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### ***Registration Effective August 27<sup>th</sup> and Now Operational***

NEWMONT MINNG (NEM \$45.99, rating raised to Overweight) GLOBAL LIQUIDITY INJECTION, RATE CUT, WEAK \$ AND LOUSY CREDIT SYSTEM SET PLATE FOR HIGHER GOLD PRICES; RATING RAISED TO OVERWEIGHT, GOLD PRICE OUTLOOK RAISED AND EARNINGS ESTIMATES TOO

|                                 | 2007E    | 2008E  | 2009E  | 2010E  |
|---------------------------------|----------|--------|--------|--------|
| Earnings per share revised 9-18 | \$(3.49) | \$2.71 | \$2.91 | \$1.68 |
| Gold                            | \$685    | \$800  | \$750  | \$650  |
| Copper                          |          |        |        |        |

|                                |        |        |        |        |
|--------------------------------|--------|--------|--------|--------|
| Prior EPS at Pru Eq Group 5-24 | \$0.79 | \$0.74 | \$0.51 | \$0.91 |
| Gold                           | \$650  | \$575  | \$575  | \$575  |
| Copper                         | \$3.20 | \$2.75 | \$2.00 | \$2.00 |

(Please note we had raised gold forecasts in our Aug 2<sup>nd</sup> Barrick upgrade and Aug 29<sup>th</sup> Goldcorp research report, and this NEM report incorporates TWO metals price rises in one revision of our excel spreadsheet. Sorry, but we have been very busy.)

We raised our gold price estimate to \$685 from \$675 for 2007, to \$800 from \$650 for 2008 and to \$750 from \$650 for 2009 while keeping \$650 from 2010 owing to the nearly \$1 trillion global injection of funds to banking systems, 0.5% September 18<sup>th</sup> U.S. rate cut, weaker dollar and widespread banking fraud in the U.S. This scenario warms the hearts of the \$3,000 gold believers, who are looking smarter daily.

Further, NEM's shares have fallen nearly 25% from their late 2003 peak even as the gold rose nearly \$300 and the stock market rose. Fundamentals are improving, problems remedying and the "table set" for better performance. No political risk setbacks have occurred in the past year, and costs could fall. Investment in a large, liquid, unhedged laggard permits fast deployment of capital, while tight liquidity in smaller gold miners makes it less easy to commit capital as quickly. We upgraded Barrick Gold to Overweight on August 2<sup>nd</sup> as the U.S. financial crisis began to unfold.

Accordingly, we raised our investment rating to Overweight from Neutral, our price target to \$70 from \$40 and our earnings estimates as shown above. At the now shut down Prudential Equities Group we had raised our rating to Neutral from Underweight on May 2<sup>nd</sup>

We cut our 2007 earnings estimate to a \$3.49 loss from a \$0.79 profit owing to the hedge cover and goodwill writedowns taken already in the June quarter. We estimate earnings

“as reported” and never exclude one-time charges as we recall metals companies in the 1980s or 1990s that exhausted equity and failed, which inclines us to believe that one-time charges indeed matter to the balance sheet. We raised our 2008 earnings estimate to \$2.71 from \$0.74, 2009 to \$2.91 from \$0.51, 2010 to \$1.68 from \$0.91, 2011 to \$1.75 from 1.06 and 2012 to \$1.70 from \$1.06. It is encouraging that the better metals prices, spot gold realizations and debt reductions cause the 19 mm new share-equivalents from the \$1.15 billion convertible underwriting to be immaterial.

Initial actions of new CEO Richard T. O’Brien encourage us. He appears to have “swept the decks” in spending \$578 mm in cash to close out the final 1.85 mm oz hedged, raised a \$1.15 billion convertible at \$60.27 to fund hedge closeout, debt or capital spending, closed up Merchant Banking with a \$1.67 billion goodwill writedown, possible noncore asset sales and management changes. It is a lower risk business plan to repay liabilities, reduce “deal-making” when deals are expensive, focus on operations and do fewer things better.

Completion of underground mining at Carlin East will free miners for Leeville, Phoenix gradually will enter the sulphides for which the mill design intended rather than mixed transition ores and several strip ratios will fall to improve costs a bit as gold rises.

Copper inventories have not risen in this seasonally slower third-quarter, and the WBMS reported 4.6% global demand growth to July even as a 172,000 tonne demand decline outside China and the U.S. offset part of the 38.60% Chinese gain. While we raised our 2008 copper price basis to \$3.25 from \$2.75 and 2009 to \$3.00 from \$2.00, current \$3.40+ prices suggest more upward revisions could happen.

## GOLD MARKET OUTLOOK RAISED

Printing money can only enhance the gold market. A nearly \$1 trillion global injection to the world financial system, 0.5% rate cut, record oil prices and related stimulus can only benefit gold. It isn’t clear to us that these measures will remedy loans or bonds for which borrower employment was not verified, but we just aren’t qualified to be a monetary policymaker.

Reported inflation continues to be minimal, which suggests to us that we have the best economic statistics that our policymakers can make up.

We raised our gold price estimate to \$685 from \$675 for 2007, to \$800 from \$650 for 2008 and to \$750 from \$650 for 2009 while keeping \$650 from 2010 owing to the nearly \$1 trillion global injection of funds to banking systems, 0.5% September 18<sup>th</sup> U.S. rate cut, weaker dollar and widespread banking fraud in the U.S. This scenario warms the hearts of the \$3,000 gold believers, who are looking smarter daily.

We had raised our 2008 onwards gold price estimate in August to \$650 from \$575 per oz when we upgraded Barrick Gold to Overweight on August 2<sup>nd</sup> and wrote on Goldcorp on August 29<sup>th</sup>. This earnings revision, our first writing on Newmont Mining as “John

Tumazos Very Independent Research, LLC,” updates the earnings model last published on May 24, 2007 as “Prudential Equities Group” and incorporates TWO GOLD PRICE REVISIONS. We added an employee on September 4<sup>th</sup>, another will arrive October 1<sup>st</sup> and we hope to be more prolific and prompt as “setup issues” pass.

## COPPER MARKET OUTLOOK RAISED

The September 19<sup>th</sup> 6 am email from the World Bureau of Metals Statistics reported global consumption to July up 469,300 tonnes or 4.6%, mine output 254,900 tonnes or 3.0% (heap leach up 54,300 tonnes), and refined output up 236,700 tonnes or 2.4%. Consumption in China rose 768,100 tonnes or 38.6%, the U.S. fell 118,000 tonnes and the world other than the U.S. and China fell 182,000 tonnes.

We question the degree of decline outside the U.S. and China at 182,000 tonnes, since other markets such as steel or aluminum suggest very brisk growth. Future demand revisions could be upwards towards a 5%-6% global demand growth rate.

Copper inventories have not risen in this seasonally slower third-quarter, and the WBMS reported 4.6% global demand growth to July even as a 172,000 tonne demand decline outside China and the U.S. offset part of the 38.60% Chinese gain. While we raised our 2008 copper price basis to \$3.25 from \$2.75 and 2009 to \$3.00 from \$2.00, current \$3.40+ prices suggest more upward revisions could happen.

There is excellent opportunity for a 50,000 tonne plus solvent extraction electrowinning (SXEW or “heap leach”) copper plant at the Phoenix (once called Battle Mountain Gold) property in Nevada. We have not incorporated it into our model, but is highly plausible after 2010. In the 1960s and 1970s small amounts of “cemented copper” were leached there.

## OUR 2010 OUTLOOK

Our 2010 price estimates of \$650 for gold and \$2.00 for copper are conservative, cost-based parameters that leave room for upward revisions. Bond buyers, the happy souls often patient with fraud or nonexistent collateral or a weaker U.S. dollar, could wise up and demand better yields or legitimate principal safety. Hopefully there is room for future upside revisions in our post-2010 estimates.

## EARNINGS ESTIMATE REVISIONS

We are encouraged that the pit walls have not collapsed at Batu Hijau this quarter, and the next 90 days appear secure as it is not the rainy season. A selldown of a bit of the ownership stake in Indonesia might generate cash, and we reserve any conclusions until the terms of any such transaction become known.

The fatality and work stoppage in the second-quarter at the Midas underground mine in Nevada saddens us, and its narrow high grade structures have proven difficult to access

over the past ten years and several owners. (The prize fighter Jack Dempsey used to live in the Midas hamlet, run four miles up the mountain each morning to work a claim in his own underground tunnel, and then run downhill for his “cool down” workout).

Management sticks to its estimate of direct operating costs near \$375-\$400 per oz and output of 5.2-5.6 mm oz in 2007. Australian dollar appreciation and \$80+ oil suggests some cost increase risks to 2008 and beyond. Management suggests better Nevada output in the second-half, which provides upside opportunity. The eight specific factors described below should benefit 2008 costs and output in particular **ASIDE FROM METALS PRICE** levels. We have not written a “fundamental corporate turnaround” thesis, but we do not rule it out either.

We cut our 2007 earnings estimate to a \$3.49 loss from a \$0.79 profit owing to the hedge cover and goodwill writedowns taken already in the June quarter. We estimate earnings “as reported” and never exclude one-time charges as we recall metals companies in the 1980s or 1990s that exhausted equity and failed, which inclines us to believe that one-time charges indeed matter to the balance sheet. We raised our 2008 earnings estimate to \$2.71 from \$0.74, 2009 to \$2.91 from \$0.51, 2010 to \$1.68 from \$0.91, 2011 to \$1.75 from 1.06 and 2012 to \$1.70 from \$1.06. It is encouraging that the better metals prices, spot gold realizations and debt reductions cause the 19 mm new share-equivalents from the \$1.15 billion convertible underwriting to be immaterial.

| <b>Table 1 Income Statement</b>           | <b>2004</b>      | <b>2005</b>      | <b>2006</b>      | <b>2007E</b>       | <b>2008E</b>     | <b>2009E</b>     | <b>2010E</b>     | <b>2011E</b>     | <b>2012E</b>     |
|---|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| Gold Sales                                | 3,653.6          | 3,501.9          | 4,273.0          | 4,309.8            | 5,246.1          | 5,377.5          | 4,931.8          | 4,671.8          | 4,671.8          |
| Copper Sales                              | 565.9            | 440.2            | 370.8            | 708.9              | 999.4            | 982.5            | 655.0            | 750.0            | 750.0            |
| Silver Sales                              | 11.4             | 11.9             | 18.7             | 24.0               | 20.4             | 18.7             | 17.0             | 17.0             | 17.0             |
| Zinc Sales                                | 227.6            | 54.4             | 0.0              | 0.0                | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Royalties/Gains on Asset Sales/Other Inco | 65.8             | 397.6            | 324.4            | 204.0              | 196.8            | 188.8            | 188.8            | 186.5            | 186.2            |
| <b>Total Sales</b>                        | <b>\$4,524.2</b> | <b>\$4,406.0</b> | <b>\$4,987.0</b> | <b>\$5,246.6</b>   | <b>\$6,462.7</b> | <b>\$6,567.5</b> | <b>\$5,792.6</b> | <b>\$5,625.3</b> | <b>\$5,625.0</b> |
| Cost of Sales                             | 2,291.8          | 2,308.3          | 2,501.5          | 3,005.5            | 2,874.4          | 3,064.1          | 3,143.8          | 2,947.9          | 2,949.9          |
| Nevada Gold Tax                           | 4.4              | 4.7              | 6.5              | 7.4                | 8.6              | 8.1              | 7.0              | 7.0              | 7.0              |
| Carlin Royalties                          | 7.0              | 7.0              | 7.0              | 7.0                | 7.0              | 8.0              | 7.0              | 7.0              | 7.0              |
| Depreciation                              | 696.5            | 644.0            | 636.0            | 758.2              | 672.2            | 657.5            | 692.9            | 658.9            | 658.9            |
| SG&A                                      | 115.8            | 134.0            | 149.0            | 150.0              | 155.0            | 155.0            | 155.0            | 155.0            | 155.0            |
| Exploration                               | 192.4            | 220.0            | 264.0            | 250.0              | 260.0            | 230.0            | 235.0            | 230.0            | 230.0            |
| Interest Expense, net                     | 97.6             | 98.0             | 97.0             | 101.8              | 127.1            | 112.7            | 100.4            | 120.9            | 106.4            |
| Other Expense, net                        | 19.6             | (74.0)           | (299.0)          | 20.0               | 20.0             | 21.0             | 20.0             | 20.0             | 20.0             |
| Charges                                   |                  |                  |                  | \$2,187.0          |                  |                  |                  |                  |                  |
| Pretax Income                             | \$1,099.0        | \$1,064.0        | \$1,625.0        | (\$1,240.3)        | \$2,338.4        | \$2,311.2        | \$1,431.4        | \$1,478.5        | \$1,490.7        |
| Income Taxes                              | 284.7            | 314.0            | 424.0            | 100.0              | 654.8            | 693.3            | 429.4            | 443.6            | 447.2            |
| Tax Rate                                  | 25.9%            | 26.0%            | 26.0%            | NM                 | 28.0%            | 30.0%            | 30.0%            | 30.0%            | 30.0%            |
| Equity loss (income) of affiliates        | (2.6)            | (4.0)            | (2.0)            | (6.0)              | (5.0)            | (5.0)            | (5.0)            | (5.0)            | (5.0)            |
| Minority Interest                         | 335.3            | 380.0            | 363.0            | 248.4              | 403.2            | 239.2            | 239.2            | 239.2            | 239.2            |
| Non-Cash Charges/Disc. Operations         | (47.1)           | (52.0)           | (49.0)           |                    |                  |                  |                  |                  |                  |
| <b>Net Income</b>                         | <b>434.5</b>     | <b>322.0</b>     | <b>791.0</b>     | <b>(1582.7)</b>    | <b>1285.4</b>    | <b>1383.7</b>    | <b>767.8</b>     | <b>800.8</b>     | <b>809.3</b>     |
| Preferred Dividend                        | 0.0              | 0.0              | 0.0              | 0.0                | 0.0              | 1.0              | 0.0              | 0.0              | 0.0              |
| <b>Net Income to Common</b>               | <b>\$434.5</b>   | <b>\$322.0</b>   | <b>\$791.0</b>   | <b>(\$1,582.7)</b> | <b>\$1,285.4</b> | <b>\$1,382.7</b> | <b>\$767.8</b>   | <b>\$800.8</b>   | <b>\$809.3</b>   |
| Share Outstg.                             | 443.5            | 449.0            | 452.0            | 452.0              | 471.1            | 471.1            | 452.0            | 452.0            | 471.1            |
| <b>Earnings Per Share</b>                 | <b>\$0.98</b>    | <b>\$0.72</b>    | <b>\$1.75</b>    | <b>(\$3.50)</b>    | <b>\$2.73</b>    | <b>\$2.94</b>    | <b>\$1.70</b>    | <b>\$1.77</b>    | <b>\$1.72</b>    |
| Cash Flow Per Sh.                         | \$3.67           | \$3.18           | \$4.17           | \$2.18             | \$4.85           | \$4.81           | \$3.67           | \$3.67           | \$3.54           |
| Free Cash Per Sh.                         | \$2.05           | \$0.39           | \$0.74           | (\$1.58)           | \$2.73           | \$2.69           | \$1.46           | \$1.46           | \$1.42           |
| <b>Estimated open market Gold Price</b>   | <b>410</b>       | <b>440</b>       | <b>600</b>       | <b>685</b>         | <b>800</b>       | <b>750</b>       | <b>650</b>       | <b>650</b>       | <b>650</b>       |
| <b>Avg. Realized Gold Pr.</b>             | <b>\$410</b>     | <b>\$432</b>     | <b>\$600</b>     | <b>\$685</b>       | <b>\$800</b>     | <b>\$750</b>     | <b>\$650</b>     | <b>\$650</b>     | <b>\$650</b>     |
| <b>Avg. Realized Copper Price</b>         | <b>\$1.34</b>    | <b>\$1.60</b>    | <b>\$3.00</b>    | <b>\$3.20</b>      | <b>\$3.25</b>    | <b>\$3.00</b>    | <b>\$2.00</b>    | <b>\$2.00</b>    | <b>\$2.00</b>    |
| <b>Avg. Silver Price</b>                  | <b>\$6.69</b>    | <b>\$7.00</b>    | <b>\$11.00</b>   | <b>\$12.00</b>     | <b>\$12.00</b>   | <b>\$11.00</b>   | <b>\$10.00</b>   | <b>\$10.00</b>   | <b>\$10.00</b>   |
| Pretax Cost (\$/OZ)                       | \$280            | \$301            | \$372            | \$882              | \$443            | \$428            | \$461            | \$444            | \$443            |
| Net Profit (\$/OZ)                        | \$62             | \$50             | \$135            | (\$287)            | \$225            | \$221            | \$116            | \$128            | \$130            |
| Reserves (000 OZ)                         | 74,481           | 75,524           | 76,070           | 73,315             | 70,463           | 67,328           | 64,008           | 60,888           | 57,768           |
| Reserve Life (yrs)                        | 10.7             | 11.6             | 13.0             | 13.3               | 12.4             | 10.7             | 9.6              | 9.8              | 9.3              |
| Gold Sensitivity*                         | 11.8             | 10.8             | 9.7              | 9.1                | 9.1              | 10.0             | 11.0             | 10.4             | 9.9              |

\* Gold sensitivity is defined as the cents per share change in aftertax earnings due to a \$10 per ounce swing in gold prices after considering taxes, royalties and other expenses that vary with prices.

Source: Company reports; John Tumazos Very Independent Research, LLC Estimates

**Table 2: Cash Flows**

| Sources:                 | 2004             | 2005             | 2006             | 2007E            | 2008E            | 2009E            | 2010E            | 2010E            | 2010E            |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net Income               | 434.5            | 322.0            | 791.0            | -1582.7          | 1285.4           | 1382.7           | 767.8            | 800.8            | 809.3            |
| Depreciation             | 696.5            | 644.0            | 636.0            | 758.2            | 672.2            | 657.5            | 692.9            | 658.9            | 658.9            |
| Deferred Taxes           | 33.6             | -12.0            | -55.0            | 10.0             | 65.5             | 69.3             | 42.9             | 44.4             | 44.7             |
| Other Noncash Items      | 461.1            | 473.0            | 513.0            | 1800.0           | 262.1            | 155.5            | 155.5            | 155.5            | 155.5            |
| Debt                     | 55.9             | 583.0            | 198.0            | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Common Stock             | 77.5             | 43.0             | 78.0             | 1150.0           | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Asset Sales              | 56.0             | 3482.0           | 6.0              | 161.0            | 300.0            |                  |                  |                  |                  |
| Ore Stockpiles           | -23.3            |                  |                  |                  |                  |                  |                  |                  |                  |
| Other, net               | -209.7           | -285.0           | -614.0           |                  |                  |                  |                  |                  |                  |
| <b>Total Sources</b>     | <b>\$1,582.2</b> | <b>\$5,250.0</b> | <b>\$1,553.0</b> | <b>\$2,296.5</b> | <b>\$2,585.2</b> | <b>\$2,264.9</b> | <b>\$1,659.2</b> | <b>\$1,659.6</b> | <b>\$1,668.4</b> |
| <b>Uses:</b>             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital Spending         | 718.0            | 1251.0           | 1551.0           | 1700.0           | 1000.0           | 1000.0           | 1000.0           | 1000.0           | 1000.0           |
| Acquisitions/Investments | 224.2            | 3301.0           | -373.0           |                  |                  |                  |                  |                  |                  |
| Dividends                | 133.3            | 179.0            | 180.0            | 135.6            | 141.3            | 141.3            | 135.6            | 135.6            | 141.3            |
| Debt Repayment           | 253.7            | 218.0            | 111.0            | 1000.0           |                  |                  |                  |                  |                  |
| Change in W.C.           | 253.1            | 301.0            | 84.0             | -539.1           | 1443.9           | 1123.6           | 523.6            | 524.0            | 527.1            |
| <b>Total Uses</b>        | <b>\$1,582.2</b> | <b>\$5,250.0</b> | <b>\$1,553.0</b> | <b>\$2,296.5</b> | <b>\$2,585.2</b> | <b>\$2,264.9</b> | <b>\$1,659.2</b> | <b>\$1,659.6</b> | <b>\$1,668.4</b> |

**Table 3: Consolidated Balance Sheet**

|   | 2004            | 2005            | 2006            | 2007E           | 2008E           | 2009E           | 2010E           | 2011E           | 2012E           |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Assets</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Cash and equivalents                          | 1,567.2         | 1,899.0         | 1,275.0         | 735.9           | 2,179.8         | 3,303.3         | 1,259.5         | 2,703.7         | 3,830.4         |
| Accounts receivable                           | 210.5           | 230.0           | 358.0           | 183.6           | 226.2           | 229.9           | 202.7           | 196.9           | 196.9           |
| Total Inventories                             | 496.0           | 575.0           | 760.0           | 1,049.3         | 1,292.5         | 1,313.5         | 1,158.5         | 1,125.1         | 1,125.0         |
| Other current assets                          | 447.5           | 332.0           | 249.0           | 249.0           | 249.0           | 249.0           | 332.0           | 249.0           | 249.0           |
| <b>Total Current Assets</b>                   | <b>2,721.1</b>  | <b>3,036.0</b>  | <b>2,642.0</b>  | <b>2,217.9</b>  | <b>3,947.5</b>  | <b>5,095.7</b>  | <b>2,952.8</b>  | <b>4,274.7</b>  | <b>5,401.3</b>  |
| Gross Plant, Prop. & Equip.                   | 9,937.2         | 10,865.4        | 12,416.4        | 14,116.4        | 15,116.4        | 16,116.4        | 15,116.4        | 16,116.4        | 17,116.4        |
| Less Accum. Depreciation                      | 4,576.4         | 5,220.4         | 5,741.4         | 6,384.5         | 6,941.7         | 7,484.2         | 6,962.5         | 7,485.7         | 8,028.1         |
| <b>Net PP&amp;E</b>                           | <b>5,360.9</b>  | <b>5,645.0</b>  | <b>6,847.0</b>  | <b>7,731.8</b>  | <b>8,174.6</b>  | <b>8,632.2</b>  | <b>8,153.9</b>  | <b>8,630.7</b>  | <b>9,088.2</b>  |
| Investment in Batu Hijau                      | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Investments                                   | 386.2           | 955.0           | 1,319.0         | 1,319.0         | 1,319.0         | 1,319.0         | 1,319.0         | 1,319.0         | 1,319.0         |
| Mineral interests, intangible assets and oth  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Goodwill                                      | 3,025.9         | 2,879.0         | 3,004.0         | 3,004.0         | 3,004.0         | 3,004.0         | 3,004.0         | 3,004.0         | 3,004.0         |
| Deferred tax assets                           | 482.9           | 517.0           | 799.0           | 799.0           | 799.0           | 799.0           | 799.0           | 799.0           | 799.0           |
| Other long-term assets                        | 784.8           | 960.0           | 990.0           | 990.0           | 990.0           | 990.0           | 960.0           | 990.0           | 990.0           |
| <b>Total Assets</b>                           | <b>12,761.9</b> | <b>13,992.0</b> | <b>15,601.0</b> | <b>16,061.7</b> | <b>18,234.1</b> | <b>19,839.9</b> | <b>17,188.6</b> | <b>19,017.4</b> | <b>20,601.5</b> |
| Short-Term Debt                               | 285.5           | 196.0           | 159.0           | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Acct. Payable & Other C.L.                    | 815.5           | 1,154.0         | 1,580.0         | 3,638.0         | 4,338.7         | 4,476.4         | 3,018.0         | 3,704.8         | 6,757.3         |
| <b>Total Current Liabilities</b>              | <b>1,101.0</b>  | <b>1,350.0</b>  | <b>1,739.0</b>  | <b>3,638.0</b>  | <b>4,338.7</b>  | <b>4,476.4</b>  | <b>3,018.0</b>  | <b>3,704.8</b>  | <b>6,757.3</b>  |
| Long-Term Debt                                | 1,311.3         | 1,733.0         | 1,752.0         | 2,061.0         | 2,061.0         | 2,061.0         | 2,061.0         | 2,061.0         | 2,061.0         |
| Reclamation Liabilities                       | 431.5           | 445.0           | 528.0           | 550.0           | 550.0           | 550.0           | 445.0           | 528.0           | 550.0           |
| Deferred Revenue/Hedge Gain                   | 46.8            | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Derivatives/Fair value of written call option | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 1.0             | 0.0             | 0.0             | 0.0             |
| Other Long-term Liabilities                   | 691.2           | 708.0           | 444.0           | 444.0           | 444.0           | 444.0           | 708.0           | 444.0           | 444.0           |
| Deferred Taxes                                | 476.1           | 449.0           | 703.0           | 400.0           | 465.5           | 534.8           | 442.9           | 509.8           | 579.5           |
| Minority Interest                             | 775.1           | 931.0           | 1,098.0         | 1,350.0         | 1,612.1         | 1,767.5         | 1,505.5         | 1,767.5         | 1,923.0         |
| Convertible Stock                             | 110.6           | 110.6           | 110.6           | 110.6           | 110.6           | 111.6           | 110.6           | 110.6           | 110.6           |
| Common Equity                                 | 7,818.3         | 8,265.4         | 9,226.4         | 7,508.1         | 8,652.2         | 9,893.5         | 8,897.6         | 9,891.6         | 8,176.1         |
| <b>Total Liabilities &amp; Equity</b>         | <b>12,761.9</b> | <b>13,992.0</b> | <b>15,601.0</b> | <b>16,061.7</b> | <b>18,234.1</b> | <b>19,839.9</b> | <b>17,188.6</b> | <b>19,017.4</b> | <b>20,601.5</b> |
| Accounts Receivable / Sales                   | 3.5%            | 3.5%            | 3.5%            | 3.5%            | 3.5%            | 3.5%            | 3.5%            | 3.5%            | 3.5%            |
| Inventories / Sales                           | 20.0%           | 20.0%           | 20.0%           | 20.0%           | 20.0%           | 20.0%           | 20.0%           | 20.0%           | 20.0%           |
| AP & Other CL / Sales                         | 18.0%           | 26.2%           | 31.7%           | 69.3%           | 67.1%           | 68.2%           | 52.1%           | 65.9%           | 120.1%          |
| Long-term debt to Equity                      | 16.5%           | 20.7%           | 18.8%           | 27.1%           | 23.5%           | 20.6%           | 22.9%           | 20.6%           | 24.9%           |

Source: Company reports; John Tumazos Very Independent Research, LLC Estimates

## PRIOR RATIONALE FOR MAY 2<sup>ND</sup> UPGRADE TO NEUTRAL ALSO SUPPORTS THIS UPGRADE TO OVERWEIGHT AND LARGE PRICE TARGET RISE

On May 2<sup>nd</sup> at the now shut down Prudential Equities Group we raised our investment rating to Neutral Weight from Underweight because (a) the stock fell almost to our \$40 price target, (b) gold and copper prices have risen and (c) eight mine specific factors should encourage operating turnarounds.

These include (1) its own power plants in Nevada and Ghana in mid-2008 to lower costs \$75-\$100 mm, (2) passing through unusual high stripping all of which was expensed as incurred, (3) NEM just delivered the end of its copper hedging, (4) the Phoenix mill should operate correctly when it reaches sulphide ores beneath the oxide and transition ores by December, (5) the separate Phoenix heap leach copper project under permitting should be lucrative after 2009, (6) the Leeville underground mine has not yet come close to its 3,200 ton daily throughput, (7) the gold mill being built in Peru should benefit 2008 and (8) the 100%-owned Aykem mine in Ghana and 66.7%-owned Boddington mine in Western Australia should benefit 2010.

Unusually high stripping penalized early 2007 results. NEM stripped 52.7 million tons more waste at a perhaps \$75 mm higher cost in NV, Peru, Indonesia and Bolivia while mining half as much ore at a 63% lower grade in Peru and mining 95% less ore in Indonesia. NEM reported revenue because it milled stockpiles in Indonesia. The high waste removal with less ore at low grades hurt results.

We estimate a return to normal ore and waste mining in Indonesia would cut costs about \$15 mm per month on a 100% basis and improve quarterly results nearly \$0.04 per share. The windup of copper hedges and recent \$3.65 copper could improve quarterly results another \$0.06 per share per quarter. Sustaining April's \$25 uptick in gold prices could add another \$0.05 per share per quarter.

The Phoenix mine metallurgical recovery should improve when mining deepens into sulphide-only rather than oxide cap high copper or transitional ores. This will not occur immediately in the June 2007 quarter, however, and may develop in 2008. Yes, NEM deserves no praise for misjudging the ore hardness and amenability of the "top of the deposit" oxides and transition materials poorly suited to the sulphide mill. With 20-20 hindsight those "top of the deposit" oxides and transition ores should have been classified as waste at Phoenix, but this well-known negative seems well-reflected.

Operation of the Leeville underground mine has been difficult because the ore tended to be highly broken, faulted, and not competent. It required much more concrete and steel support, and the mining has been very slow and tedious. Booming competitive conditions have made it difficult to retain underground miners everywhere since they are in short supply, but especially at Leeville where the mining simply was very difficult. NEM indicated on its April 26<sup>th</sup> conference call it will operate itself without using the contractor anymore. Dynatec, the mining contractor, had a fine reputation in its other endeavors and we do not expect NEM to do any better on its own as Dynatec was very experienced in tough underground tasks. We expect the soft rocks at Leeville to be just as difficult for NEM as for Dynatec to manage.

The mid-2008 new Nevada electricity plant should save at least \$50 mm pretax annually. Electricity initiatives in Ghana should save \$25-\$50 mm there, and permit the Aykem project to move forward for 2009 or 2010. In 2008 the mill will permit higher-grade ores to be milled in Peru. Maybe in 2009 a lucrative leach copper plant may operate at Phoenix in Nevada.

The 66.7%-owned Boddington, 100%-owned Aykem, 51.35% owned Minas Conga also in Peru, investments in Gabriel Resources (Transylvanian gold) and Shore Gold (Saskatchewan diamonds) and exploration initiatives could add value in 2009-10.

**PENDULUM COULD SWING BACK TO SHARES**



These many issues or questions we raise should be viewed as a “checklist of upside opportunities.” We are not seeking to kick our friends at NEM after a poor quarter. We sympathize with our financial or communications contacts, who cannot present positive information when operations fall short.

Investor psychology could shift favorably if NEM’s breakeven improves to \$450-\$500 per oz gold or unit costs fall \$100-\$150 per oz in the 2008 second-half. It is hard for anything to be worse than mining virtually no ore in Indonesia or a 63% grade drop in Peru or a \$128 per oz increase in direct costs plus depreciation in Nevada.

We believe gold shares are more attractive than an ETF if costs fall, output rises or reserve delineation encourages investors. Odds favor new money flowing into shares since shares have lagged gold prices so badly in the past year or so.

#### NEWMONT MINING PRICE OBJECTIVE AND INVESTMENT POSITION

We raised our price target to \$70 from \$40 on September 18<sup>th</sup> because the dramatic macro stimuli in the world monetary system benefits future gold and copper prices, which could exceed expectations to break new records. We raised earnings forecasts and expect much higher P/E levels. Our approach is both intuitive and specific.

Our past price target is a “hybrid blend” of positive and negative considerations. High gold and copper prices, cost initiatives, capital spending to cut costs and raise revenue and exploration are upsides, while the March 2007 cost inflation to \$600 per oz breakeven illustrates the negatives. On January 7, 2007, we cut our price target to \$40 from \$50 per share owing to the poor earnings outlook at historically high gold and copper prices, and the generous \$17 billion market cap that anticipates some combination of exploration and development success. We do not think investors expect the current mine system to generate the earnings necessary to sustain the current stock price.

#### BUSINESS RISKS

Risks to our thesis include cost inflation that could erode mine profitability and various other macroeconomic factors that affect gold prices such as dollar fluctuations, interest rates, inflation, political risks, investment demand, central bank sales, or jewelry demand versus mine supply issues.

For copper, various macroeconomic fluctuations particularly in auto, construction and capital goods markets globally, exchange rates, unanticipated changes in mine performance from mining or political issues, new capacity, demand substitution or changes in investment fund flows or psychology could exert large price or volume swings in either direction.

Some of Newmont’s operations involve large specific mine risks related to reserve replacement, host country, environmental issues, mine planning or logistics inherent to substantial earthmoving operations.

We think it is a healthy thing when NEM shareholders understand the country risks, environmental politics and many specific practical aspects of mining. It is important that investors understand the risks of the businesses and not merely trade the stock “like gold bugs.”

#### CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

## DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide “unbundled” metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than “day trading” sorts of near-term issues.

Neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after one month of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to “put his or her money where his mouth is” to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a

manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

#### **ANALYST UNIVERSE COVERAGE:**

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of "Overweight," "Neutral Weight," and "Underweight" most closely correspond with the more traditional ratings of "Buy," "Hold," and "Sell," respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor's decision to buy or sell a security should always take into account, among other things, that the

investor's particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to "balance" the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a "bottoms up" manner based on the assets of each individual company.

### **Price Target – Methods/Risks**

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

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