

NEWMONT MINING CORP /DE/  
Form 10-Q  
July 23, 2015  
Table of Contents

g

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

---

Form 10-Q

---

(Mark One)

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

For the Quarterly Period Ended June 30, 2015

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)

---

Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

84-1611629  
(I.R.S. Employer  
Identification No.)

6363 South Fiddler's Green Circle  
Greenwood Village, Colorado  
(Address of Principal Executive Offices)

80111  
(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.      Yes      No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).      Yes      No

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

Large accelerated filer  
Non-accelerated filer      (Do not check if a smaller reporting company.)      Accelerated filer  
Smaller reporting company

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

There were 529,054,665 shares of common stock outstanding on July 16, 2015.



Table of Contents

## TABLE OF CONTENTS

	Page
	<u>PART I</u>
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS</u>
	<u>Condensed Consolidated Statements of Income</u>
	<u>Condensed Consolidated Statements of Comprehensive Income</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>
	<u>Condensed Consolidated Balance Sheets</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION</u>
	<u>Overview</u>
	<u>Selected Financial and Operating Results</u>
	<u>Consolidated Financial Results</u>
	<u>Results of Consolidated Operations</u>
	<u>Liquidity and Capital Resources</u>
	<u>Environmental</u>
	<u>Accounting Developments</u>
	<u>Non-GAAP Financial Measures</u>
	<u>Safe Harbor Statement</u>
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>
	<u>PART II</u>
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>
<u>ITEM 2.</u>	<u>ISSUER PURCHASES OF EQUITY SECURITIES</u>
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>
<u>ITEM 4.</u>	<u>MINE SAFETY DISCLOSURES</u>
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>
<u>ITEM 6.</u>	<u>EXHIBITS</u>
<u>SIGNATURES</u>	<u>94</u>
<u>EXHIBIT INDEX</u>	<u>95</u>

Table of Contents

## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited, in millions except per share)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Sales (Note 3)	\$ 1,908	\$ 1,765	\$ 3,880	\$ 3,529
Costs and expenses				
Costs applicable to sales (1) (Note 3)	1,019	1,060	2,038	2,143
Depreciation and amortization	276	306	565	604
Reclamation and remediation (Note 4)	26	21	49	41
Exploration	48	41	81	75
Advanced projects, research and development	33	42	61	84
General and administrative	51	48	95	93
Other expense, net (Note 5)	52	64	91	116
	1,505	1,582	2,980	3,156
Other income (expense)				
Other income, net (Note 6)	(23)	3	(12)	49
Interest expense, net	(82)	(94)	(167)	(187)
	(105)	(91)	(179)	(138)
Income (loss) before income and mining tax and other items	298	92	721	235
Income and mining tax benefit (expense) (Note 7)	(152)	53	(345)	(25)
Equity income (loss) of affiliates	(7)	2	(16)	2
Income (loss) from continuing operations	139	147	360	212
Income (loss) from discontinued operations (Note 8)	9	(2)	17	(19)
Net income (loss)	148	145	377	193
Net loss (income) attributable to noncontrolling interests (Note 9)	(76)	35	(122)	87
Net income (loss) attributable to Newmont stockholders	\$ 72	\$ 180	\$ 255	\$ 280
Net income (loss) attributable to Newmont stockholders:				
Continuing operations	\$ 63	\$ 182	\$ 238	\$ 299
Discontinued operations	9	(2)	17	(19)
	\$ 72	\$ 180	\$ 255	\$ 280
Income (loss) per common share (Note 10)				

Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

Basic:				
Continuing operations	\$ 0.13	\$ 0.37	\$ 0.48	\$ 0.60
Discontinued operations	0.01	(0.01)	0.03	(0.04)
	\$ 0.14	\$ 0.36	\$ 0.51	\$ 0.56
Diluted:				
Continuing operations	\$ 0.13	\$ 0.37	\$ 0.48	\$ 0.60
Discontinued operations	0.01	(0.01)	0.03	(0.04)
	\$ 0.14	\$ 0.36	\$ 0.51	\$ 0.56
Cash dividends declared per common share	\$ 0.025	\$ 0.025	\$ 0.050	\$ 0.175

---

<sup>(1)</sup> Excludes Depreciation and amortization and Reclamation and remediation.

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

1

---

Table of Contents

## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income (loss)	\$ 148	\$ 145	\$ 377	\$ 193
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities, net of \$nil, \$nil, \$nil and \$(1) tax benefit (expense), respectively	(8)	(55)	(7)	(86)
Foreign currency translation adjustments	5	7	(5)	2
Change in pension and other post-retirement benefits, net of \$(20), \$(1), \$(22) and \$(2), tax benefit (expense), respectively	39	1	44	3
Change in fair value of cash flow hedge instruments, net of \$(7), \$9, \$(3) and \$13, tax benefit (expense), respectively				
Net change from periodic revaluations	5	25	(17)	34
Net amount reclassified to income	11	(13)	23	(13)
Net unrecognized gain (loss) on derivatives	16	12	6	21
Other comprehensive income (loss)	52	(35)	38	(60)
Comprehensive income (loss)	\$ 200	\$ 110	\$ 415	\$ 133
Comprehensive income (loss) attributable to:				
Newmont stockholders	\$ 124	\$ 143	\$ 293	\$ 220
Noncontrolling interests	76	(33)	122	(87)
	\$ 200	\$ 110	\$ 415	\$ 133

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

Table of Contents

## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions)

	Six Months Ended June 30,	
	2015	2014
Operating activities:		
Net income	\$ 377	\$ 193
Adjustments:		
Depreciation and amortization	565	604
Stock based compensation and other non-cash benefits	40	27
Reclamation and remediation	47	41
Loss (income) from discontinued operations	(17)	19
Impairment of investments	73	1
Deferred income taxes	130	(92)
Gain on asset and investment sales, net	(43)	(52)
Other operating adjustments and write-downs	165	273
Net change in operating assets and liabilities (Note 23)	(268)	(453)
Net cash provided by continuing operations	1,069	561
Net cash used in discontinued operations	(6)	(6)
Net cash provided by operations	1,063	555
Investing activities:		
Additions to property, plant and mine development	(606)	(489)
Acquisitions, net	—	(28)
Sales of investments	29	25
Purchases of investments	—	(1)
Proceeds from sale of other assets	44	76
Other	(6)	(11)
Net cash used in investing activities	(539)	(428)
Financing activities:		
Proceeds from debt, net	—	18
Repayment of debt	(281)	(5)
Proceeds from stock issuance, net	675	—
Sale of noncontrolling interests	37	68
Funding from noncontrolling interests	62	—
Acquisition of noncontrolling interests	(6)	(4)
Dividends paid to noncontrolling interests	(3)	(4)
Dividends paid to common stockholders	(23)	(89)
Restricted cash and other	(61)	(11)
Net cash provided by (used in) financing activities	400	(27)
Effect of exchange rate changes on cash	(19)	(2)
Net change in cash and cash equivalents	905	98



Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

Cash and cash equivalents at beginning of period	2,403	1,555
Cash and cash equivalents at end of period	\$ 3,308	\$ 1,653

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

Table of Contents

## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions)

	At June 30, 2015	At December 31, 2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,308	\$ 2,403
Trade receivables	369	186
Other accounts receivables	186	290
Investments (Note 15)	33	73
Inventories (Note 16)	748	700
Stockpiles and ore on leach pads (Note 17)	791	666
Deferred income tax assets	212	240
Other current assets (Note 18)	909	881
Current assets	6,556	5,439
Property, plant and mine development, net	13,646	13,650
Investments (Note 15)	249	334
Stockpiles and ore on leach pads (Note 17)	2,823	2,820
Deferred income tax assets	1,777	1,790
Other long-term assets (Note 18)	910	883
Total assets	\$ 25,961	\$ 24,916
<b>LIABILITIES</b>		
Debt (Note 19)	\$ 243	\$ 166
Accounts payable	397	406
Employee-related benefits	227	307
Income and mining taxes	158	74
Other current liabilities (Note 20)	1,331	1,245
Current liabilities	2,356	2,198
Debt (Note 19)	6,140	6,480
Reclamation and remediation liabilities (Note 4)	1,653	1,606
Deferred income tax liabilities	759	656
Employee-related benefits	452	492
Other long-term liabilities (Note 20)	333	395
Total liabilities	11,693	11,827
Commitments and contingencies (Note 25)		
<b>EQUITY</b>		
Common stock	846	798
Additional paid-in capital	9,391	8,712
Accumulated other comprehensive income (loss)	(440)	(478)

Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

Retained earnings	1,474	1,242
Newmont stockholders' equity	11,271	10,274
Noncontrolling interests	2,997	2,815
Total equity	14,268	13,089
Total liabilities and equity	\$ 25,961	\$ 24,916

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

Table of Contents

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

NOTE 1 BASIS OF PRESENTATION

The interim Condensed Consolidated Financial Statements (“interim statements”) of Newmont Mining Corporation and its subsidiaries (collectively, “Newmont” or the “Company”) are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with Newmont’s Consolidated Financial Statements for the year ended December 31, 2014 filed on February 20, 2015 on Form 10-K. The year-end balance sheet data was derived from the audited financial statements and, in accordance with the instructions to Form 10-Q, certain information and footnote disclosures required by United States generally accepted accounting principles (“GAAP”) have been condensed or omitted. References to “A\$” refer to Australian currency and “NZ\$” to New Zealand currency.

During the first half of 2015 we received \$675 in net proceeds from a common stock issuance. We intend to use the proceeds from the common stock sale, supplemented with cash from our balance sheet, to fund the acquisition of the Cripple Creek & Victor mine in Colorado from AngloGold Ashanti Limited, which was announced on June 8, 2015. The purchase price agreed was \$820, subject to customary adjustments, plus a 2.5% net smelter return royalty from potential future underground ore. The Company expects to complete the acquisition in the third quarter of 2015.

Certain amounts in prior years have been reclassified to conform to the 2015 presentation and were not material to the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

As a global mining company, our revenue, profitability and future rate of growth are substantially dependent on prevailing prices for gold, copper and, to a lesser extent, silver. Historically, the commodity markets have been very volatile, and there can be no assurance that commodity prices will not be subject to wide fluctuations in the future. A substantial or extended decline in commodity prices could have a material adverse effect on our financial position, results of operations, cash flows, access to capital and on the quantities of reserves that we can economically produce. The carrying value of our property, plant and mine development assets, inventories, stockpiles and ore on leach pads, and deferred tax assets are particularly sensitive to the outlook for commodity prices. A decline in our long term price outlook from current levels could result in material impairment charges related to these assets.

In September 2014, PT Newmont Nusa Tenggara (“PTNNT”) and the Government of Indonesia signed a Memorandum of Understanding (“MoU”) that resulted in PTNNT receiving a six-month permit to export copper concentrate from the Batu Hijau mine (“Batu Hijau”) that expired in mid-March 2015. On March 30, 2015, the Company received a six-month permit extension to export copper concentrate that expires in late September 2015. Effective with the signing of the MoU, PTNNT agreed to pay certain export duties and royalties. The MoU also outlines terms for the six main elements of the Contract of Work renegotiation, which will be incorporated into an amendment of the Contract of Work. The six areas are: concession area size; royalties, taxes and export duties; domestic processing and refining; ownership divestment; utilization of local manpower, domestic goods and services; and duration of the Contract of Work. Negotiations between PTNNT and the Government of Indonesia to amend the Contract of Work remain on-going. No assurances can be made at this time with respect to the outcome of such negotiations and expiration of the export permit without its renewal may negatively impact future operations and financial results at Batu Hijau. As a result of the on-going Contract of Work renegotiations at Batu Hijau, we have evaluated, and will continue to evaluate, the need for asset impairments, inventory write-downs, tax valuation allowances and other applicable accounting charges due to the

Table of Contents

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

status of the mine. The total assets at Batu Hijau as of June 30, 2015 and December 31, 2014 were \$3,367 and \$3,107, respectively.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

Stock-based compensation

In June 2014, the Financial Accounting Services Board (“FASB”) issued Accounting Standards Update (“ASU”) guidance to resolve the diversity of practice relating to the accounting for stock-based performance awards that the performance target could be achieved after the employee completes the required service period. The update is effective prospectively or retrospectively beginning January 1, 2015. Adoption of the new guidance, effective for the fiscal year beginning January 1, 2015, had no impact on the consolidated financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

Debt issuance costs

In April 2015, ASU guidance was issued related to debt issuance costs. This update simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability. The update is effective in fiscal years, including interim periods, beginning after December 15, 2015, and early adoption is permitted. The Company is currently evaluating this guidance and the impact it will have on the consolidated financial position, results of operations or cash flows.

## Consolidations

In February 2015, ASU guidance was issued related to consolidations. This update makes some targeted changes to current consolidation guidance and impacts both the voting and the variable interest consolidation models. In particular, the update will change how companies determine whether limited partnerships or similar entities are variable interest entities. The update is effective in fiscal years, including interim periods, beginning after December 15, 2016, and early adoption is permitted. We currently consolidate certain variable interest entities and we do not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

## Revenue Recognition

In May 2014, ASU guidance was issued related to revenue from contracts with customers. The new standard provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods and is to be retrospectively applied. Early adoption is not permitted. The Company is currently evaluating this guidance and the impact it will have on the consolidated financial position, results of operations or cash flows.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 3 SEGMENT INFORMATION

The Company's reportable segments are based upon the Company's management structure that is focused on the geographic region for the Company's operations. In the first quarter of 2015, the Australia/New Zealand and Indonesia geographic regions were combined into one Asia Pacific geographic region. Geographic regions include North America, South America, Asia Pacific, Africa, and Corporate and Other.

On June 5, 2015, the Company entered into an agreement with OceanaGold Corporation to sell its Waihi mine in New Zealand for approximately \$101. As of June 30, 2015, total assets and total liabilities were \$125 and \$49, respectively.

	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects and Exploration	Pre Tax Income (Loss)
Three Months Ended June 30, 2015					
Carlin	\$ 243	\$ 186	\$ 46	\$ 4	\$ 3
Phoenix:					
Gold	50	32	8		
Copper	24	17	3		
Total Phoenix	74	49	11	1	9
Twin Creeks	150	65	12	3	68
Other North America	—	—	—	7	(6)
North America	467	300	69	15	74
Yanacocha	242	128	66	8	20
Other South America	—	—	2	12	(16)
South America	242	128	68	20	4
Boddington:					
Gold	202	122	24		
Copper	41	29	5		
Total Boddington	243	151	29	—	51
Tanami	138	59	22	2	53
Waihi	39	17	3	1	14
Kalgoorlie	100	78	6	1	13



Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

Batu Hijau:					
Gold	178	72	14		
Copper	269	121	21		
Total Batu Hijau	447	193	35	4	202
Other Asia Pacific	—	—	4	1	(12)
Asia Pacific	967	498	99	9	321
Ahafo	87	43	13	5	22
Akyem	145	50	24	4	63
Other Africa	—	—	—	1	—
Africa	232	93	37	10	85
Corporate and Other	—	—	3	27	(186)
Consolidated	\$ 1,908	\$ 1,019	\$ 276	\$ 81	\$ 298

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects and Exploration	Pre Tax Income (Loss)
Three Months Ended June 30, 2014					
Carlin	\$ 268	\$ 209	\$ 43	\$ 7	\$ 3
Phoenix:					
Gold	72	35	9		
Copper	39	30	5		
Total Phoenix	111	65	14	—	30
Twin Creeks	125	49	9	3	62
La Herradura (1)	59	26	10	2	20
Other North America	—	—	—	6	(7)
North America	563	349	76	18	108
Yanacocha	240	184	84	9	(53)
Other South America	—	—	—	9	(24)
South America	240	184	84	18	(77)
Boddington:					
Gold	190	133	24		
Copper	38	32	6		
Total Boddington	228	165	30	—	27
Tanami	119	63	18	4	33
Jundee (2)	97	43	17	—	37
Waihi	52	19	7	1	24
Kalgoorlie	96	65	4	2	22
Batu Hijau:					
Gold	10	9	3		
Copper	59	54	17		
Total Batu Hijau	69	63	20	1	(33)
Other Asia Pacific	—	—	5	1	(14)
Asia Pacific	661	418	101	9	96
Ahafo	156	65	17	5	71
Akyem	145	44	21	—	74
Other Africa	—	—	—	3	(5)
Africa	301	109	38	8	140
Corporate and Other	—	—	7	30	(175)
Consolidated	\$ 1,765	\$ 1,060	\$ 306	\$ 83	\$ 92

- (1) On October 6, 2014, the Company sold its 44% interest in La Herradura.
- (2) The Jundee mine was sold July 1, 2014.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Six Months Ended	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects and Exploration	Pre Tax Income (Loss)	Capital Expenditures(1)
June 30, 2015						
Carlin	\$ 519	\$ 364	\$ 91	\$ 7	\$ 50	\$ 115
Phoenix:						
Gold	111	73	18			
Copper	58	42	9			
Total Phoenix	169	115	27	2	17	15
Twin Creeks	299	124	25	5	142	31
Other North America	—	—	—	12	(7)	26
North America	987	603	143	26	202	187
Yanacocha	543	242	137	13	114	34
Other South America	—	—	5	22	(29)	—
South America	543	242	142	35	85	34
Boddington:						
Gold	441	279	54			
Copper	88	68	12			
Total Boddington	529	347	66	1	109	29
Tanami	258	116	41	3	98	46
Waihi	89	36	8	2	39	10
Kalgoorlie	174	138	11	1	24	11
Batu Hijau:						
Gold	292	122	23			
Copper	515	242	42			
Total Batu Hijau	807	364	65	5	337	40
Other Asia Pacific	—	—	8	2	(21)	2
Asia Pacific	1,857	1,001	199	14	586	138
Ahafo	208	98	28	11	66	45
Akyem	285	94	46	4	134	19
Other Africa	—	—	—	2	(3)	—
Africa	493	192	74	17	197	64
Corporate and Other	—	—	7	50	(349)	194
Consolidated	\$ 3,880	\$ 2,038	\$ 565	\$ 142	\$ 721	\$ 617

(1)

Includes an increase in accrued capital expenditures of \$11; consolidated capital expenditures on a cash basis were \$606.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Six Months Ended	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects and Exploration	Pre Tax Income (Loss)	Capital Expenditures(1)
June 30, 2014						
Carlin	\$ 561	\$ 401	\$ 78	\$ 11	\$ 64	\$ 103
Phoenix:						
Gold	142	69	14			
Copper	71	56	8			
Total Phoenix	213	125	22	1	59	16
Twin Creeks	257	104	20	4	173	60
La Herradura (2)	90	42	18	6	23	14
Other North America	—	—	—	12	(16)	6
North America	1,121	672	138	34	303	199
Yanacocha	505	405	185	16	(140)	35
Other South America	—	—	—	17	(32)	15
South America	505	405	185	33	(172)	50
Boddington:						
Gold	410	275	49			
Copper	77	72	12			
Total Boddington	487	347	61	—	64	46
Tanami	224	118	35	5	61	38
Jundee (3)	179	85	34	1	58	15
Waihi	85	38	12	1	31	5
Kalgoorlie	214	142	10	3	55	5
Batu Hijau:						
Gold	18	17	5			
Copper	101	111	30			
Total Batu Hijau	119	128	35	2	(84)	31
Other Asia Pacific	—	—	9	2	(26)	4
Asia Pacific	1,308	858	196	14	159	144
Ahafo	297	126	33	14	115	60
Akyem	298	82	42	—	162	—
Other Africa	—	—	—	5	(8)	—
Africa	595	208	75	19	269	60
Corporate and Other	—	—	10	59	(324)	12
Consolidated	\$ 3,529	\$ 2,143	\$ 604	\$ 159	\$ 235	\$ 465

- (1) Includes a decrease in accrued capital expenditures of \$24; consolidated capital expenditures on a cash basis were \$489.
- (2) On October 6, 2014, the Company sold its 44% interest in La Herradura.
- (3) The Jundee mine was sold July 1, 2014.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 4 RECLAMATION AND REMEDIATION

The Company's Reclamation and remediation expense consisted of:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Reclamation	\$ 4	\$ —	\$ 5	\$ —
Accretion - operating	18	18	36	36
Accretion - non-operating	4	3	8	5
	\$ 26	\$ 21	\$ 49	\$ 41

The following is a reconciliation of Reclamation and remediation liabilities:

	Six Months Ended	
	June 30,	
	2015	2014
Balance at beginning of period	\$ 1,689	\$ 1,611
Additions, changes in estimates and other	22	(7)
Liabilities settled	(38)	(23)
Accretion expense	44	41
Balance at end of period	\$ 1,717	\$ 1,622

At June 30, 2015 and December 31, 2014, \$1,547 and \$1,497, respectively, were accrued for reclamation obligations relating to operating properties. In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities (non-operating). Generally, these matters concern developing and implementing remediation plans at the various sites involved. At June 30, 2015 and December 31, 2014, \$170 and \$192, respectively, were accrued for such obligations. These amounts are also included in Reclamation and remediation liabilities.



The current portion of Reclamation and remediation liabilities of \$64 and \$83 at June 30, 2015 and December 31, 2014, respectively, are included in Other current liabilities.

NOTE 5 OTHER EXPENSE, NET

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Regional administration	\$ 17	\$ 16	\$ 31	\$ 31
Community development	8	15	16	26
Restructuring and other	9	6	14	13
Acquisition costs	8	—	8	—
Write-downs	2	13	3	13
Western Australia power plant	1	1	3	7
Other	7	13	16	26
	\$ 52	\$ 64	\$ 91	\$ 116

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 6 OTHER INCOME, NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Gain (loss) on asset and investment sales, net	\$ (1)	\$ 2	\$ 43	\$ 52
Refinery income, net	—	5	8	9
Foreign currency exchange, net	(9)	(10)	3	(24)
Impairment of investments	(16)	—	(73)	(1)
Other	3	6	7	13
	\$ (23)	\$ 3	\$ (12)	\$ 49

## NOTE 7 INCOME AND MINING TAXES

The Company's income and mining tax expense differed from the amounts computed by applying the United States statutory corporate income tax rate for the following reasons:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2015		2014		2015		2014	
Income before income and mining tax and other items		\$ 298		\$ 92		\$ 721		\$ 235
Tax at statutory rate	35 %	\$ 104	35 %	\$ 32	35 %	\$ 252	35 %	\$ 82
Reconciling items:								
Percentage depletion	(6)%	(19)	(21)%	(19)	(5)%	(34)	(13)%	(30)
	13 %	40	(81)%	(75)	12 %	84	(27)%	(62)

Change in valuation allowance on deferred tax assets									
Mining and other taxes	5 %	16	5 %	5	3 %	24	3 %	8	
Disallowed loss on Midas Sale	—%	—	— %	—	—%	—	6 %	13	
Effect of foreign earnings, net of credits	2 %	5	3 %	3	1 %	8	4 %	9	
Other	2 %	6	1 %	1	2 %	11	2 %	5	
Income and mining tax expense (benefit)	51 %	\$ 152	(58)%	\$ (53)	48 %	\$ 345	10 %	\$ 25	

A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related benefits will not be realized. In determining the amount of the valuation allowance, each quarter, the Company considers future reversals of existing taxable temporary differences, estimated future taxable income, taxable income in prior carryback year(s), as well as feasible tax planning strategies in each jurisdiction to determine if the deferred tax assets are realizable. If it is determined that the Company will not realize all or a portion of its deferred tax assets, it will place or increase a valuation allowance. Conversely, if determined that it will ultimately be able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced. There are a number of risk factors that could impact the Company's ability to realize the deferred tax assets.

The Company operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes under the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and pay the income taxes 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.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

At June 30, 2015, the Company's total unrecognized tax benefit was \$399 for uncertain income tax positions taken or expected to be taken on income tax returns. Of this, \$81 represents the amount of unrecognized tax benefits that, if recognized, would affect the Company's effective income tax rate.

As a result of the statute of limitations that expire in the next 12 months in various jurisdictions, and possible settlements of audit-related issues with taxing authorities in various jurisdictions, none of which are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease by approximately \$50 to \$55 in the next 12 months.

## NOTE 8 DISCONTINUED OPERATIONS

Discontinued operations includes a retained royalty obligation ("Holt") from Holloway Mining Company. Holloway Mining Company, which owned the Holt-McDermott property, was sold to St. Andrew Goldfields Ltd. ("St. Andrew") in 2006. The Company records adjustments based on short and long-term gold prices, discount rate assumptions and resource estimates published by St. Andrew.

During the second quarter and first half of 2015, the Company recorded a benefit of \$9 and a benefit of \$17, net of tax expense of \$4 and expense of \$8, respectively. During the second quarter and first half of 2014, the Company recorded a charge of \$2 and a charge of \$19, net of tax benefit of \$1 and benefit of \$9, respectively.

Net operating cash used in discontinued operations of \$6 and \$6 in the first half of 2015 and 2014 respectively, relates to payments on the Holt property royalty.

## NOTE 9 NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Minera Yanacocha	\$ 18	\$ (20)	\$ 23	\$ (49)
Batu Hijau	66	(10)	111	(33)

Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

TMAC	(7)	(6)	(13)	(7)
Other	(1)	1	1	2
	\$ 76	\$ (35)	\$ 122	\$ (87)

Newmont has a 51.35% ownership interest in Minera Yanacocha S.R.L. (“Yanacocha”), with the remaining interests held by Compañía de Minas Buenaventura, S.A.A. (43.65%) and the International Finance Corporation (5%). Newmont consolidates Yanacocha due to a majority voting interest.

Newmont has a 48.5% effective economic interest in PT Newmont Nusa Tenggara (“PTNNT”) with remaining interests held by an affiliate of Sumitomo Corporation of Japan and various Indonesian entities. PTNNT operates the Batu Hijau copper and gold mine in Indonesia.

Newmont’s economic ownership interest in TMAC was reduced from 44.69% to 37.79% in January 2015, and to 36.96% in April 2015, due to TMAC’s private placements to raise funds. The remaining interests are held by TMAC management and various outside investors.

Newmont consolidates PTNNT and TMAC in its condensed consolidated financial statements as Newmont is the primary beneficiary in both variable interest entities (“VIEs”). On July 7, 2015 TMAC completed an initial public

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

offering, and, as a result, Newmont's economic ownership interest will be reduced to 30.72%. The Company is currently evaluating the impact that this will have on its consolidated financial statements for the third quarter of 2015.

The following summarizes the assets and liabilities, inclusive of deferred tax assets and deferred tax liabilities, of our consolidated VIEs (including noncontrolling interests).

	At June 30, 2015		At December 31, 2014	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
TMAC	\$ 59	\$ 20	\$ 38	\$ 17
Batu Hijau	\$ 3,429	\$ 1,216	\$ 3,150	\$ 1,155

\

## NOTE 10 INCOME (LOSS) PER COMMON SHARE

Basic income per common share is computed by dividing income available to Newmont common stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share is computed similarly except that weighted average common shares is increased to reflect all dilutive instruments.

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Net income (loss) attributable to Newmont stockholders				
Continuing operations	\$ 63	\$ 182	\$ 238	\$ 299
Discontinued operations	9	(2)	17	(19)
	\$ 72	\$ 180	\$ 255	\$ 280

Weighted average common shares (millions):				
Basic	505	499	502	498
Effect of employee stock-based awards	1	—	1	1
Diluted	506	499	503	499
Income (loss) per common share				
Basic:				
Continuing operations	\$ 0.13	\$ 0.37	\$ 0.48	\$ 0.60
Discontinued operations	0.01	(0.01)	0.03	(0.04)
	\$ 0.14	\$ 0.36	\$ 0.51	\$ 0.56
Diluted:				
Continuing operations	\$ 0.13	\$ 0.37	\$ 0.48	\$ 0.60
Discontinued operations	0.01	(0.01)	0.03	(0.04)
	\$ 0.14	\$ 0.36	\$ 0.51	\$ 0.56

Options to purchase 2 million and 3 million shares of common stock at average exercise prices of \$48 and \$48 were outstanding at June 30, 2015 and 2014, respectively, but were not included in the computation of diluted weighted average common shares because their exercise prices exceeded the average price of the Company's common stock for the respective periods presented.

Newmont is required to settle the principal amount of its 2017 Convertible Senior Note in cash and may elect to settle the remaining conversion premium (average share price in excess of the conversion price), if any, in cash, shares or a combination thereof. The effect of contingently convertible instruments on diluted earnings per share is calculated under the net share settlement method. The conversion price exceeded the Company's share price for the periods presented, therefore no additional shares were included in the computation of diluted weighted average common shares.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 11 EMPLOYEE PENSION AND OTHER BENEFIT PLANS

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Pension benefit costs, net				
Service cost	\$ 7	\$ 7	\$ 15	\$ 13
Interest cost	11	10	22	20
Expected return on plan assets	(14)	(13)	(29)	(26)
Amortization, net	7	4	14	7
Settlements	—	3	—	3
	\$ 11	\$ 11	\$ 22	\$ 17

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Other benefit costs, net				
Service cost	\$ 1	\$ —	\$ 2	\$ 1
Interest cost	1	1	3	3
	\$ 2	\$ 1	\$ 5	\$ 4

In April 2015, the Company approved an amendment to the terms of its Post-Retirement Medical and Life Insurance Plan, effective September 2015. The Company announced this change in June, and as a result, re-measured its other post-retirement benefit plan liability at June 30, 2015. The discount rate used for purposes of the re-measurement was 4.74%. The re-measurement resulted in a decrease of the post-retirement benefit plan liability of \$52 (\$34, net of tax).

## NOTE 12 STOCK-BASED COMPENSATION



	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Stock options	\$ —	\$ 1	\$ —	\$ 2
Restricted stock units	8	8	16	15
Performance leveraged stock units	11	2	21	5
Strategic performance units	1	2	3	5
	\$ 20	\$ 13	\$ 40	\$ 27

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 13 FAIR VALUE ACCOUNTING

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. As required by accounting guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value at June 30, 2015			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 2,164	\$ 2,164	\$ —	\$ —
Marketable equity securities:				
Extractive industries	117	117	—	—
Other	17	17	—	—
Marketable debt securities:				
Asset backed commercial paper	22	—	—	22
Auction rate securities	7	—	—	7
Trade receivable from provisional copper and gold concentrate sales, net	263	263	—	—
	\$ 2,590	\$ 2,561	\$ —	\$ 29
Liabilities:				
Derivative instruments, net:				
Foreign exchange forward contracts	\$ 81	\$ —	\$ 81	\$ —
Diesel forward contracts	23	—	23	—
Boddington contingent consideration	10	—	—	10
Holt property royalty	148	—	—	148
	\$ 262	\$ —	\$ 104	\$ 158

The fair values of the derivative instruments in the table above are presented on a net basis. The gross amounts related to the fair value of the derivatives instruments above are included in the Derivatives Instruments Note. All other fair value disclosures in the above table are presented on a gross basis.

In addition to the financial instruments listed in the table above, we hold other financial instruments including receivables, accounts payable and debt. The carrying amounts for receivables and accounts payable approximated their fair value. The estimated fair value of our outstanding debt, exclusive of capital leases, was \$6,221 at June 30, 2015 and the outstanding carrying value was \$6,369 at June 30, 2015. The estimated fair values of our

outstanding debt were determined based on quoted prices for similar instruments in active markets (Level 2).

The following table sets forth a summary of the quantitative and qualitative information related to the unobservable inputs used in the calculation of the Company's Level 3 financial assets and liabilities at June 30, 2015:

Description	At June 30, 2015	Valuation technique	Unobservable input	Range/Weighted average	
Auction Rate Securities	\$ 7	Discounted cash flow	Weighted average recoverability rate	85	%
Asset Backed Commercial Paper	22	Discounted cash flow	Recoverability rate	90	%
Boddington Contingent Consideration	10	Monte Carlo	Discount rate	4	%
			Long-term gold price	\$ 1,300	
			Long-term copper price	\$ 3.00	
Holt property royalty	148	Monte Carlo	Weighted average discount rate	4	%
			Long-term gold price	\$ 1,300	

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

The following table sets forth a summary of changes in the fair value of the Company's Level 3 financial assets and liabilities:

	Auction Rate Securities	Asset Backed Commercial Paper	Total Assets	Boddington Contingent Royalty	Holt Property Royalty	Total Liabilities
Fair value at December 31, 2014	\$ 6	\$ 24	\$ 30	\$ 10	\$ 179	\$ 189
Settlements	—	—	—	—	(6)	(6)
Revaluation	1	(2)	(1)	—	(25)	(25)
Fair value at June 30, 2015	\$ 7	\$ 22	\$ 29	\$ 10	\$ 148	\$ 158

At June 30, 2015, assets and liabilities classified within Level 3 of the fair value hierarchy represent 1% and 60%, respectively, of total assets and liabilities measured at fair value.

## NOTE 14 DERIVATIVE INSTRUMENTS

The Company's strategy is to provide shareholders with leverage to changes in gold and copper prices by selling its production at spot market prices. Consequently, the Company does not hedge its gold and copper sales. The Company continues to manage certain risks associated with commodity input costs, interest rates and foreign currencies using the derivative market. All of the derivative instruments described below were transacted for risk management purposes and qualify as cash flow hedges.

## Cash Flow Hedges

The following foreign currency and diesel contracts are designated as cash flow hedges, and as such, the effective portion of unrealized changes in market value have been recorded in Accumulated other comprehensive income (loss) and are reclassified to income during the period in which the hedged transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings.

## Foreign Currency Contracts

The Company had the following foreign currency derivative contracts outstanding at June 30, 2015:

	Expected Maturity Date				Total/Average
	2015	2016	2017	2018	
A\$ Operating Fixed Forward Contracts:					
A\$ notional (millions)	128	158	105	6	397
Average rate (\$/A\$)	0.97	0.95	0.93	0.92	0.95
Expected hedge ratio	20 %	12 %	8 %	4 %	
NZ\$ Operating Fixed Forward Contracts:					
NZ\$ notional (millions)	23	11	—	—	34
Average rate (\$/NZ\$)	0.80	0.80	—	—	0.80
Expected hedge ratio	42 %	15 %	—	—	

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## Diesel Fixed Forward Contracts

The Company had the following diesel derivative contracts in Nevada outstanding at June 30, 2015:

	Expected Maturity Date			Total/Average
	2015	2016	2017	
Diesel Fixed Forward Contracts:				
Diesel gallons (millions)	11	17	4	32
Average rate (\$/gallon)	2.63	2.53	2.69	2.58
Expected hedge ratio	60 %	42 %	12 %	

## Derivative Instrument Fair Values

The Company had the following derivative instruments designated as hedges at June 30, 2015 and December 31, 2014:

	Fair Values of Derivative Instruments At June 30, 2015			
	Other Current Assets	Other Long-Term Assets	Other Current Liabilities	Other Long-Term Liabilities
Foreign currency exchange contracts:				
A\$ operating fixed forwards	\$ —	\$ —	\$ 43	\$ 34
NZ\$ operating fixed forwards	—	—	4	—
Diesel fixed forwards	—	—	17	6
Total derivative instruments (Notes 18 and 20)	\$ —	\$ —	\$ 64	\$ 40

## Fair Values of Derivative Instruments

	At December 31, 2014			
	Other Current Assets	Other Long-Term Assets	Other Current Liabilities	Other Long-Term Liabilities
Foreign currency exchange contracts:				
A\$ operating fixed forwards	\$ —	\$ —	\$ 45	\$ 40
NZ\$ operating fixed forwards	—	—	2	1
Diesel fixed forwards	1	—	25	12
Total derivative instruments (Notes 18 and 20)	\$ 1	\$ —	\$ 72	\$ 53

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

The following tables show the location and amount of gains (losses) reported in the Company's Condensed Consolidated Financial Statements related to the Company's cash flow hedges.

	Foreign Currency Exchange Contracts		Diesel Fixed Forward Contracts		Forward Starting Swap Contracts	
	2015	2014	2015	2014	2015	2014
For the three months ended June 30, Cash flow hedging relationships:						
Gain (loss) recognized in other comprehensive income	\$ 3	\$ 18	\$ 4	\$ 3	\$ —	\$ —
Gain (loss) reclassified from Accumulated other comprehensive income into income (effective portion) (1)	\$ (6)	\$ 22	\$ (6)	\$ 1	\$ (4)	\$ (4)
For the six months ended June 30, Cash flow hedging relationships:						
Gain (loss) recognized in other comprehensive income (loss) (effective portion)	\$ (24)	\$ 52	\$ (1)	\$ 1	\$ —	\$ —
Gain (loss) reclassified from Accumulated other comprehensive income into income (loss) (effective portion) (1)	\$ (13)	\$ 27	\$ (13)	\$ 1	\$ (9)	\$ (9)
Gain (loss) reclassified from Accumulated other comprehensive income into income (ineffective portion) (2)	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —

(1) The gain (loss) recognized for the effective portion of cash flow hedges is included in Cost applicable to sales and Interest expense, net.

(2) The ineffective portion recognized for cash flow hedges is included in Other Income, net.

Based on fair values at June 30, 2015 the amount to be reclassified from Accumulated other comprehensive income (loss), net of tax to income for derivative instruments during the next 12 months is a loss of approximately \$51.

Provisional Gold and Copper Sales



The Company's provisional gold and copper 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 gold and copper concentrates at the prevailing indices' prices 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, 2015, Newmont had gold and copper sales of 210,000 ounces and 133 million pounds priced at an average of \$1,173 per ounce and \$2.60 per pound, respectively, subject to final pricing over the next several months.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 15 INVESTMENTS

	At June 30, 2015			
	Cost/Equity Basis	Unrealized Gain	Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities:				
Gabriel Resources Ltd.	\$ 31	\$ —	\$ (20)	\$ 11
Other	26	3	(7)	22
	\$ 57	\$ 3	\$ (27)	\$ 33
Long-term:				
Marketable Debt Securities:				
Asset backed commercial paper	\$ 20	\$ 2	\$ —	\$ 22
Auction rate securities	8	—	(1)	7
	28	2	(1)	29
Marketable Equity Securities:				
Regis Resources Ltd.	81	—	—	81
Other	18	2	—	20
	99	2	—	101
Other investments, at cost	14	—	—	14
Investment in Affiliates:				
Euronimba Ltd.	1	—	—	1
Minera La Zanja S.R.L.	89	—	—	89
Novo Resources Corp.	15	—	—	15
	\$ 246	\$ 4	\$ (1)	\$ 249

	At December 31, 2014			
	Cost/Equity Basis	Unrealized Gain	Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities:				
Gabriel Resources Ltd.	\$ 34	\$ —	\$ (17)	\$ 17
Other	30	3	(2)	31

Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

	64	3	(19)	48
Certificate of Deposit	25	—	—	25
	\$ 89	\$ 3	\$ (19)	\$ 73
Long-term:				
Marketable Debt Securities:				
Asset backed commercial paper	\$ 22	\$ 2	\$ —	\$ 24
Auction rate securities	8	—	(2)	6
	30	2	(2)	30
Marketable Equity Securities:				
Regis Resources Ltd.	153	—	—	153
Other	17	2	—	19
	170	2	—	172
Other investments, at cost	14	—	—	14
Investment in Affiliates:				
Euronimba Ltd.	2			2
Minera La Zanja S.R.L.	101	—	—	101
Novo Resources Corp.	15	—	—	15
	\$ 332	\$ 4	\$ (2)	\$ 334

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

In February 2015, the Company's \$25 Certificate of Deposit matured.

In March 2014, the Company sold its investment in Paladin Energy Ltd. for \$25, resulting in a pre-tax gain of \$4 recorded in Other income, net. In June 2014, the Company completed the sale of its investment in Leyshon Energy Ltd. for \$1, resulting in a pre-tax gain of \$1 recorded in Other income, net.

During the three months ended and six months ended June 30, 2015, the Company recognized impairments for other-than-temporary declines in value of \$16 and \$73, respectively, for marketable securities primarily related to its holdings of Regis Resources Ltd. as a result of the continued decline in stock price.

The following tables present the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by length of time that the individual securities have been in a continuous unrealized loss position:

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At June 30, 2015						
Marketable equity securities	\$ 24	\$ 27	\$ —	\$ —	\$ 24	\$ 27
Auction rate securities	—	—	7	1	7	1
	\$ 24	\$ 27	\$ 7	\$ 1	\$ 31	\$ 28

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2014						
Marketable equity securities	\$ 33	\$ 19	\$ —	\$ —	\$ 33	\$ 19
Auction rate securities	—	—	6	2	6	2
	\$ 33	\$ 19	\$ 6	\$ 2	\$ 39	\$ 21

While the fair value of the Company's investments in marketable equity securities and auction rate securities are below their respective cost, the Company views these declines as temporary. The Company has the ability and intends to hold its auction rate securities until maturity or such time that the market recovers.

NOTE 16 INVENTORIES

	At June 30, 2015	At December 31, 2014
In-process	\$ 127	\$ 127
Concentrate and copper cathode	155	110
Precious metals	20	12
Materials, supplies and other	446	451
	\$ 748	\$ 700

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 17 STOCKPILES AND ORE ON LEACH PADS

	At June 30, 2015	At December 31, 2014
Current:		
Stockpiles	\$ 565	\$ 445
Ore on leach pads	226	221
	\$ 791	\$ 666
Long-term:		
Stockpiles	\$ 2,559	\$ 2,599
Ore on leach pads	264	221
	\$ 2,823	\$ 2,820

	At June 30, 2015	At December 31, 2014
Stockpiles and ore on leach pads:		
Carlin	\$ 425	\$ 399
Phoenix	104	103
Twin Creeks	296	285
Yanacocha	492	459
Boddington	401	390
Tanami	6	14
Waihi	2	2
Kalgoorlie	117	116
Batu Hijau	1,241	1,242
Ahafo	418	376
Akyem	112	100
	\$ 3,614	\$ 3,486

The Company recorded write-downs of \$97 and \$44 classified as components of Costs applicable to sales and Depreciation and amortization, respectively, for the first half of 2015 to reduce the carrying value of stockpiles and ore on leach pads to net realizable value. Adjustments to net realizable value are a result of current and prior stripping costs, lower long-term metal prices in relation to the Company's long term price assumptions and higher estimated

future processing costs. Of the write-downs in the first half of 2015, \$74 are related to Carlin, \$7 to Twin Creeks, \$21 to Boddington and \$39 to Yanacocha.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 18 OTHER ASSETS

	At June 30, 2015	At December 31, 2014
Other current assets:		
Refinery metal inventory and receivable	\$ 711	\$ 606
Prepaid assets	96	147
Other refinery metal receivables	81	124
Derivative instruments	—	1
Other	21	3
	\$ 909	\$ 881
Other long-term assets:		
Income tax receivable	\$ 212	\$ 215
Restricted cash	181	127
Prepaid royalties	125	125
Goodwill	105	105
Intangible assets	104	109
Debt issuance costs	53	58
Taxes other than income and mining	46	59
Prepaid maintenance costs	37	30
Other	47	55
	\$ 910	\$ 883

## NOTE 19 DEBT



Scheduled minimum debt repayments are \$100 for the remainder of 2015, \$212 in 2016, \$765 in 2017, \$nil in 2018, \$1,175 in 2019 and \$4,200 thereafter. Scheduled minimum capital lease repayments are \$1 in 2015, \$3 in 2016 and 2017, \$1 in 2018 and 2019 and \$3 thereafter.

In the first quarter of 2015, the Company made a payment of \$200 on the Term Loan Facility, leaving the principal balance at \$275 due in 2019. In the second quarter of 2015, the Company paid the remaining outstanding balance of \$25 on the Ahafo Project Finance Facility. In the first half of 2015, the Company made debt payments of \$55 on the PTNNT Revolving Credit Facility, leaving the principal balance at \$500.

On March 3, 2015 the Company's \$3,000 Corporate Revolving Credit Facility was amended to extend \$2,725 of the facility to March 3, 2020. On June 17, 2015 the Company's Corporate Revolving Credit Facility was further amended to extend \$175 of the facility, not previously extended, to March 3, 2020. The remaining \$100 matures on March 31, 2019. Fees and other debt issuance costs related to the extension of the facility were capitalized and will be amortized over the term of the facility. There are no borrowings outstanding under the facility at June 30, 2015.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 20 OTHER LIABILITIES

	At June 30, 2015	At December 31, 2014
Other current liabilities:		
Refinery metal payable and liabilities	\$ 711	\$ 606
Deferred income tax	125	132
Accrued operating costs	110	99
Interest	72	71
Accrued capital expenditures	68	59
Derivative instruments	64	72
Reclamation and remediation liabilities	64	83
Royalties	52	67
Taxes other than income and mining	12	21
Holt property royalty	12	12
Other	41	23
	\$ 1,331	\$ 1,245
Other long-term liabilities:		
Holt property royalty	\$ 136	\$ 167
Income and mining taxes	63	79
Derivative instruments	40	53
Power supply agreements	33	35
Social development obligations	29	29
Boddington contingent consideration	10	10
Other	22	22
	\$ 333	\$ 395



Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 21 CHANGES IN EQUITY

	Six Months Ended June 30,	
	2015	2014
Common stock:		
At beginning of period	\$ 798	\$ 789
Redemptions of Exchangeable Shares	—	8
Stock based awards	2	1
Stock issuance	46	—
At end of period	846	798
Additional paid-in capital:		
At beginning of period	8,712	8,538
Redemption of Exchangeable Shares	—	(8)
Stock based awards	38	74
Sale of noncontrolling interests	12	32
Stock issuance	629	—
At end of period	9,391	8,636
Accumulated other comprehensive income (loss):		
At beginning of period	(478)	(182)
Other comprehensive income (loss)	38	(60)
At end of period	(440)	(242)
Retained earnings:		
At beginning of period	1,242	848
Net income (loss) attributable to Newmont stockholders	255	280
Dividends Paid	(23)	(89)
At end of period	1,474	1,039
Noncontrolling interests:		
At beginning of period	2,815	2,916
Net income (loss) attributable to noncontrolling interests	122	(87)
Dividends paid to noncontrolling interests	(3)	(4)
Sale of noncontrolling interests, net	63	35
At end of period	2,997	2,860
Total equity	\$ 14,268	\$ 13,091

## NOTE 22 RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Unrealized (loss) on marketable securities, net	Foreign currency translation adjustments	Pension and other post retirement benefit adjustments	Changes in fair value of cash flow hedge instruments	Total
December 31, 2014	\$ (142)	\$ 127	\$ (249)	\$ (214)	\$ (478)
Change in other comprehensive income (loss) before reclassifications	(79)	(5)	34	(17)	(67)
Reclassifications from accumulated other comprehensive income (loss)	72	—	10	23	105
Net current-period other comprehensive income (loss)	(7)	(5)	44	6	38
June 30, 2015	\$ (149)	\$ 122	\$ (205)	\$ (208)	\$ (440)

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in the Condensed Consolidated Statement of Income
	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	
<b>Marketable securities adjustments:</b>					
Sale of marketable securities	\$ —	\$ (1)	\$ (1)	\$ (5)	Other income, net
Impairment of marketable securities	16	—	73	1	Other income, net
Total before tax	16	(1)	72	(4)	
Tax benefit (expense)	—	—	—	1	
Net of tax	\$ 16	\$ (1)	\$ 72	\$ (3)	
<b>Pension liability adjustments:</b>					
Amortization, net	\$ 7	\$ 4	\$ 14	\$ 7	(1)
Total before tax	7	4	14	7	
Tax benefit (expense)	(2)	(1)	(4)	(2)	
Net of tax	\$ 5	\$ 3	\$ 10	\$ 5	
<b>Hedge instruments adjustments:</b>					
Operating cash flow hedges (effective portion)	\$ 12	\$ (23)	\$ 26	\$ (28)	Costs applicable to sales
Operating cash flow hedges (ineffective portion)	—	—	(1)	—	Other income, net
Forward starting swap hedges	4	4	9	9	Interest expense, net
Total before tax	16	(19)	34	(19)	
Tax benefit (expense)	(5)	6	(11)	6	
Net of tax	\$ 11	\$ (13)	\$ 23	\$ (13)	
Total reclassifications for the period, net of tax	\$ 32	\$ (11)	\$ 105	\$ (11)	

(1) This accumulated other comprehensive income (loss) component is included in General and administrative and costs that benefit the inventory/production process. Refer to Note 2 to the Consolidated Financial Statements for the year ended December 31, 2014 filed February 20, 2015 on Form 10-K for information on costs that benefit the inventory/production process.

## NOTE 23 NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided by operations attributable to the net change in operating assets and liabilities is composed of the following:

	Six Months Ended June 30,	
	2015	2014
Decrease (increase) in operating assets:		
Trade and other accounts receivables	\$ (89)	\$ 68
Inventories, stockpiles and ore on leach pads	(179)	(359)
EGR refinery and other assets	(82)	(123)
Other assets	78	(47)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	(40)	(92)
EGR refinery and other liabilities	82	123
Reclamation liabilities	(38)	(23)
	\$ (268)	\$ (453)

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 24 CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The following Condensed Consolidating Financial Statements are presented to satisfy disclosure requirements of Rule 3-10(e) of Regulation S-X resulting from the inclusion of Newmont USA Limited (“Newmont USA”), a wholly-owned subsidiary of Newmont, as a co-registrant with Newmont on debt securities issued under a shelf registration statement on Form S-3 filed under the Securities Act of 1933 under which securities of Newmont (including debt securities guaranteed by Newmont USA) may be issued (the “Shelf Registration Statement”). In accordance with Rule 3-10(e) of Regulation S-X, Newmont USA, as the subsidiary guarantor, is 100% owned by Newmont, the guarantees are full and unconditional, and no other subsidiary of Newmont guaranteed any security issued under the Shelf Registration Statement. There are no restrictions on the ability of Newmont or Newmont USA to obtain funds from its subsidiaries by dividend or loan.

Condensed Consolidating Statement of Operation	Three Months Ended June 30, 2015				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation		Other Subsidiaries	Eliminations	
	USA				
Sales	\$ —	\$ 445	\$ 1,463	\$ —	\$ 1,908
Costs and expenses					
Costs applicable to sales (1)	—	282	737	—	1,019
Depreciation and amortization	1	72	203	—	276
Reclamation and remediation	—	4	22	—	26
Exploration	—	10	38	—	48
Advanced projects, research and development	—	3	30	—	33
General and administrative	—	20	31	—	51
Other expense, net	—	10	42	—	52
	1	401	1,103	—	1,505
Other income (expense)					
Other income, net	19	1	(43)	—	(23)
Interest income - intercompany	33	10	3	(46)	—
Interest expense - intercompany	(4)	—	(42)	46	—
Interest expense, net	(71)	(2)	(9)	—	(82)
	(23)	9	(91)	—	(105)
Income (loss) before income and mining tax and other items	(24)	53	269	—	298
Income and mining tax benefit (expense)	10	(8)	(154)	—	(152)



Edgar Filing: NEWMONT MINING CORP /DE/ - Form 10-Q

Equity income (loss) of affiliates	86	(22)	20	(91)	(7)
Income (loss) from continuing operations	72	23	135	(91)	139
Income (loss) from discontinued operations	—	—	9	—	9
Net income (loss)	72	23	144	(91)	148
Net loss (income) attributable to noncontrolling interests	—	—	(102)	26	(76)
Net income (loss) attributable to Newmont stockholders	\$ 72	\$ 23	\$ 42	\$ (65)	\$ 72
Comprehensive income (loss)	124	67	151	(142)	200
Comprehensive loss (income) attributable to noncontrolling interests	—	—	(102)	26	(76)
Comprehensive income (loss) attributable to Newmont stockholders	\$ 124	\$ 67	\$ 49	\$ (116)	\$ 124

---

(1) Excludes Depreciation and amortization and Reclamation and remediation.

Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Condensed Consolidating Statement of Operation	Three Months Ended June 30, 2014				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	
Sales	\$ —	\$ 485	\$ 1,280	\$ —	\$ 1,765
Costs and expenses					
Costs applicable to sales (1)	—	304	756	—	1,060
Depreciation and amortization	1	71	234	—	306
Reclamation and remediation	—	3	18	—	21
Exploration	—	5	36	—	41
Advanced projects, research and development	—	10	32	—	42
General and administrative	—	27	21	—	48
Other expense, net	—	9	55	—	64
	1	429	1,152	—	1,582
Other income (expense)					
Other income, net	(3)	(2)	8	—	3
Interest income - intercompany	30	—	3	(33)	—
Interest expense - intercompany	(3)	—	(30)	33	—
Interest expense, net	(83)	(1)	(10)	—	(94)
	(59)	(3)	(29)	—	(91)
Income (loss) before income and mining tax and other items	(60)	53	99	—	92
Income and mining tax benefit (expense)	11	(8)	50	—	53
Equity income (loss) of affiliates	229	58	23	(308)	2
Income (loss) from continuing operations	180	103	172	(308)	147
Income (loss) from discontinued operations	—	—	(2)	—	(2)
Net income (loss)	180	103	170	(308)	145
Net loss (income) attributable to noncontrolling interests	—	—	23	12	35
Net income (loss) attributable to Newmont stockholders	\$ 180	\$ 103	\$ 193	\$ (296)	\$ 180
Comprehensive income (loss)	143	112	145	(290)	110
Comprehensive loss (income) attributable to noncontrolling interests	—	—	24	9	33
Comprehensive income (loss) attributable to Newmont stockholders	\$ 143	\$ 112	\$ 169	\$ (281)	\$ 143

(1) Excludes Depreciation and amortization and Reclamation and remediation.



Table of Contents

## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Condensed Consolidating Statement of Operation	Six Months Ended June 30, 2015				Newmont Mining Corporation Consolidated
	Newmont Mining Newmont		Other	Eliminations	
	USA	Subsidiaries			
Sales	\$ —	\$ 947	\$ 2,933	\$ —	\$ 3,880
Costs and expenses					
Costs applicable to sales (1)	—	570	1,468	—	2,038
Depreciation and amortization	2	149	414	—	565
Reclamation and remediation	—	7			