | 19 | 11 |
| Pajingo, Australia | 3 | 5 |
| Martha, New Zealand | 19 | 7 |
| Boddington, Australia | 166 | 17 |
| Other, Australia | 2 | 2 |
| | 227 | 62 |
| Batu Hijau, Indonesia | 24 | 84 |
| Africa: | | |
| Ahafo, Ghana | 46 | 108 |
| Akyem, Ghana | 10 | 27 |
| | 56 | 135 |
| Other Operations: | | |
| Kori Kollo, Bolivia | | |
| La Herradura, Mexico | 8 | 7 |
| | 8 | 7 |
| Corporate and Other | 7 | 9 |

| | | |
|---|---|---|
| | $ 713 | $ 700 |

Capital expenditures in Nevada during the first half of 2007 were primarily due to the construction of the power plant, mine equipment replacement and sustaining mine development. Yanacocha capital expenditures were primarily related to construction of the gold mill and leach pad expansions. Capital expenditures in Australia/New Zealand largely resulted from the continued construction of the Boddington project. Batu Hijau s capital expenditures were predominately used for mine equipment purchases, mine dewatering, and sustaining mine development. Capital expenditures at Ahafo were mainly as a result of power generation solutions, mine equipment purchases, and infrastructure and land. Newmont expects to spend $1,800 to $2,000 on capital expenditures in 2007. Remaining capital expenditures in Australia for the second half of 2007 are exposed to $5 for every 0.01 change in the exchange rate from 0.80.

Capital expenditures in Nevada during the first half of 2006 related to activities for the development of the Leeville, Phoenix, and Power Plant projects, and mine equipment replacement. Yanacocha 2006 capital expenditures were for continuing leach pad construction, mine development and mine equipment. Australia/New Zealand 2006 capital expenditures resulted from mine

development and underground fleet replacement combined with the Boddington project. Expenditures in 2006 at Batu Hijau primarily included the purchase of additional surface equipment. Capital expenditures in 2006 at Ahafo resulted from construction and development.

*Investments in marketable debt securities, net.* The Company had net proceeds of $10 and $473 from auction rate marketable debt securities during the first half of 2007 and 2006, respectively. The Company accounts for these investments as short-term available-for-sale marketable debt securities.

*Acquisitions.* In March 2006, Newmont acquired Newcrest Mining Limited s 22.22% interest in the Boddington unincorporated joint venture for cash consideration of $164 plus stamp duty of $9 paid in the third quarter of 2006, bringing its interest in the project to 66.67%. In January 2006, Newmont acquired the remaining 15% interest in the Akyem project for cash consideration of $23, bringing its interest in the project to 100%.

***Financing Activities***

*Net cash provided from financing activities* was $554 during the first half of 2007 and *Net cash used in financing activities* during the first half of 2006 was $88.

During the first half of 2007, the Company borrowed $1,155 on its revolving credit facility and $7 at Kori Kollo, incurred debt issuance costs of $1, made scheduled debt repayments of $418, including $345 on its revolving credit facility, $21 related to the sale-leaseback of the refractory ore treatment plant, classified as a capital lease, and $43 related to the Batu Hijau project. The Company also made $345 debt repayments on the revolving credit facility. Subsequent to the period end, the Company issued convertible debt for net proceeds of $1,032 and repaid the outstanding revolving credit facility balance.

Scheduled minimum debt repayments at June 30, 2007 are $87 for the remainder of 2007, $246 in 2008, $128 in 2009, $133 in 2010, $320 in 2011 and $1,740 thereafter. Newmont expects to be able to fund maturities of its debt from *Net cash provided from operating activities*, short-term investments, existing cash balances or available credit facilities.

Approximately $436 of the total scheduled minimum long-term debt repayments at June 30, 2007 relate to the project financing facility for Batu Hijau, which is non-recourse to Newmont. Approximately $87 of this facility is classified as a current liability. Approximately $196 of unsecured debt at Yanacocha is also non-recourse to Newmont. Approximately $14 of this debt is classified as a current liability. Additionally, PT Newmont Nusa Tenggara shareholder loans of $36 at June 30, 2007 from one of its shareholders, Nusa Tenggara Mining Corporation, are payable on demand, subject to the project financing facility subordination terms, and are also non-recourse to Newmont. This amount is also classified as a current liability.

At June 30, 2007, the Company was in compliance with all required debt covenants and other restrictions related to its debt agreements.

The Company declared regular quarterly dividends totaling $0.20 per common share through June 30, 2007 ($0.10 per common share paid on March 29, 2007 and $0.10 per common share paid on June 29, 2007). Additionally, Newmont Mining Corporation of Canada Limited, a subsidiary of the Company, declared regular quarterly dividends on its exchangeable shares totaling CDN$0.2308 per share (CDN $0.1185 per share paid on March 29, 2007 and CDN $0.1123 per share paid on June 29, 2007). The amount paid to common stockholders in the first half of 2007 and 2006 was $90 for both years. The Company also used $115 and $89 to pay dividends to minority interests for the first half of 2007 and 2006, respectively.

During the first half of 2007 and 2006, respectively, the Company issued 478,879 and 1,618,960 common shares for proceeds of $14 and $57, related to the exercise of employee stock options.

***Discontinued Operations***

Discontinued operations include the Company s former Merchant Banking Segment, its 50% interest in the Zarafshan-Newmont Joint Venture, expropriated by the Uzbekistan government in August 2006, and the Holloway mine sold in November 2006.

*Net cash provided from discontinued operations* was $61 in the first half of 2007 compared to $49 in the first half of 2006. Cash provided from discontinued operations relates primarily to royalty and dividend income.

*Net cash provided from investing activities of discontinued operations* was $43 in the first half of 2007 compared to $25 used in investing activities of discontinued operations in the first half of 2006.

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During the first half of 2007, the Company purchased additional marketable equity securities of Gabriel Resources for $27, Neptune Minerals Plc. of $5, and other marketable equity securities for $4. Proceeds from the sale of marketable securities in 2007 include $69 from the sale of Oxiana Limited shares, $4 from the sale of Pan Australia, and $6 from the sale of Western Resources.

During the first half of 2006, the Company purchased additional marketable equity securities and warrants of Queenstake Resources for $10 and reinvested in Canadian Oil Sands Trust for $9. Proceeds from discontinued operations in 2006 include $4 from the sale of Pan Australia shares and $2 on other investment sales.

***Liquidity Impacts of Uncertain Tax Positions***

As discussed in Note 2 to our Condensed Consolidated Financial Statements, the Company recognized a $72 increase in its net liability for unrecognized tax benefits as a result of the adoption of FIN 48 on January 1, 2007. These liabilities are primarily included as a component of long-term Other liabilities in our Condensed Consolidated Balance Sheet because the Company generally does not anticipate that settlement of the liabilities will require payment of cash within the next twelve months. We are not able to reasonably estimate when we would be required to make any cash payments required to settle these liabilities, but do not believe that the ultimate settlement of our obligations will materially affect our liquidity.

***Off-Balance Sheet Arrangements***

The Company has the following off-balance sheet arrangements: operating leases (as disclosed in Note 27 to the Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2006, filed on February 26, 2007) and $487 of outstanding letters of credit, surety bonds and bank guarantees. Newmont also provides a contingent support line of credit to PT Newmont Nusa Tenggara of which Newmont s pro-rata share is $37. Batu Hijau has sales agreements to sell copper concentrates at market prices as follows (in thousands of tons): 423 for the remainder of 2007; 786 in 2008; 695 in 2009; 681 in 2010 and 2011; and 1,977 thereafter.

**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 in all material respects. 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 June 30, 2007 and December 31, 2006, $523 and $520, respectively, were accrued for reclamation costs relating to currently producing mineral properties.

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, $113 and $85 were accrued for such obligations at June 30, 2007 and December 31, 2006, 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 59% greater or 16% lower than the amount accrued at June 30, 2007. The amounts accrued for these matters are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are charged to *Costs and expenses, other* in the period estimates are revised.

For more information on the Company s reclamation and remediation liabilities, see Notes 20 and 24 to the Condensed Consolidated Financial Statements.

During the first half of 2007 and 2006, capital expenditures were approximately $29 and $58, respectively, to comply with environmental regulations. Ongoing costs to comply with environmental regulations have not been a significant component of operating costs.

Newmont spent $5 and $4, respectively, during the first half of 2007 and 2006 for environmental obligations related to the former mining sites discussed in Note 24 to the Condensed Consolidated Financial Statements.

**Recently Adopted Accounting Pronouncements**

See Note 2 of the Notes to Condensed Consolidated Financial Statements for a discussion of the impact of adopting FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, on January 1, 2007.

**Recently Issued Accounting Pronouncements**

In February 2007, the FASB issued FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( FAS 159 ). FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with the objective of improving financial reporting by mitigating volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of FAS 159 are effective for the Company s fiscal year ending December 31, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company s consolidated financial position, results of operations and disclosures.

In September 2006, the FASB issued FASB Statement No. 157, Fair Value Measurements ( FAS 157 ). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions for FAS 157 are effective for the Company s fiscal year ending December 31, 2008. The Company is currently evaluating the impact that the adoption of this statement will have on the Company s consolidated financial position, results of operations and disclosures.

**Safe Harbor Statement**

Certain statements contained in this report (including information incorporated by reference) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided for under these sections. Our forward-looking statements include, without limitation: (a) statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices; (b) estimates of future mineral production and sales for specific operations and on a consolidated basis; (c) estimates of future production costs and other expenses, for specific operations and on a consolidated basis; (d) estimates of future cash flows and the sensitivity of cash flows to gold and other metal prices; (e) estimates of future capital expenditures and other cash needs for specific operations and on a consolidated basis and expectations as to the funding thereof; (f) statements as to the projected development of certain ore deposits, including estimates of development and other capital costs, financing plans for these deposits, and expected production commencement dates; (g) estimates of future costs and other liabilities for certain environmental matters; (h) estimates of reserves, and statements regarding future exploration results and reserve replacement; (i) statements regarding modifications to Newmont s hedge positions; (j) statements regarding future transactions relating to portfolio management or rationalization efforts; and (k) projected synergies and costs associated with acquisitions and related matters.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements. Important factors that could cause actual results to differ materially from such forward-looking statements ( cautionary statements ) are disclosed under Risk Factors in the Newmont Annual Report on Form 10-K for the year ended December 31, 2006, as well as in other filings with the Securities and Exchange Commission. Many of these factors are beyond Newmont s ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

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

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (dollars in millions, except per ounce and per pound amounts).**

**Metal Prices**

Changes in the market price of gold significantly affect the Company s profitability and cash flow. Gold prices can fluctuate widely due to numerous factors, such as demand; forward selling by producers; central bank sales, purchases and lending; investor sentiment; the strength of the U.S. dollar and global mine production levels. Changes in the market price of copper also affects the Company s profitability and cash flow. Copper is traded on established international exchanges and copper prices generally reflect market supply and demand, but can also be influenced by speculative trading in the commodity or by currency exchange rates.

Newmont had the following derivative contracts outstanding at June 30, 2007:

| | Expected Maturity Date | | | Fair Value At June 30, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | Total/ Average | 2007 | At December 31, 2006 |
| S/IDR Forward Purchase Contracts: | | | | | |
| $ (millions) | $ 23 | $ 7 | $ 30 | $ 1 | $ 4 |
| Average rate (IDR/$) | 9,473 | 9,292 | 9,431 | | |

Newmont had copper collar contracts with a fair value of $(173) and gold put option contracts of $(1) outstanding at December 31, 2006. Final delivery under the copper collar contracts occurred in February 2007.

***Provisional Copper and Gold Sales***

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

At June 30, 2007 and 2006, Batu Hijau had the following gross revenues (before treatment and refining charges) subject to final price adjustments:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Gross revenue subject to final price adjustments | | | | |
| Copper | $ 322 | $ 377 | $ 402 | $ 477 |
| Gold | $ 20 | $ 24 | $ 28 | $ 24 |

The average final price adjustments realized were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Average final price adjustments | | | | |
| Copper | 26% | 62% | 4% | 44% |
| Gold | 2% | 5% | 2% | 7% |

***Interest Rate Swap Contracts***

At June 30, 2007, Newmont had $100 fixed to floating swap contracts designated as a hedge against a portion of its $275 8 5/8% debentures expiring in 2011. Under the hedge contract terms, the Company receives fixed-rate interest payments at 8.625% and pays floating-rate interest amounts based on periodic London Interbank Offered Rate ( LIBOR ) settings plus a spread, ranging from 2.60% to 3.49%. For the three and six months ended June 30, 2007 and 2006, these transactions had an insignificant impact on interest expense. The fair value of the interest rate swaps was $nil and $1 at June 30, 2007 and December 31, 2006, respectively.

**ITEM 4. CONTROLS AND PROCEDURES.**

During the fiscal period covered by this report, the Company s management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act )). Based on such evaluation, the Company s Chief Executive Officer and Chief Financial Officer

have concluded that, as of the end of the period covered by this report, the Company s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods and are designed to ensure that information required to be disclosed in its reports is accumulated and communicated to the Company s management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

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

**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS.**

Information regarding legal proceedings is contained in Note 24 to the Condensed Consolidated Financial Statements contained in this Report and is incorporated herein by reference.

**ITEM 2. ISSUER PURCHASES OF EQUITY SECURITIES.**

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid Per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased under the Plans or Programs |
|---|---|---|---|---|
| April 1, 2007 through April 30, 2007 | 379(1) | $ 46.83 | | N/A |
| May 1, 2007 through May 31, 2007 | 6,801(1) | $ 42.06 | | N/A |
| June 1, 2007 through June 30, 2007 | | | | N/A |

(1) Represents shares delivered to the Company from restricted stock held by Company employees upon vesting for purpose of covering the recipients tax withholding obligations.

**ITEM 6. EXHIBITS.**

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

**SIGNATURES**

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

**NEWMONT MINING CORPORATION**

**(Registrant)**

Date: August 2, 2007 /s/ RUSSELL BALL

**Russell Ball**

**Senior Vice President and**

**Chief Financial Officer**

**(Principal Financial Officer)**

Date: August 2, 2007 /s/ ROGER P. JOHNSON

**Roger P. Johnson**

**Controller and Chief Accounting Officer**

**(Principal Accounting Officer)**

**NEWMONT MINING CORPORATION**

**EXHIBIT INDEX**

| Exhibit Number | Description of Exhibit |
|---|---|
| 4.1 | Indenture related to the 1.250% Convertible Senior Notes due 2014, dated as of July 17, 2007, between by and among Newmont Mining Corporation, Newmont USA Limited and The Bank of New York Trust Company, N.A., as trustee (including form of 1.250% Convertible Senior Note due 2014). |
| 4.2 | Indenture related to the 1.625% Convertible Senior Notes due 2017, dated as of July 17, 2007, between by and among Newmont Mining Corporation, Newmont USA Limited and The Bank of New York Trust Company, N.A., as trustee (including form of 1.625% Convertible Senior Note due 2017). |
| 4.3 | Registration Rights Agreement, dated as of July 17, 2007, by and among Newmont Mining Corporation, Newmont USA Limited and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as Representatives of the several Initial Purchasers listed in Schedule I to the Purchase Agreement. |
| 10.1 | Purchase Agreement, dated as of July 11, 2007, by and among Newmont Mining Corporation, Newmont USA Limited and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as Representatives of the several Initial Purchasers listed in Schedule I thereto. |
| 10.2 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2014 Notes). |
| 10.3 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2017 Notes). |
| 10.4 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2014 Notes). |
| 10.5 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2017 Notes). |
| 10.6 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2014 Notes). |
| 10.7 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2017 Notes). |
| 10.8 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2014 Notes). |
| 10.9 | Confirmation of Convertible Note Hedge, dated as of July 11, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2017 Notes). |

| Exhibit Number | Description of Exhibit |
|---|---|
| 10.10 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2014 Notes). |
| 10.11 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2017 Notes). |
| 10.12 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2014 Notes). |
| 10.13 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2017 Notes). |
| 10.14 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2014 Notes). |
| 10.15 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2017 Notes). |
| 10.16 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2014 Notes). |
| 10.17 | Confirmation of Convertible Note Warrant Transaction, dated as of July 11, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2017 Notes). |
| 10.18 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2014 Notes). |
| 10.19 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2017 Notes). |
| 10.20 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2014 Notes). |
| 10.21 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2017 Notes). |
| 10.22 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2014 Notes). |
| 10.23 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2017 Notes). |

| Exhibit Number | Description of Exhibit |
|---|---|
| 10.24 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2014 Notes). |
| 10.25 | Confirmation of Convertible Note Hedge, dated as of July 13, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2017 Notes). |
| 10.26 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2014 Notes). |
| 10.27 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and JPMorgan Chase Bank, National Association, London Branch (with respect to 2017 Notes). |
| 10.28 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2014 Notes). |
| 10.29 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and Citibank, N.A. (with respect to 2017 Notes). |
| 10.30 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2014 Notes). |
| 10.31 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and UBS AG, London Branch (with respect to 2017 Notes). |
| 10.32 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2014 Notes). |
| 10.33 | Confirmation of Convertible Note Warrant Transaction, dated as of July 13, 2007, between Newmont Mining Corporation and Deutsche Bank AG, London Branch (with respect to 2017 Notes). |
| 10.34 | Annual Incentive Compensation Payroll Practice of the Registrant, as amended and restated effective January 1, 2007. |
| 10.35 | Newmont Employee Performance Incentive Compensation Payroll Practice, effective and restated January 1, 2007. |
| 10.36 | Summary of Executive Compensation. |
| 10.37 | Office Space and Office Services Agreement, effective as of January 1, 2008, between Newmont USA Limited and Wayne W. Murdy. |
| 12.1 | Computation of Ratio of Earnings to Fixed Charges. |
| 31.1 | Certification Pursuant to Rule 13A-14 or 15-D-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 signed by the Principal Executive Officer. |

| Exhibit Number | Description of Exhibit |
|---|---|
| 31.2 | Certification Pursuant to Rule 13A-14 or 15-D-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 signed by the Chief Financial Officer. |
| 32.1 | Statement Required by 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by Principal Executive Officer.[1] |
| 32.2 | Statement Required by 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by Chief Financial Officer.[1] |

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