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

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).

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	Six Months Ended June 30, 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, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 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, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 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, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 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.

8

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, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 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	
	2007	2008	Total/ Average	At June 30, 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, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 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, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 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			
		Unrealized				Unrealized		
	Cost/ Equity Basis	Gain	Loss	Fair/ Equity Value	Cost/ Equity Basis	Gain	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.

NEWMONT MINING CORPORATION

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.

NEWMONT MINING CORPORATION

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						