

NEWMONT MINING CORP /DE/

Form 10-Q

July 26, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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Form 10-Q

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(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, 2018

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

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NEWMONT MINING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

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

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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 533,398,733 shares of common stock outstanding on July 19, 2018.

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## NEWMONT MINING CORPORATION

## SECOND QUARTER 2018 RESULTS AND HIGHLIGHTS

(unaudited, in millions, except per share, per ounce and per pound)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Financial Results:</b>				
Sales	\$ 1,662	\$ 1,875	\$ 3,479	\$ 3,565
Gold	\$ 1,581	\$ 1,799	\$ 3,320	\$ 3,418
Copper	\$ 81	\$ 76	\$ 159	\$ 147
Costs applicable to sales (1)	\$ 965	\$ 999	\$ 1,994	\$ 1,956
Gold	\$ 919	\$ 955	\$ 1,901	\$ 1,873
Copper	\$ 46	\$ 44	\$ 93	\$ 83
Net income (loss) from continuing operations	\$ 280	\$ 166	\$ 449	\$ 247
Net income (loss)	\$ 298	\$ 151	\$ 489	\$ 209
Net income (loss) from continuing operations attributable to Newmont stockholders	\$ 274	\$ 190	\$ 444	\$ 260
Per common share, diluted:				
Net income (loss) from continuing operations attributable to Newmont stockholders	\$ 0.51	\$ 0.36	\$ 0.83	\$ 0.49
Net income (loss) attributable to Newmont stockholders	\$ 0.54	\$ 0.33	\$ 0.90	\$ 0.42
Adjusted net income (loss) (2)	\$ 144	\$ 248	\$ 329	\$ 384
Adjusted net income (loss) per share, diluted (2)	\$ 0.26	\$ 0.46	\$ 0.61	\$ 0.72
Earnings before interest, taxes and depreciation and amortization (2)	\$ 633	\$ 709	\$ 1,270	\$ 1,270
Adjusted earnings before interest, taxes and depreciation and amortization (2)	\$ 545	\$ 699	\$ 1,189	\$ 1,273
Net cash provided by (used in) operating activities of continuing operations			\$ 667	\$ 902
Free Cash Flow (2)			\$ 178	\$ 539
Cash dividends declared per common share	\$ 0.14	\$ 0.05	\$ 0.28	\$ 0.10
<b>Operating Results:</b>				
Consolidated gold ounces (thousands):				
Produced	1,242	1,440	2,528	2,767
Sold	1,224	1,439	2,536	2,767
Attributable gold ounces (thousands):				
Produced	1,162	1,352	2,371	2,586
Sold	1,147	1,350	2,378	2,579
Consolidated and attributable copper pounds (millions):				
Produced	31	31	57	60
Sold	27	32	54	58
Average realized price:				
Gold (per ounce)	\$ 1,292	\$ 1,250	\$ 1,310	\$ 1,235

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Copper (per pound)	\$ 2.99	\$ 2.46	\$ 2.93	\$ 2.56
Consolidated costs applicable to sales: (1)(2)				
Gold (per ounce)	\$ 751	\$ 664	\$ 750	\$ 677
Copper (per pound)	\$ 1.70	\$ 1.38	\$ 1.72	\$ 1.43
All-in sustaining costs: (2)				
Gold (per ounce)	\$ 1,024	\$ 883	\$ 998	\$ 891
Copper (per pound)	\$ 2.05	\$ 1.69	\$ 2.06	\$ 1.72

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

(2) See “Non-GAAP Financial Measures” beginning on page 68.

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### Second Quarter 2018 Highlights

- Net income (loss): Delivered Net income (loss) from continuing operations attributable to Newmont stockholders of \$274 or \$0.51 per diluted share, an increase of \$84 from the prior-year quarter, primarily due to lower income taxes, a gain from the sale of the Company's royalty portfolio in June 2018 and higher average realized prices, partially offset by lower production at CC&V, Boddington, Akyem and Twin Creeks.
- Adjusted net income (loss): Delivered Adjusted net income (loss) of \$144 or \$0.26 per diluted share, a 43% decrease from the prior-year quarter (See "Non-GAAP Financial Measures" beginning on page 68).
- Adjusted EBITDA: Generated \$545 in Adjusted EBITDA, a 22% decrease from the prior-year quarter (See "Non-GAAP Financial Measures" beginning on page 68).
- Cash Flow: Reported Net cash provided by (used in) operating activities of continuing operations of \$667 for the six months ended June 30, 2018, a 26% decrease from the prior year, and free cash flow of \$178 (See "Non-GAAP Financial Measures" beginning on page 68).
- Portfolio improvements: Agreement to acquire 50% ownership interest in Galore Creek from NovaGold, partnering with Teck Resources Limited; completed Twin Underground and Northwest Exodus projects in Nevada; advanced the Akyem Underground project to prefeasibility study in Africa; welcomed Sumitomo Corporation as a new 5% partner at Yanacocha in Peru; and divested royalty portfolio forming a strategic partnership with Maverix Metals.
- Attributable gold production: Decreased 14% to 1.16 million ounces primarily from lower grades at Carlin, Twin Creeks, Boddington and Akyem and a build of CC&V concentrate inventory to be processed in Nevada.
- Financial strength: Ended the quarter with \$3.1 billion cash on hand and net debt under \$1.0 billion; an industry-leading balance sheet with investment-grade credit profile; and a quarterly dividend declared of \$0.14 per share, an increase of 87% over the prior-year quarter.

### Our global project pipeline

Newmont's capital-efficient project pipeline supports stable production with improving margins and mine life. Near-term development capital projects and those recently completed are presented below. Funding for Subika Underground, Ahafo Mill Expansion, Twin Underground, Quecher Main and Tanami Power projects has been approved and these projects are in execution.

Subika Underground, Africa. This project leverages existing infrastructure and an optimized approach to develop Ahafo's most promising underground resource. First production was achieved in June 2017 with commercial production expected in the fourth quarter of 2018. The project is expected to have an average annual gold production of between 150,000 and 200,000 ounces per year for the first five years beginning in 2019 with an initial mine life of approximately 11 years. Development capital costs (excluding capitalized interest) since approval were \$130, of which \$24 related to the second quarter of 2018.

Ahafo Mill Expansion, Africa. This project is designed to maximize resource value by improving production margins and accelerating stockpile processing. The project also supports profitable development of Ahafo's highly prospective underground resources. The expansion is expected to have an average annual gold production of between 75,000 and 100,000 ounces per year for the first five years beginning in 2020. Development capital costs (excluding capitalized interest) since approval were \$83, of which \$21 related to the second quarter of 2018. A tragic construction accident occurred in April which resulted in six fatalities. We continue to work with the government of Ghana for a safe restart in August. The delay will shift first gold into the second half of 2019, while commercial production remains in the second half of 2019.

Twin Underground, North America. This project is a portal mine beneath Twin Creek's Vista surface mine with similar mineralization. First production was achieved in August 2017, and commercial production was declared in July 2018. The expansion will add between 30,000 and 40,000 ounces of gold per year between 2018 and 2022. The project was completed on schedule for \$42.

Quecher Main, South America. This project will add oxide production at Yanacocha, leverage existing infrastructure and enable potential future growth at Yanacocha. First production is expected in late 2018 with commercial production in the second half of 2019. Quecher Main extends the life of the Yanacocha operation to 2027 with average annual gold production of about 200,000 ounces per year (on a consolidated basis) between 2020 and 2025. Development capital costs (excluding capitalized interest) since approval were \$41, of which \$20 related to the second quarter of 2018.

Tanami Power, Australia. This project will lower power costs beginning in 2019, mitigate fuel supply risk and reduce carbon emissions. The project includes a 450 kilometer natural gas pipeline to be constructed connecting the Tanami site to the Amadeus Gas Pipeline, and construction and operation of two on-site power stations. The gas supply, gas transmission and power purchase agreements are for a ten year term with options to extend.

We manage our wider project portfolio to maintain flexibility to address the development risks associated with our projects including permitting, local community and government support, engineering and procurement availability, technical issues, escalating costs and other associated risks that could adversely impact the timing and costs of certain opportunities.



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## PART I—FINANCIAL INFORMATION

## ITEM 1.FINANCIAL STATEMENTS.

## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in millions except per share)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Sales (Note 4)	\$ 1,662	\$ 1,875	\$ 3,479	\$ 3,565
Costs and expenses:				
Costs applicable to sales (1)	965	999	1,994	1,956
Depreciation and amortization	279	310	580	610
Reclamation and remediation (Note 5)	37	43	65	72
Exploration	54	51	94	87
Advanced projects, research and development	36	32	70	58
General and administrative	63	58	122	113
Other expense, net (Note 6)	13	14	24	31
	1,447	1,507	2,949	2,927
Other income (expense):				
Other income, net (Note 7)	139	31	160	22
Interest expense, net of capitalized interest	(49)	(64)	(102)	(131)
	90	(33)	58	(109)
Income (loss) before income and mining tax and other items	305	335	588	529
Income and mining tax benefit (expense) (Note 8)	(18)	(166)	(123)	(277)
Equity income (loss) of affiliates	(7)	(3)	(16)	(5)
Net income (loss) from continuing operations	280	166	449	247
Net income (loss) from discontinued operations (Note 9)	18	(15)	40	(38)
Net income (loss)	298	151	489	209
Net loss (income) attributable to noncontrolling interests (Note 10)	(6)	24	(5)	13
Net income (loss) attributable to Newmont stockholders	\$ 292	\$ 175	\$ 484	\$ 222
Net income (loss) attributable to Newmont stockholders:				
Continuing operations	\$ 274	\$ 190	\$ 444	\$ 260
Discontinued operations	18	(15)	40	(38)
	\$ 292	\$ 175	\$ 484	\$ 222
Net income (loss) per common share (Note 11):				
Basic:				
Continuing operations	\$ 0.52	\$ 0.36	\$ 0.84	\$ 0.49

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Discontinued operations	0.03	(0.03)	0.07	(0.07)
	\$ 0.55	\$ 0.33	\$ 0.91	\$ 0.42
Diluted:				
Continuing operations	\$ 0.51	\$ 0.36	\$ 0.83	\$ 0.49
Discontinued operations	0.03	(0.03)	0.07	(0.07)
	\$ 0.54	\$ 0.33	\$ 0.90	\$ 0.42
Cash dividends declared per common share	\$ 0.14	\$ 0.05	\$ 0.28	\$ 0.10

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

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	\$ 298	\$ 151	\$ 489	\$ 209
Other comprehensive income (loss):				
Change in marketable securities, net of tax of \$-, \$-, \$- and \$-, respectively	(1)	(4)	1	(11)
Foreign currency translation adjustments	(1)	—	(4)	4
Change in pension and other post-retirement benefits, net of tax of \$(2), \$(1), \$(3) and \$(5), respectively	4	3	9	9
Change in fair value of cash flow hedge instruments, net of tax of \$(2), \$(3), \$(3) and \$(7), respectively	5	5	9	14
Other comprehensive income (loss)	7	4	\$ 15	\$ 16
Comprehensive income (loss)	\$ 305	\$ 155	\$ 504	\$ 225
Comprehensive income (loss) attributable to:				
Newmont stockholders	\$ 299	\$ 179	\$ 499	\$ 238
Noncontrolling interests	6	(24)	5	(13)
	\$ 305	\$ 155	\$ 504	\$ 225

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions)

	Six Months Ended June 30,	
	2018	2017
Operating activities:		
Net income (loss)	\$ 489	\$ 209
Adjustments:		
Depreciation and amortization	580	610
Stock-based compensation (Note 13)	38	35
Reclamation and remediation	61	68
Loss (income) from discontinued operations (Note 9)	(40)	38
Deferred income taxes	(19)	76
Gain on asset and investment sales, net	(99)	(16)
Write-downs of inventory and stockpiles and ore on leach pads	158	92
Other operating adjustments	9	58
Net change in operating assets and liabilities (Note 23)	(510)	(268)
Net cash provided by (used in) operating activities of continuing operations	667	902
Net cash provided by (used in) operating activities of discontinued operations (1)	(5)	(9)
Net cash provided by (used in) operating activities	662	893
Investing activities:		
Additions to property, plant and mine development	(489)	(363)
Acquisitions, net	(39)	—
Proceeds from sales of investments	15	19
Purchases of investments	(6)	(113)
Other	2	17
Net cash provided by (used in) investing activities	(517)	(440)
Financing activities:		
Dividends paid to common stockholders	(150)	(54)
Repurchase of common stock	(70)	—
Distributions to noncontrolling interests	(69)	(80)
Funding from noncontrolling interests	52	46
Proceeds from sale of noncontrolling interests	48	—
Payments for withholding of employee taxes related to stock-based compensation	(39)	(13)
Other	(3)	(6)
Net cash provided by (used in) financing activities	(231)	(107)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	2
Net change in cash, cash equivalents and restricted cash	(88)	348
Cash, cash equivalents and restricted cash at beginning of period	3,298	2,782
Cash, cash equivalents and restricted cash at end of period	\$ 3,210	\$ 3,130
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 3,127	\$ 3,105

Restricted cash included in Other current assets	1	2
Restricted cash included in Other noncurrent assets	82	23
Total cash, cash equivalents and restricted cash	\$ 3,210	\$ 3,130

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(1) Net cash provided by (used in) operating activities of discontinued operations includes \$(5) and \$(6) related to the Holt royalty obligation and \$- and \$(3) related to closing costs for the sale of Batu Hijau, all of which were paid out of Cash and cash equivalents held for use for the six months ended June 30, 2018 and 2017, respectively. For additional information regarding the Company's discontinued operations, see Note 9.

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions)

	At June 30, 2018	At December 31, 2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,127	\$ 3,259
Trade receivables (Note 4)	133	124
Other accounts receivables	101	113
Investments (Note 16)	56	62
Inventories (Note 17)	697	679
Stockpiles and ore on leach pads (Note 18)	711	676
Other current assets	142	153
Current assets	4,967	5,066
Property, plant and mine development, net	12,351	12,338
Investments (Note 16)	353	280
Stockpiles and ore on leach pads (Note 18)	1,837	1,848
Deferred income tax assets	537	549
Other non-current assets	610	565
Total assets	\$ 20,655	\$ 20,646
<b>LIABILITIES</b>		
Lease and other financing obligations (Note 20)	\$ 13	\$ 4
Accounts payable	360	375
Employee-related benefits	240	309
Income and mining taxes payable	71	248
Other current liabilities (Note 21)	396	462
Current liabilities	1,080	1,398
Debt (Note 19)	4,042	4,040
Lease and other financing obligations (Note 20)	66	21
Reclamation and remediation liabilities (Note 5)	2,369	2,345
Deferred income tax liabilities	589	595
Employee-related benefits	392	386
Other non-current liabilities (Note 21)	284	342
Total liabilities	8,822	9,127
Contingently redeemable noncontrolling interest (Note 10)	48	—
<b>EQUITY</b>		
Common stock	857	855
Treasury stock	(69)	(30)
Additional paid-in capital	9,595	9,592
Accumulated other comprehensive income (loss) (Note 22)	(162)	(292)
Retained earnings	592	410
Newmont stockholders' equity	10,813	10,535

Noncontrolling interests	972	984
Total equity	11,785	11,519
Total liabilities and equity	\$ 20,655	\$ 20,646

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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## NEWMONT MINING CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, in millions)

	Common Stock		Treasury Stock		Additional	Accumulated	Retained	Noncontrolling	Total	Consolidated
	Shares	Amount	Shares	Amount	Paid-In Capital	Other Comprehensive Income (Loss)	Earnings	Interests	Equity	Net Income
	(in millions)									
Balance at December 31, 2017	534	\$ 855	(1)	\$ (30)	\$ 9,592	\$ (292)	\$ 410	\$ 984	\$ 11,519	\$ 1,151
Cumulative-effect adjustment of adopting ASU No. 2016-01	—	—	—	—	—	115	(115)	—	—	—
Net income (loss)	—	—	—	—	—	—	484	5	489	489
Other comprehensive income (loss)	—	—	—	—	—	15	—	—	15	15
Sale of noncontrolling interest	—	—	—	—	—	—	—	—	—	—
Dividends declared	—	—	—	—	—	—	(150)	—	(150)	(150)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(69)	(69)	(69)
Cash calls requested from noncontrolling interests	—	—	—	—	—	—	—	52	52	52
Repurchase and retirement of common stock	(2)	(3)	—	—	(30)	—	(37)	—	(70)	(70)
Withholding of employee taxes related to stock-based compensation	—	—	(1)	(39)	—	—	—	—	(39)	(39)
Stock-based awards and related share issuances	3	5	—	—	33	—	—	—	38	38
	535	\$ 857	(2)	\$ (69)	\$ 9,595	\$ (162)	\$ 592	\$ 972	\$ 11,785	\$ 1,215



Balance at  
June 30, 2018

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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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 (including normal recurring 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, 2017 filed on February 22, 2018 on Form 10-K and revisions filed April 26, 2018 on Form 8-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 (“U.S.”) generally accepted accounting principles (“GAAP”) have been condensed or omitted. References to “A\$” refers to Australian currency and “C\$” refers to Canadian currency.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

As a global mining company, the Company’s revenue, profitability and future rate of growth are substantially dependent on prevailing prices for gold and copper. 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 the Company’s financial position, results of operations, cash flows, access to capital and on the quantities of reserves that the Company can economically produce. The carrying value of the Company’s Property, plant and mine development, net; Inventories; Stockpiles and ore on leach pads and Deferred income tax assets are particularly sensitive to the outlook for commodity prices. A decline in the Company’s price outlook from current levels could result in material impairment charges related to these assets.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. The Company must make these estimates and assumptions because certain information used is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. Actual results could differ from these estimates.

Contingently Redeemable Noncontrolling Interest

Certain noncontrolling interests in consolidated entities meet the definition of redeemable financial instruments if the ability to redeem the interest is outside of the control of the consolidating entity. In such cases, these financial instruments are required to be classified outside of permanent equity (referred to as temporary equity).

Revenue Recognition

The Company adopted ASC 606, Revenue from contracts with customers, on January 1, 2018. Changes to the accounting policy as a result of adoption are discussed below.

Newmont generates revenue by selling gold and copper produced from its mining operations. Refer to Note 3 for further information regarding the Company's operating segments.

The majority of the Company's Sales come from the sale of refined gold; however, the end product at the Company's gold operations is generally doré bars. Doré is an alloy consisting primarily of gold but also containing silver and other metals. Doré is sent to refiners to produce bullion that meets the required market standard of 99.95% gold. Under the terms of the Company's refining

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NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

agreements, the doré bars are refined for a fee, and the Company's share of the refined gold and the separately-recovered silver is credited to its bullion account. Gold from doré bars credited to its bullion account is typically sold to banks or refiners.

A portion of gold sold from Boddington and Kalgoorlie in Australia, Phoenix in Nevada and CC&V in Colorado is sold in the form of concentrate which includes copper and silver. The Company's Sales also come from the sale of copper. Copper sales are generally in the form of concentrate, which is sold to smelters for further treatment and refining, and cathode. Copper sold from Boddington in Australia is sold in concentrate form and copper sold from Phoenix in Nevada is sold in either concentrate or cathode form.

Generally, if a metal expected to be mined represents more than 10 to 20% of the life of mine sales value of all the metal expected to be mined, co-product accounting should apply. When the Company applies co-product accounting at an operation, revenue is recognized for each co-product metal sold, and shared costs applicable to sales are allocated based on the relative sales values of the co-product metals produced. Generally, if metal expected to be mined is less than the 10 to 20% of the life of mine sales value, by-product accounting should apply. Revenues from by-product sales, which are immaterial, are credited to Costs applicable to sales as a by-product credit. Copper is produced as a co-product at Phoenix and Boddington. Copper and silver is produced as a by-product at certain of the Company's other operations.

Gold Sales from Doré Production

The Company recognizes revenue for gold from doré production when it satisfies the performance obligation of transferring gold inventory to the customer, which generally occurs upon transfer of gold bullion credits as this is the point at which the customer obtains the ability to direct the use and obtain substantially all of the remaining benefits of ownership of the asset.

The Company generally recognizes the sale of gold bullion credits at the prevailing market price when gold bullion credits are delivered to the customer. The transaction price is determined based on the agreed upon market price and the number of ounces delivered. Payment is due upon delivery of gold bullion credits to the customer's account.

Gold and Copper Sales from Concentrate Production

The Company recognizes revenue for gold and copper from concentrate production, net of treatment and refining charges, when it satisfies the performance obligation of transferring control of the concentrate to the customer. This generally occurs as material passes over the vessel's rail at the port of loading based on the date from the bill of lading, as the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the material and the customer has the risk of loss. Newmont has elected to account for shipping and handling costs for concentrate contracts as fulfillment activities and not as promised goods or services; therefore these activities are not considered separate performance obligations.

The Company generally sells gold and copper concentrate based on the future monthly average market price for a future month, dependent on the relevant contract, following the month in which the delivery to the customer takes place. The amount of revenue recognized for concentrates is initially recorded on a provisional basis based on the

forward prices for the estimated month of settlement and the Company's estimated metal quantities based on assay data. The Company's sales based on a provisional price 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 concentrates at the forward price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked to market through Sales each period prior to final settlement. The Company also adjusts estimated metal quantities used in computing provisional sales using new information and assay data from the smelter as it is received (if any).

A provisional payment is generally due upon delivery of the concentrate to the customer. Final payment is due upon final settlement of price and quantity with the customer.

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

The principal risks associated with recognition of sales on a provisional basis include metal price fluctuations and updated quantities between the date the sale is recorded and the date of final settlement. If a significant decline in metal prices occurs, or assay data results in a significant change in quantity between the provisional pricing date and the final settlement date, it is reasonably possible that the Company could be required to return a portion of the provisional payment received on the sale.

Copper Sales from Cathode Production

The Company recognizes revenue for copper from cathode production when it transfers control of copper cathode to the customer, which occurs when the material is picked up by the carrier. The Company generally sells copper cathode based on the weekly average market price for the week following production. The transaction price is determined based on this agreed upon price and the number of pounds delivered. Payment is due upon final settlement of price and quantity with the customer.

Recently Adopted Accounting Pronouncements

Revenue Recognition

In May 2014, ASU No. 2014-09 was issued related to revenue from contracts with customers. This ASU was further amended in August 2015, March 2016, April 2016, May 2016, December 2016 and September 2017 by ASU No. 2015-14, No. 2016-08, No. 2016-10, No. 2016-12, No. 2016-20 and No. 2017-13, respectively. 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 company retrospectively adopted this standard as of January 1, 2018. As there were no contracts outstanding as of December 31, 2017, there was no cumulative effect adjustment required to be recognized at January 1, 2018. The comparative information has not been adjusted and continues to be reported under the accounting standards in effect for those periods.

The adoption of this standard primarily impacts the timing of revenue recognition on certain concentrate contracts based on the Company's determination of when control is transferred. Revenue related to concentrate shipments is now generally recognized upon completion of loading the material for shipment to the customer and satisfaction of the Company's significant performance obligation. Prior to the adoption of this standard, revenue was recognized for these contracts when the price was determinable, the concentrate had been loaded on a vessel or received by the customer, risk and title had been transferred and collection of the sales price was reasonably assured.

Investments

In January 2016, ASU No. 2016-01 was issued related to financial instruments. This ASU was further amended in February 2018 by ASU No. 2018-03. The new guidance requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in

fair value in net income. This new guidance also updates certain disclosure requirements for these investments. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017, and upon adoption, an entity should apply the amendments with the cumulative effect of initially applying the guidance recognized at January 1, 2018. The Company adopted this standard as of January 1, 2018. Upon adoption, the Company reclassified \$115 of unrealized holding gains and losses and deferred income taxes related to investments in marketable equity securities from Accumulated other comprehensive income (loss) to Retained earnings in the Consolidated Balance Sheets.

#### Statement of Cash Flows

In August 2016, ASU No. 2016-15 was issued related to the statement of cash flows. This new guidance addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update is effective in fiscal years, including interim periods, beginning

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after December 15, 2017. The Company adopted the guidance as of January 1, 2018. Upon adoption, the Company reclassified \$6 for the six months ended June 30, 2017 of Acquisitions, net previously reported as a cash outflow from investing activities, to operating activities on the Consolidated Statements of Cash Flows related to contingent consideration payments.

Intra-Entity Transfers

In October 2016, ASU No. 2016-16 was issued related to the intra-entity transfers of assets other than inventory. This new guidance requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017. The Company adopted this guidance as of January 1, 2018, and determined it had no impact on the Consolidated Financial Statements or disclosures.

Restricted Cash

In November 2016, ASU No. 2016-18 was issued related to the inclusion of restricted cash in the statement of cash flows. This new guidance requires that a statement of cash flows present the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017, and early adoption is permitted. The Company retrospectively adopted this guidance as of December 31, 2017. Upon adoption, the Company included a reconciliation of Cash and cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the total shown in the Consolidated Statements of Cash Flows. Adoption of this guidance had no other impact on the Consolidated Financial Statements or disclosures.

Employee Benefits

In March 2017, ASU No. 2017-07 was issued related to the presentation of net periodic pension and postretirement cost. The new guidance requires the service cost component of net benefit costs to be classified similar to other compensation costs arising from services rendered by employees. Other components of net benefit costs are required to be classified separately from the service cost and outside income from operations. The Company adopted this guidance as of January 1, 2018. The adoption of this guidance resulted in the recognition of other components of net benefit costs within Other income, net rather than Costs applicable to sales or General and administrative and is no longer included in costs that benefit the inventory or production process. Adoption of this guidance did not have a material impact on the Consolidated Financial Statements or disclosures.

Hedging

In August 2017, ASU No. 2017-12 was issued related to hedge accounting. The new guidance expands the ability to hedge nonfinancial risk components, eliminates the current requirement to separately measure and report hedge ineffectiveness, and requires the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item, when reclassified from Accumulated other comprehensive income (loss). The guidance also eases certain hedge effectiveness documentation and assessment requirements. This update is effective in fiscal years, including interim periods, beginning after December 15, 2018, and early adoption is



permitted. The Company adopted this guidance as of January 1, 2018, and there was no material impact on the Consolidated Financial Statements or disclosures as a result of adoption.

#### Recently Issued Accounting Pronouncements

##### Leases

In February 2016, ASU No. 2016-02 was issued related to leases, which was further amended in September 2017 by ASU No. 2017-13, in January 2018 by ASU No. 2018-01 and in July 2018 by ASU No. 2018-10. The new guidance modifies the classification

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

criteria and requires lessees to recognize right-of-use assets and lease liabilities arising from most leases on the balance sheet with additional disclosures about leasing arrangements. This update is effective in fiscal years, including interim periods, beginning after December 15, 2018, and early adoption is permitted. The Company anticipates adopting the new guidance as of January 1, 2019.

The Company has begun its assessment of the new guidance and the impact it will have on the Consolidated Financial Statements and disclosures, and expects to complete its analysis in 2018. To date, the Company has formed a cross-functional implementation team; commenced a completeness assessment over the lease population; begun the evaluation of the various practical expedients and policy elections that will be adopted; started to establish new policies, procedures and internal controls related to the new standard; and commenced the review of contracts that are expected to be outstanding as of the adoption date.

Management is still completing its assessment of the impacts; however, based on the procedures performed, management has identified certain service contracts that contain embedded leases under the revised guidance. The Company expects that the adoption of the new standard will gross up the Consolidated Balance Sheets with the recognition of right-of-use assets and lease liabilities related to operating leases. The Company does not expect there will be a material impact to the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows. The Company is in the process of assessing the required disclosures of the new standard, and expects to provide additional qualitative and quantitative disclosures related to leasing arrangements upon adoption.

Other Comprehensive Income Reclassifications Related to Tax Reform

In February 2018, ASU 2018-02 was issued allowing companies the option to reclassify to retained earnings the tax effects related to items in Accumulated other comprehensive income (loss) as a result of the Tax Cuts and Jobs Act (the "Act") that was enacted on December 22, 2017. This update is effective in fiscal years, including interim periods, beginning after December 15, 2018, and early adoption is permitted. This guidance should be applied either in the period of adoption or retrospectively to each period in which the effects of the change in the U.S. federal income tax rate in the Act is recognized. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

NOTE 3 SEGMENT INFORMATION

The Company has organized its operations into four geographic regions. The geographic regions include North America, South America, Australia and Africa and represent the Company's operating segments. The results of these operating segments are reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. As a result, these operating segments represent the Company's reportable segments. Notwithstanding this structure, the Company internally reports information on a mine-by-mine basis for each mining operation and has chosen to disclose this information on the following tables. Income (loss) before income and mining tax and other items from reportable segments does not reflect general

corporate expenses, interest (except project-specific interest) or income and mining taxes. Intercompany revenue and expense amounts have been eliminated within each segment in order to report on the basis that management uses internally for evaluating segment performance. Newmont's business activities that are not considered operating segments are included in Corporate and Other. Although they are not required to be included in this footnote, they are provided for reconciliation purposes.

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Unless otherwise noted, the Company presents only the reportable segments of its continuing operations in the tables below. The financial information relating to the Company's segments is as follows:

		Costs	Depreciation	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Three Months Ended	Sales	Applicable to Sales	and Amortization			
June 30, 2018						
Carlin	\$ 244	\$ 178	\$ 43	\$ 8	\$ 13	\$ 42
Phoenix:						
Gold	63	44	10			
Copper	21	14	4			
Total Phoenix	84	58	14	1	10	11
Twin Creeks	114	66	16	3	33	22
Long Canyon	56	18	19	6	11	2
CC&V	88	42	14	1	25	9
Other North America	—	—	1	9	(9)	2
North America	586	362	107	28	83	88
Yanacocha	147	92	22	12	(3)	24
Merian	132	61	20	6	46	27
Other South America	—	—	4	8	(13)	1
South America	279	153	46	26	30	52
Boddington:						
Gold	220	130	24			
Copper	60	32	6			
Total Boddington	280	162	30	—	92	10
Tanami	134	74	16	4	43	26
Kalgoorlie	122	62	6	3	53	5
Other Australia	—	—	2	2	(2)	—
Australia	536	298	54	9	186	41
Ahafo	132	90	29	4	6	64
Akyem	129	62	41	4	21	11

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Other Africa	—	—	—	1	(3)	—
Africa	261	152	70	9	24	75
Corporate and Other	—	—	2	18	(18)	2
Consolidated	\$ 1,662	\$ 965	\$ 279	\$ 90	\$ 305	\$ 258

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(1) Consolidated capital expenditures on a cash basis were \$258.

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

		Costs	Depreciation	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Three Months Ended June 30, 2017	Sales	Applicable to Sales	and Amortization			
Carlin	\$ 279	\$ 170	\$ 46	\$ 5	\$ 55	\$ 48
Phoenix:						
Gold	67	46	12			
Copper	24	16	4			
Total Phoenix	91	62	16	3	9	4
Twin Creeks	156	61	17	2	72	9
Long Canyon	57	13	18	5	21	3
CC&V	166	74	33	3	53	4
Other North America	—	—	1	4	(5)	1
North America	749	380	131	22	205	69
Yanacocha	149	134	34	8	(59)	9
Merian	150	64	26	4	54	22
Other South America	—	—	3	9	(16)	—
South America	299	198	63	21	(21)	31
Boddington:						
Gold	262	147	31			
Copper	52	28	6			
Total Boddington	314	175	37	1	94	14
Tanami	123	58	15	6	55	28
Kalgoorlie	113	55	5	1	52	4
Other Australia	—	—	1	2	(5)	2
Australia	550	288	58	10	196	48
Ahafo	112	60	15	10	25	36
Akyem	165	73	40	5	45	6
Other Africa	—	—	—	1	(4)	—
Africa	277	133	55	16	66	42

Corporate and Other	—	—	3	14	(111)	2
Consolidated	\$ 1,875	\$ 999	\$ 310	\$ 83	\$ 335	\$ 192

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(1) Includes an increase in accrued capital expenditures of \$9; consolidated capital expenditures on a cash basis were \$183.

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

		Costs	Depreciation	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Six Months Ended	Sales	Applicable to Sales	and Amortization			
June 30, 2018						
Carlin	\$ 548	\$ 377	\$ 95	\$ 15	\$ 55	\$ 72
Phoenix:						
Gold	163	106	25			
Copper	47	30	8			
Total Phoenix	210	136	33	2	36	18
Twin Creeks	224	130	31	5	64	40
Long Canyon	115	34	38	12	30	5
CC&V	171	81	29	3	51	18
Other North America	—	—	1	13	(15)	4
North America	1,268	758	227	50	221	157
Yanacocha	290	206	52	22	(31)	40
Merian	298	128	42	9	120	49
Other South America	—	—	7	15	(29)	1
South America	588	334	101	46	60	90
Boddington:						
Gold	430	258	47			
Copper	112	63	12			
Total Boddington	542	321	59	—	166	26
Tanami	301	150	35	10	110	47
Kalgoorlie	239	122	12	6	101	13
Other Australia	—	—	3	4	(4)	1
Australia	1,082	593	109	20	373	87
Ahafo	270	180	55	8	22	126
Akyem	271	129	83	7	45	21
Other Africa	—	—	—	2	(5)	—
Africa	541	309	138	17	62	147



Corporate and Other	—	—	5	31	(128)	6
Consolidated	\$ 3,479	\$ 1,994	\$ 580	\$ 164	\$ 588	\$ 487

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(1) Includes a decrease in accrued capital expenditures of \$2; consolidated capital expenditures on a cash basis were \$489.

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

		Costs	Depreciation	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Six Months Ended	Sales	Applicable to Sales	and Amortization			
June 30, 2017						
Carlin	\$ 543	\$ 378	\$ 99	\$ 8	\$ 54	\$ 96
Phoenix:						
Gold	121	90	23			
Copper	50	34	9			
Total Phoenix	171	124	32	4	7	10
Twin Creeks	258	111	31	4	107	17
Long Canyon	96	25	31	10	30	7
CC&V	322	149	65	7	99	8
Other North America	—	—	1	7	(10)	3
North America	1,390	787	259	40	287	141
Yanacocha	328	253	70	12	(50)	20
Merian	283	112	47	8	114	38
Other South America	—	—	7	19	(35)	—
South America	611	365	124	39	29	58
Boddington:						
Gold	490	269	57			
Copper	97	49	10			
Total Boddington	587	318	67	1	180	29
Tanami	215	108	31	9	75	52
Kalgoorlie	217	107	9	3	95	8
Other Australia	—	—	3	3	(20)	3
Australia	1,019	533	110	16	330	92
Ahafo	226	136	38	16	34	53
Akyem	319	135	74	6	100	12
Other Africa	—	—	—	2	(5)	—
Africa	545	271	112	24	129	65

Corporate and Other	—	—	5	26	(246)	4
Consolidated	\$ 3,565	\$ 1,956	\$ 610	\$ 145	\$ 529	\$ 360

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(1) Includes a decrease in accrued capital expenditures of \$3; consolidated capital expenditures on a cash basis were \$363.

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 4 SALES

The following table presents the Company's Sales by mining operation, product and inventory type:

	Gold Sales from Doré Production	Gold Sales from Concentrate Production	Copper Sales from Concentrate Production	Copper Sales from Cathode Production	Total Sales
Three Months Ended June 30, 2018					
Carlin	\$ 244	\$ —	\$ —	\$ —	\$ 244
Phoenix	30	33	9	12	84
Twin Creeks	114	—	—	—	114
Long Canyon	56	—	—	—	56
CC&V	88	—	—	—	88
North America	532	33	9	12	586
Yanacocha	147	—	—	—	147
Merian	132	—	—	—	132
South America	279	—	—	—	279
Boddington	64	156	60	—	280
Tanami	134	—	—	—	134
Kalgoorlie	122	—	—	—	122
Australia	320	156	60	—	536
Ahafo	132	—	—	—	132
Akyem	129	—	—	—	129
Africa	261	—	—	—	261
Consolidated	\$ 1,392	\$ 189	\$ 69	\$ 12	\$ 1,662

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Gold Sales	Gold Sales	Copper Sales	Copper Sales	
	from Doré	from Concentrate	from Concentrate	from Cathode	Total Sales
	Production	Production	Production	Production	
Three Months Ended June 30, 2017					
Carlin	\$ 279	\$ —	\$ —	\$ —	\$ 279
Phoenix	30	37	12	12	91
Twin Creeks	156	—	—	—	156
Long Canyon	57	—	—	—	57
CC&V	161	5	—	—	166
North America	683	42	12	12	749
Yanacocha	149	—	—	—	149
Merian	150	—	—	—	150
South America	299	—	—	—	299
Boddington	64	198	52	—	314
Tanami	123	—	—	—	123
Kalgoorlie	113	—	—	—	113
Australia	300	198	52	—	550
Ahafo	112	—	—	—	112
Akyem	165	—	—	—	165
Africa	277	—	—	—	277
Consolidated	\$ 1,559	\$ 240	\$ 64	\$ 12	\$ 1,875

	Gold Sales	Gold Sales	Copper Sales	Copper Sales	
	from Doré	from Concentrate	from Concentrate	from Cathode	Total Sales
	Production	Production	Production	Production	

Six Months Ended June 30, 2018

Carlin	\$ 548	\$ —	\$ —	\$ —	\$ 548
Phoenix	71	92	21	26	210
Twin Creeks	224	—	—	—	224
Long Canyon	115	—	—	—	115
CC&V	171	—	—	—	171
North America	1,129	92	21	26	1,268
Yanacocha	290	—	—	—	290
Merian	298	—	—	—	298
South America	588	—	—	—	588
Boddington	123	307	112	—	542
Tanami	301	—	—	—	301
Kalgoorlie	239	—	—	—	239
Australia	663	307	112	—	1,082
Ahafo	270	—	—	—	270
Akyem	271	—	—	—	271
Africa	541	—	—	—	541
Consolidated	\$ 2,921	\$ 399	\$ 133	\$ 26	\$ 3,479

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Gold Sales from Doré Production	Gold Sales from Concentrate Production	Copper Sales from Concentrate Production	Copper Sales from Cathode Production	Total Sales
Six Months Ended June 30, 2017					
Carlin	\$ 543	\$ —	\$ —	\$ —	\$ 543
Phoenix	54	67	27	23	171
Twin Creeks	258	—	—	—	258
Long Canyon	96	—	—	—	96
CC&V	311	11	—	—	322
North America	1,262	78	27	23	1,390
Yanacocha	328	—	—	—	328
Merian	283	—	—	—	283
South America	611	—	—	—	611
Boddington	123	367	97	—	587
Tanami	215	—	—	—	215
Kalgoorlie	217	—	—	—	217
Australia	555	367	97	—	1,019
Ahafo	226	—	—	—	226
Akyem	319	—	—	—	319
Africa	545	—	—	—	545
Consolidated	\$ 2,973	\$ 445	\$ 124	\$ 23	\$ 3,565

The following table details the receivables included within Trade receivables:

	At June 30, 2018	At December 31, 2017
Receivables from Sales:		
Gold sales from doré	\$ 36	\$ —
Gold and copper sales from concentrate production	96	117
Copper sales from cathode production	1	7

Total receivables from Sales	\$ 133	\$ 124
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The impact to Sales from revenue initially recognized in previous periods due to the changes in the final pricing and changes in quantities resulting from assays is an increase (decrease) of \$(1) and \$(1), respectively, for the three months ended June 30, 2018 and an increase (decrease) of \$1 and \$(6), respectively, for the three months ended June 30, 2017.

The impact to Sales from revenue initially recognized in previous periods due to the changes in the final pricing and changes in quantities resulting from assays is an increase (decrease) of \$(3) and \$1, respectively, for the six months ended June 30, 2018 and an increase (decrease) of \$11 and \$2, respectively, for the six months ended June 30, 2017.



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## 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 summarize the impacts of adopting this standard on the Company's Condensed Consolidated Financial Statements for the three and six months ended June 30, 2018:

	Three Months Ended June 30, 2018		Balance without Adoption of ASC 606
	As Reported	Effect of Change	
Condensed Consolidated Statement of Operations			
Sales	\$ 1,662	\$ 89	\$ 1,751
Costs applicable to sales	\$ 965	\$ 54	\$ 1,019
Depreciation and amortization	\$ 279	\$ 12	\$ 291
Income (loss) before income and mining tax and other items	\$ 305	\$ 23	\$ 328
Income and mining tax benefit (expense)	\$ (18)	\$ (6)	\$ (24)
Net income (loss)	\$ 298	\$ 17	\$ 315
Net income (loss) attributable to Newmont stockholders:			
Continuing operations	\$ 274	\$ 17	\$ 291
Discontinued operations	18	—	18
	\$ 292	\$ 17	\$ 309
Net income (loss) per common share			
Basic:			
Continuing operations	\$ 0.52	\$ 0.03	\$ 0.55
Discontinued operations	0.03	—	0.03
	\$ 0.55	\$ 0.03	\$ 0.58
Diluted:			
Continuing operations	\$ 0.51	\$ 0.03	\$ 0.54
Discontinued operations	0.03	—	0.03
	\$ 0.54	\$ 0.03	\$ 0.57

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## 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 June 30, 2018		
	As Reported	Effect of Change	Balance without Adoption of ASC 606
Condensed Consolidated Statement of Operations			
Sales	\$ 3,479	\$ (16)	\$ 3,463
Costs applicable to sales	\$ 1,994	\$ (8)	\$ 1,986
Depreciation and amortization	\$ 580	\$ (2)	\$ 578
Income (loss) before income and mining tax and other items	\$ 588	\$ (6)	\$ 582
Income and mining tax benefit (expense)	\$ (123)	\$ 2	\$ (121)
Net income (loss)	\$ 489	\$ (4)	\$ 485
Net income (loss) attributable to Newmont stockholders:			
Continuing operations	\$ 444	\$ (4)	\$ 440
Discontinued operations	40	—	40
	\$ 484	\$ (4)	\$ 480
Net income (loss) per common share			
Basic:			
Continuing operations	\$ 0.84	\$ (0.01)	\$ 0.83
Discontinued operations	0.07	—	0.07
	\$ 0.91	\$ (0.01)	\$ 0.90
Diluted:			
Continuing operations	\$ 0.83	\$ (0.01)	\$ 0.82
Discontinued operations	0.07	—	0.07
	\$ 0.90	\$ (0.01)	\$ 0.89
	Six Months Ended June 30, 2018		
	As Reported	Effect of Change	Balance without Adoption of ASC 606
Condensed Consolidated Statement of Cash Flows			
Operating activities:			
Net income (loss)	\$ 489	\$ (4)	\$ 485
Adjustments:			
Depreciation and amortization	\$ 580	\$ (2)	\$ 578

Net change in operating assets and liabilities	\$ (510)	\$ 6	\$ (504)
Net cash provided by (used in) operating activities of continuing operations	\$ 667	\$ —	\$ 667

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## 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, 2018		
	As	Effect	Balance
Condensed Consolidated Balance Sheet	Reported	of	without
		Change	Adoption
			of ASC
			606
Trade receivables	\$ 133	\$ (16)	\$ 117
Inventories	\$ 697	\$ 10	\$ 707
Total assets	\$ 20,655	\$ (6)	\$ 20,649
Income and mining taxes payable	\$ 71	\$ (2)	\$ 69
Total liabilities	\$ 8,822	\$ (2)	\$ 8,820
Retained earnings	\$ 592	\$ (4)	\$ 588
Newmont stockholders' equity	\$ 10,813	\$ (4)	\$ 10,809
Total equity	\$ 11,785	\$ (4)	\$ 11,781
Total liabilities and equity	\$ 20,655	\$ (6)	\$ 20,649

## NOTE 5 RECLAMATION AND REMEDIATION

The Company's mining and exploration activities are subject to various domestic and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation and remediation costs are based principally on current legal and regulatory requirements.

The Company's Reclamation and remediation expense consisted of:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Reclamation adjustments	\$ —	\$ 15	\$ —	\$ 15
Reclamation accretion	25	25	49	48
Total reclamation expense	25	40	49	63

Remediation adjustments	11	2	\$ 14	\$ 7
Remediation accretion	1	1	2	2
Total remediation expense	12	3	\$ 16	\$ 9
	\$ 37	\$ 43	\$ 65	\$ 72

Reclamation and remediation adjustments. In June 2018, the Company updated assumptions at a historic mine site for future water management costs of \$8. In June 2017, the Company updated reclamation liability assumptions at Yanacocha regarding water treatment costs on non-operating leach pads of \$15.

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The following are reconciliations of Reclamation and remediation liabilities:

	2018	2017
Reclamation balance at January 1,	\$ 2,144	\$ 1,913
Additions, changes in estimates and other	—	15
Payments, net	(13)	(11)
Accretion expense	49	48
Reclamation balance at June 30,	\$ 2,180	\$ 1,965

	2018	2017
Remediation balance at January 1,	\$ 304	\$ 312
Additions, changes in estimates and other	8	2
Payments, net	(20)	(21)
Accretion expense	2	2
Remediation balance at June 30,	\$ 294	\$ 295

The current portion of reclamation liabilities was \$60 at June 30, 2018 and December 31, 2017, and was included in Other current liabilities. The current portion of remediation liabilities was \$45 and \$43 at June 30, 2018 and December 31, 2017, respectively, and was included in Other current liabilities.

At June 30, 2018 and December 31, 2017, \$2,180 and \$2,144, respectively, were accrued for reclamation obligations relating to operating properties. In addition, the Company is involved in several matters concerning environmental remediation obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites involved.

At June 30, 2018 and December 31, 2017, \$294 and \$304, respectively, were accrued for such environmental remediation obligations. Depending upon the ultimate resolution of these matters, the Company believes that it is reasonably possible that the liability for these matters could be as much as 43% greater or 0% lower than the amount accrued at June 30, 2018. These amounts are included in Other current liabilities and Reclamation and remediation liabilities. The amounts accrued are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in Reclamation and remediation in the period estimates are revised.

Non-current restricted cash held for purposes of settling reclamation and remediation obligations was \$34 and \$38 at June 30, 2018 and December 31, 2017, respectively. Of the amounts at June 30, 2018, \$25 was related to the Ahafo and Akyem mines in Ghana, Africa, \$8 was related to the Con mine in Yellowknife, Northwest Territory, Canada, and \$1 was related to the San Jose Reservoir in Yanacocha, Peru. Of the amount at December 31, 2017, \$25 was related to the Ahafo and Akyem mines, \$6 was related to the Con mine, \$6 was related to the San Jose Reservoir, and \$1 was related to the Midnite mine in Washington state.

Included in Other non-current assets at June 30, 2018 and December 31, 2017, was \$58 and \$64, respectively, of non-current restricted investments, which are legally pledged for purposes of settling reclamation and remediation obligations related to the San Jose Reservoir in Yanacocha, Midnight mine site and for various locations in North America.

Refer to Note 25 for further discussion of reclamation and remediation matters.

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## NOTE 6 OTHER EXPENSE, NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Restructuring and other	\$ 9	\$ 1	\$ 15	\$ 8
Acquisition cost adjustments	—	3	—	5
Impairment of long-lived assets	—	—	—	3
Other	4	10	9	15
	\$ 13	\$ 14	\$ 24	\$ 31

Restructuring and other. Restructuring and other represents certain costs associated with severance, legal and other settlements for all periods presented.

Acquisition cost adjustments. Acquisition cost adjustments represent net adjustments during 2017 to the contingent consideration and related liabilities associated with the acquisition of the final 33.33% interest in Boddington in June 2009.

Impairment of long-lived assets. Impairment of long-lived assets primarily relates to non-cash write-downs of obsolete assets at Yanacocha and Australia in 2017.

## NOTE 7 OTHER INCOME, NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Gain (loss) on asset and investment sales, net	\$ 100	\$ 14	\$ 99	\$ 16
Interest	13	6	24	10
Foreign currency exchange, net	14	(4)	21	(21)
Change in fair value of marketable equity securities	5	—	5	—
Tanami insurance proceeds	—	13	—	13
Other	7	2	11	4
	\$ 139	\$ 31	\$ 160	\$ 22



Gain (loss) on asset and investment sales, net. In June 2018, the Company exchanged certain royalty interests carried at cost for cash consideration, an equity ownership in Maverix Metals Inc. ("Maverix") and warrants in Maverix, resulting in a pre-tax gain of \$100. For additional information regarding this transaction, see Note 16.

In June 2017, the Company exchanged its interest in the Fort á la Corne joint venture for equity ownership in Shore Gold Inc., resulting in a pre-tax gain of \$15.

Foreign currency exchange, net. Although the majority of the Company's balances are denominated in U.S. dollars, foreign currency exchange gains (losses) are recognized on balances to be satisfied in local currencies. These balances primarily relate to the timing of payments for employee-related benefits and other current liabilities in Australia, Peru and Suriname.

Tanami insurance proceeds. In June 2017, the Company recorded business interruption insurance proceeds of \$13 associated with the heavy rainfall at Tanami during the first quarter of 2017.

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

## NOTE 8 INCOME AND MINING TAXES

A reconciliation of the U.S. federal statutory tax rate to the Company's effective income tax rate follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018		2017		2018		2017	
Income (loss) before income and mining tax and other items		\$ 305		\$ 335		\$ 588		\$ 529
U.S. Federal statutory tax rate	21 %	\$ 64	35 %	\$ 117	21 %	\$ 123	35 %	\$ 185
Reconciling items:								
Percentage depletion	(3)	(8)	(13)	(42)	(4)	(25)	(14)	(74)
Change in valuation allowance on deferred tax assets	(5)	(15)	21	72	1	3	26	139
Adjustment to provisional expense related to the Tax Cuts and Job Act	(15)	(45)	—	—	(8)	(45)	—	—
Mining and other taxes	3	9	5	16	5	30	7	35
Foreign rate differential	5	15	—	—	8	46	—	—
Other	—	(2)	2	3	(2)	(9)	(2)	(8)
Income and mining tax expense	6 %	\$ 18	50 %	\$ 166	21 %	\$ 123	52 %	\$ 277

During the three months ended June 30, 2018, the Company released valuation allowance on capital losses of (\$15) as a result of the exchange of certain royalty interests for cash consideration and shares and warrants in Maverix.

During the second quarter, the Company completed a fixed asset study regarding the deductibility of certain mineral interests related to Boddington. Based on the work performed to date, the Company determined it will be able to realize certain Australian deferred tax assets and recorded a tax benefit of \$45 during the quarter. This adjustment was treated as a change to the provisional amount recorded in the fourth quarter of 2017 for the impacts of US tax reform as it relates to balances impacted by the tax restructuring completed at year-end. The Company expects to record additional updates to the provisional amounts for the impacts of US tax reform during the last half of 2018 following completion of the 2017 income tax returns and within the 12 month time frame provided under the SEC's Staff Accounting Bulletin 118.

## NOTE 9 NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

The details of Net income (loss) from discontinued operations are set forth below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Holt royalty obligation	\$ 17	\$ (15)	\$ 36	\$ (38)
Batu Hijau contingent consideration (1)	1	—	4	—
Net income (loss) from discontinued operations	\$ 18	\$ (15)	\$ 40	\$ (38)

(1) See Note 15 for details on the Batu Hijau contingent consideration.

## The Holt Royalty Obligation

At June 30, 2018 and December 31, 2017, the estimated fair value of the Holt royalty obligation was \$193 and \$243, respectively. Changes to the estimated fair value resulting from periodic revaluations are recorded to Net income (loss) from discontinued operations, net of tax. During the three and six months ended June 30, 2018, the Company recorded a gain (loss) of \$17 and \$36, net of a tax benefit (expense) of \$(5) and \$(9), respectively, related to the Holt royalty obligation. During the three and six

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months ended June 30, 2017, the Company recorded a gain (loss) of \$(15) and \$(38), net of tax benefit (expense) of \$8 and \$21, respectively, related to the Holt royalty obligation.

During the six months ended June 30, 2018 and 2017, the Company paid \$5 and \$6, respectively, related to the Holt royalty obligation. Refer to Note 14 for additional information on the Holt royalty obligation.

## NOTE 10 NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Merian	\$ 11	\$ 13	\$ 28	\$ 26
Yanacocha	(5)	(37)	(23)	(38)
Other	—	—	—	(1)
	\$ 6	\$ (24)	\$ 5	\$ (13)

Newmont has a 75.0% economic interest in Suriname Gold Project C.V. (“Merian”), with the remaining interests held by Staatsolie Maatschappij Suriname N.V. (“Staatsolie”), a company wholly owned by the Republic of Suriname. Newmont consolidates Merian, through its wholly-owned subsidiary, Newmont Suriname LLC., in its Condensed Consolidated Financial Statements as the primary beneficiary in the variable interest entity.

In December 2017, Minera Yanacocha S.R.L. (“Yanacocha”) repurchased a 5% ownership interest from International Finance Corporation, which resulted in Newmont’s ownership in Yanacocha increasing from 51.35% to 54.05%, with the remaining interests held by Buenaventura (which increased from 43.65% to 45.95%). In June 2018, Yanacocha sold a 5% ownership interest to Summit Global Management II VB, a subsidiary of Sumitomo Corporation (“Sumitomo”), in exchange for \$48 in cash, which resulted in Newmont’s and Buenaventura’s ownership returning to 51.35% and 43.65%, respectively.

Under the terms of the transaction, Sumitomo has the option to require Yanacocha to repurchase the interest for \$48 if the Yanacocha Sulfides project does not adequately progress by June 2022 or if the project is approved with an incremental rate of return below a contractually agreed upon rate. Consequently, Sumitomo’s interest has been classified outside of permanent equity as Contingently redeemable noncontrolling interest on the Condensed Consolidated Balance Sheets. Under the terms of the sales agreement, the cash paid by Sumitomo at closing has been placed in escrow for repayment in the event the option is exercised. As a result of this transaction, the Company concluded that Newmont will continue to consolidate Yanacocha in its Condensed Consolidated Financial Statements under the voting interest model.



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The following summarizes the assets and liabilities of Merian, (including noncontrolling interests):

	At June 30, 2018	At December 31, 2017
Current assets:		
Cash and cash equivalents	\$ 44	\$ 27
Trade receivables	23	—
Inventories	81	79
Stockpiles and ore on leach pads	31	21
Other current assets (1)	4	6
	183	133
Non-current assets:		
Property, plant and mine development, net	777	769
Other non-current assets (2)	3	8
Total assets	\$ 963	\$ 910
Current liabilities:		
Accounts payable	\$ 27	\$ 22
Other current liabilities (3)	26	28
	53	50
Non-current liabilities:		
Reclamation and remediation liabilities	18	18
Other non-current liabilities (4)	1	1
Total liabilities	\$ 72	\$ 69

(1) Other current assets include other accounts receivables, prepaid assets and other current assets.

(2) Other non-current assets include intangibles, stockpiles and ore on leach pads.

(3) Other current liabilities include employee-related benefits and other current liabilities.

(4) Other non-current liabilities include employee-related benefits.

## NOTE 11 NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) 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 net income (loss) per common share is computed similarly, except that weighted average common shares is increased to reflect all dilutive instruments, including employee stock



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awards and convertible debt instruments. The dilutive effects of Newmont's dilutive securities are calculated using the treasury stock method and only those instruments that result in a reduction in net income per share are included in the calculation.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss) attributable to Newmont stockholders:				
Continuing operations	\$ 274	\$ 190	\$ 444	\$ 260
Discontinued operations	18	(15)	40	(38)
	\$ 292	\$ 175	\$ 484	\$ 222
Weighted average common shares (millions):				
Basic	533	533	534	533
Effect of employee stock-based awards	2	2	1	1
Diluted	535	535	535	534
Net income (loss) per common share attributable to Newmont stockholders:				
Basic:				
Continuing operations	\$ 0.52	\$ 0.36	\$ 0.84	\$ 0.49
Discontinued operations	0.03	(0.03)	0.07	(0.07)
	\$ 0.55	\$ 0.33	\$ 0.91	\$ 0.42
Diluted:				
Continuing operations	\$ 0.51	\$ 0.36	\$ 0.83	\$ 0.49
Discontinued operations	0.03	(0.03)	0.07	(0.07)
	\$ 0.54	\$ 0.33	\$ 0.90	\$ 0.42

During the three and six months ended June 30, 2018, the Company repurchased and retired approximately 0.2 million and 1.9 million shares of its common stock for \$6 and \$70, respectively. Additionally, during the three and six months ended June 30, 2018, the Company withheld a nominal amount and 1.0 million shares for payments of employee withholding taxes related to the vesting of stock awards.

When treasury shares are retired, the Company's policy is to allocate the excess of the repurchase price over the par value of shares acquired to both Retained earnings and Additional paid-in capital. The portion allocated to Additional paid-in capital is calculated on a pro-rata basis of the shares to be retired and the total shares issued and outstanding as of the date of the retirement.

## NOTE 12 EMPLOYEE PENSION AND OTHER BENEFIT PLANS



	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Pension benefit costs, net (1):				
Service cost	\$ 8	\$ 8	\$ 16	\$ 15
Interest cost	11	11	21	22
Expected return on plan assets	(17)	(16)	(34)	(31)
Amortization, net	8	7	16	14
Settlements	—	—	—	4
	\$ 10	\$ 10	\$ 19	\$ 24

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Other benefit costs (credits), net (1):				
Service cost	\$ 1	\$ 1	\$ 1	\$ 1
Interest cost	\$ 1	\$ 1	\$ 2	\$ 2
Amortization, net	(2)	(3)	(4)	(4)
	\$ —	\$ (1)	\$ (1)	\$ (1)

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(1) Service costs are included in Costs applicable to sales or General and administrative and the other components of benefit costs and settlements are included in Other income, net.

## NOTE 13 STOCK-BASED COMPENSATION

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock-based compensation:				
Performance leveraged stock units	\$ 7	\$ 9	\$ 16	\$ 17
Restricted stock units	12	10	22	17
Strategic stock units	—	—	—	1
	\$ 19	\$ 19	\$ 38	\$ 35

## NOTE 14 FAIR VALUE ACCOUNTING

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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The following tables set 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, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 3,127	\$ 3,127	\$ —	\$ —
Restricted cash	83	83	—	—
Trade receivable from provisional gold and copper concentrate sales, net	86	—	86	—
Diesel forward derivative contracts	7	—	7	—
Marketable equity securities	178	166	12	—
Restricted marketable debt securities	51	22	29	—
Restricted other assets	7	7	—	—
Batu Hijau contingent consideration	27	—	—	27
	\$ 3,566	\$ 3,405	\$ 134	\$ 27
Liabilities:				
Debt (1)	\$ 4,391	\$ —	\$ 4,391	\$ —
Holt royalty obligation	193	—	—	193
	\$ 4,584	\$ —	\$ 4,391	\$ 193

	Fair Value at December 31, 2017			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 3,259	\$ 3,259	\$ —	\$ —
Restricted cash	39	39	—	—
Trade receivable from provisional gold and copper concentrate sales, net	111	—	111	—
Diesel forward derivative contracts	6	—	6	—
Marketable equity securities	165	165	—	—
Restricted marketable debt securities	55	17	38	—
Restricted other assets	9	9	—	—
Batu Hijau contingent consideration	23	—	—	23
	\$ 3,667	\$ 3,489	\$ 155	\$ 23
Liabilities:				
Debt (1)	\$ 4,671	\$ —	\$ 4,671	\$ —
Foreign exchange forward derivative contracts	1	—	1	—
Holt royalty obligation	243	—	—	243
	\$ 4,915	\$ —	\$ 4,672	\$ 243

<sup>(1)</sup> Debt, exclusive of capital leases, is carried at amortized cost. The outstanding carrying value was \$4,042 and \$4,040 at June 30, 2018 and December 31, 2017, respectively. The fair value measurement of debt was based on an independent third party pricing source.

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 derivative instruments above are included in Note 15. All other fair value disclosures in the above table are presented on a gross basis.

The Company's cash and cash equivalents and restricted cash and restricted cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The cash and cash equivalent instruments and restricted cash are valued based on quoted market prices in active markets and are primarily money market securities and U.S. Treasury securities.

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The Company's net trade receivables from provisional gold and copper concentrate sales, which contain an embedded derivative and are subject to final pricing, are valued using quoted market prices based on forward curves for the particular metal. As the contracts themselves are not traded on an exchange, these receivables are classified within Level 2 of the fair value hierarchy.

The Company's derivative instruments are valued using pricing models, and the Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices, forward curves, measures of volatility, and correlations of such inputs. The Company's derivatives trade in liquid markets, and as such, model inputs can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy.

The Company's marketable equity securities with readily determinable fair values are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities are calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company. The Company's marketable equity securities without readily determinable fair values are primarily comprised of warrants in publicly traded companies and are valued using a Black-Scholes model using quoted market prices in active markets of the underlying securities. As the contracts themselves are not traded on the exchange, these equity securities are classified within Level 2 of the fair value hierarchy.

The Company's restricted marketable debt securities are primarily U.S. government issued bonds and international bonds. The Company's South American debt securities are classified within Level 1 of the fair value hierarchy, using published market prices of actively traded securities. The Company's North American debt securities are classified within Level 2 of the fair value hierarchy as they are valued using pricing models which are based on prices of similar, actively traded securities.

The Company's restricted other assets primarily consist of bank issued certificate of deposits that have maturities over 90 days and marketable equity securities. Both are classified within Level 1 of the fair value hierarchy as their fair values are based on quoted prices available in active markets.

The estimated value of the Batu Hijau contingent consideration was determined using (i) a discounted cash flow model, (ii) a Monte Carlo valuation model to simulate future copper prices using the Company's long-term copper price, and (iii) estimated production and/or development dates for Batu Hijau Phase 7 and the Elang projects in Indonesia. The contingent consideration is classified within Level 3 of the fair value hierarchy.

The estimated fair value of the Holt royalty obligation was determined using (i) a discounted cash flow model, (ii) a Monte Carlo valuation model to simulate future gold prices using the Company's long-term gold price, (iii) various gold production scenarios from reserve and resource information and (iv) a weighted average discount rate. The royalty obligation is classified within Level 3 of the fair value hierarchy.

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The following tables set 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, 2018 and December 31, 2017:

Description	At June 30, 2018	Valuation technique	Unobservable input	Range/Weighted average
Batu Hijau contingent consideration	\$ 27	Monte Carlo	Discount rate	17.50 %
			Short-term copper price	\$ 3.12
			Long-term copper price	\$ 3.00
Holt royalty obligation	\$ 193	Monte Carlo	Discount rate	3.99 %
			Short-term gold price	\$ 1,306
			Long-term gold price	\$ 1,300
			Gold production scenarios (in 000's of ounces)	334 - 1,576

Description	At December 31, 2017	Valuation technique	Unobservable input	Range/Weighted average
Batu Hijau contingent consideration	\$ 23	Monte Carlo	Discount rate	17.50 %
			Short-term copper price	\$ 3.09
			Long-term copper price	\$ 3.00
Holt royalty obligation	\$ 243	Monte Carlo	Discount rate	3.32 %
			Short-term gold price	\$ 1,275
			Long-term gold price	\$ 1,300
			Gold production scenarios (in 000's of ounces)	402 - 1,779

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

	Batu Hijau Contingent Consideration (1)	Total Assets	Holt Royalty Obligation (1)	Total Liabilities
Fair value at December 31, 2017	\$ 23	\$ 23	\$ 243	\$ 243

Settlements	—	—	(5)	(5)
Revaluation	4	4	(45)	(45)
Fair value at June 30, 2018	\$ 27	\$ 27	\$ 193	\$ 193

	Asset Backed Commercial Paper (2)	Batu Hijau Contingent Consideration (1)	Total Assets	Holt Royalty Obligation (1)	Total Liabilities
Fair value at December 31, 2016	\$ 18	\$ 13	\$ 31	\$ 187	\$ 187
Settlements	(18)	—	(18)	(6)	(6)
Revaluation	—	—	—	59	59
Fair value at June 30, 2017	\$ —	\$ 13	\$ 13	\$ 240	\$ 240

(1) The gain (loss) recognized is included in Net income (loss) from discontinued operations.

(2) The gain (loss) recognized is included in Other income, net.

## NOTE 15 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 has and will continue to manage certain risks associated with commodity input costs, interest rates and foreign currencies using the derivative market.



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## Cash Flow Hedges

The Company uses hedge programs to mitigate the variability of its operating costs primarily related to diesel price fluctuations. Prior to adoption of ASU No. 2017-12, Newmont's hedge portfolio consisted of Nevada diesel swaps and Australian dollar foreign currency forwards. Subsequent to the adoption of this ASU, the Company initiated new diesel hedge programs for all of its Nevada sites in North America, Merian in South America and Boddington, Tanami and KCGM in Australia.

The following diesel contracts were transacted for risk management purposes and qualify as cash flow hedges. The 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.

The Company had the following diesel derivative contracts outstanding at June 30, 2018:

	Expected Maturity Date				Total/ Average
	2018	2019	2020	2021	
Diesel Fixed Forward Contracts:					
North America					
Diesel gallons (millions)	7	3	3	1	14
Average rate (\$/gallon)	1.68	1.78	1.97	2.04	1.79
South America					
Diesel gallons (millions)	—	—	2	—	2
Average rate (\$/gallon)	—	—	1.88	1.99	1.89
Australia					
Diesel barrels (thousands)	—	12	73	17	102
Average rate (\$/barrel)	—	85.93	77.06	79.69	78.54

The hedging instruments consist of a series of financially settled fixed forward contracts, which run through the second quarter of 2021 in North America, South America, and Australia.

## Derivative Instrument Fair Values

The Company had the following derivative instruments designated as hedges at June 30, 2018 and December 31, 2017:

Fair Values of Derivative Instruments  
At June 30, 2018

	Other Current Assets	Other Non-current Assets	Other Current Liabilities	Other Non-current Liabilities
Diesel fixed forwards	\$ 5	\$ 2	\$ —	\$ —

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Fair Values of Derivative Instruments At December 31, 2017			
	Other Current Assets	Other Non-current Assets	Other Current Liabilities	Other Non-current Liabilities
A\$ operating fixed forwards	\$ —	\$ —	\$ 1	\$ —
Diesel fixed forwards	6	—	—	—
	\$ 6	\$ —	\$ 1	\$ —

As of June 30, 2018 and December 31, 2017, all hedging instruments held by the Company were subject to enforceable master netting arrangements held by various financial institutions. In general, the terms of the Company's agreements provide for offsetting of amounts payable or receivable between it and the counterparty, at the election of both parties, for transactions that occur on the same date and in the same currency. The Company's agreements also provide that in the event of an early termination, the counterparties have the right to offset amounts owed or owing under that and any other agreement with the same counterparty. The Company's accounting policy is to not offset these positions in its accompanying balance sheets. As of June 30, 2018 and December 31, 2017, the potential effect of netting derivative assets against liabilities due to the master netting agreement was not significant.

The following table shows the effect of cash flow hedge accounting in the Company's Condensed Consolidated Statements of Operations.

	(Gain) Loss Recognized from Cash Flow Hedges			
	Three Months Ended June 30, 2018		Three Months Ended June 30, 2017	
Total Costs applicable to sales	\$ 965	\$ 999	\$ 1,994	\$ 1,956
Amount of (gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss) from diesel hedging instruments	\$ (2)	\$ 1	\$ (4)	\$ 3
Amount of (gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss) from foreign currency hedging instruments	\$ 2	\$ 7	\$ 5	\$ 15
Total Interest expense, net	\$ 49	\$ 64	\$ 102	\$ 131
Amount of (gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss) from discontinued interest rate hedging instruments	\$ 3	\$ 3	\$ 6	\$ 5

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

	Foreign Currency Exchange Contracts		Diesel Fixed Forward Contracts		Interest Rate Contracts	
	2018	2017	2018	2017	2018	2017
For the three months ended June 30,						
Cash flow hedging relationships:						
(Gain) loss recognized in Other comprehensive income (loss)	\$ —	\$ —	\$ (4)	\$ 3	\$ —	\$ —
(Gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss)	\$ 2	\$ 7	\$ (2)	\$ 1	\$ 3	\$ 3
For the six months ended June 30,						
Cash flow hedging relationships:						
(Gain) loss recognized in Other comprehensive income (loss)	\$ —	\$ (4)	\$ (5)	\$ 6	\$ —	\$ —
(Gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss)	\$ 5	\$ 15	\$ (4)	\$ 3	\$ 6	\$ 5

Over the next 12 months, the Company expects to reclassify from Accumulated other comprehensive income (loss) to income a loss of approximately \$5, net of tax, related to unrealized hedge losses.

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

## Batu Hijau Contingent Consideration

Consideration received by the Company in conjunction with the sale of PT Newmont Nusa Tenggara included the Contingent Payment and the Elang Development deferred payment deeds, which were determined to be financial instruments that met the definition of a derivative, but do not qualify for hedge accounting, under ASC 815. See Note 14 for additional information. Contingent consideration of \$27 and \$23 was included in Other non-current assets in the Company's Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017, respectively.

## Provisional Gold and Copper Sales

The Company's provisional gold and copper concentrate 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.

The impact to Sales from revenue recognized due to the changes in the final pricing is an increase (decrease) of \$(6) and \$(2) for the three months ended June 30, 2018 and 2017, respectively, and an increase (decrease) of \$(8) and \$10 for the six months ended June 30, 2018 and 2017, respectively.

At June 30, 2018, Newmont had gold and copper sales of 78,000 ounces and 13 million pounds priced at an average of \$1,251 per ounce and \$3.01 per pound, respectively, subject to final pricing over the next several months.

## NOTE 16 INVESTMENTS

	At June 30, 2018 Fair Value/ Equity Basis (1)
Current:	
Marketable equity securities	\$ 56
Non-current:	
Marketable equity securities:	
Continental Gold Inc.	\$ 108
Warrants	12
Other marketable equity securities	2
	122
Other investments	5
Equity method investments:	
TMAC Resources Inc. (28.71%)	102
Maverix Metals Inc. (27.98%)	78

Minera La Zanja S.R.L. (46.94%)	46
	226
	\$ 353

Non-current restricted investments: (2)

Marketable debt securities (3)	\$ 51
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Other assets	7
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	\$ 58
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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	At December 31, 2017			Fair Value/ Equity Basis (1)
	Cost/Equity Basis	Unrealized Gain	Unrealized Loss	
Current:				
Marketable equity securities	\$ 38	\$ 32	\$ (8)	\$ 62
Non-current:				
Marketable equity securities:				
Continental Gold Inc.	\$ 109	\$ —	\$ (8)	\$ 101
Warrants	7	—	—	7
Other marketable equity securities	4	—	(2)	2
	120	—	(10)	110
Other investments	5	—	—	5
Equity method investments:				
TMAC Resources Inc. (28.79%)	115	—	—	115
Minera La Zanja S.R.L. (46.94%)	50	—	—	50
	165	—	—	165
	\$ 290	\$ —	\$ (10)	\$ 280
Non-current restricted investments: (2)				
Marketable debt securities	\$ 58	\$ —	\$ (3)	\$ 55
Other assets	8	1	—	9
	\$ 66	\$ 1	\$ (3)	\$ 64

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- (1) Subsequent to the adoption of ASU No. 2016-01 on January 1, 2018, unrealized gains and losses related to marketable equity securities are recorded in Other income, net. Previously, gains and losses related to unrealized marketable equity securities were recorded in Other comprehensive income (loss).
- (2) Non-current restricted investments are legally pledged for purposes of settling reclamation and remediation obligations and are included in Other non-current assets. For further information regarding these amounts, see Note 5.
- (3) There were nominal unrealized gains or losses recorded in Accumulated other comprehensive income (loss) as of June 30, 2018, related to marketable debt securities.

In June 2018, Newmont sold \$11 of restricted marketable debt securities for cash in order to fund future remediation work at the Midnite Mine.

In June 2018, Newmont exchanged certain royalty interests for cash consideration of \$17, received in July, and non-cash consideration comprised of 60 million common shares in Maverix and 10 million common share warrants in Maverix, with fair values upon closing of \$78 and \$5, respectively. Following the transaction, Newmont held a 27.98% equity ownership in Maverix. The Company determined the Maverix investment qualified as an equity method investment.

NOTE 17 INVENTORIES

	At June 30, 2018	At December 31, 2017
Materials and supplies	\$ 436	\$ 416
In-process	135	131
Concentrate and copper cathode	91	83
Precious metals	35	49
	\$ 697	\$ 679



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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

## NOTE 18 STOCKPILES AND ORE ON LEACH PADS

	At June 30, 2018	At December 31, 2017
Current:		
Stockpiles	\$ 351	\$ 330
Ore on leach pads	360	346
	\$ 711	\$ 676
Non-current:		
Stockpiles	\$ 1,454	\$ 1,502
Ore on leach pads	383	346
	\$ 1,837	\$ 1,848

  

	At June 30, 2018	At December 31, 2017
Stockpiles and ore on leach pads:		
Carlin	\$ 469	\$ 441
Phoenix	68	68
Twin Creeks	329	340
Long Canyon	45	34
CC&V	333	314
Yanacocha	263	270
Merian	31	25
Boddington	445	431
Tanami	1	4
Kalgoorlie	126	125
Ahafo	386	409
Akyem	52	63
	\$ 2,548	\$ 2,524

During the three and six months ended June 30, 2018, the Company recorded write-downs of \$73 and \$152, respectively, classified as components of Costs applicable to sales, and write-downs of \$28 and \$57, respectively, classified as components of Depreciation and amortization to reduce the carrying value of stockpiles and ore on leach pads to net realizable value. Of the write-downs during the three months ended June 30, 2018, \$31 is related to Carlin, \$17 to Twin Creeks, \$2 to Yanacocha, \$26 to Ahafo and \$25 to Akyem. Of the write-downs during the six months ended June 30, 2018, \$57 is related to Carlin, \$33 to Twin Creeks, \$26 to Yanacocha, \$46 to Ahafo and \$47 to Akyem.

During the three and six months ended June 30, 2017, the Company recorded write-downs of \$46 and \$86, respectively, classified as components of Costs applicable to sales, and write-downs of \$18 and \$31, respectively, classified as components of Depreciation and amortization to reduce the carrying value of stockpiles and ore on leach pads to net realizable value. Of the write-downs during the three months ended June 30, 2017, \$11 was related to Carlin, \$13 to Twin Creeks, \$32 to Yanacocha and \$8 to Akyem. Of the write-downs during the six months ended June 30, 2017, \$34 was related to Carlin, \$16 to Twin Creeks, \$41 to Yanacocha, \$18 to Ahafo and \$8 to Akyem.

NOTE 19 DEBT

Scheduled minimum debt repayments are \$- for the remainder of 2018, \$626 in 2019, \$- in 2020, \$- in 2021, \$992 in 2022 and \$2,474 thereafter.

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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## NOTE 20 LEASE AND OTHER FINANCING OBLIGATIONS

Scheduled minimum capital lease repayments are \$2 in 2018, \$3 in 2019, \$1 in 2020, \$1 in 2021, \$1 in 2022 and \$1 thereafter.

In December 2017, the Company began the early phases of the Tanami Power project which includes the construction of a gas pipeline to the Tanami site, and construction and operation of two on-site power stations under agreements that qualify for build-to-suit lease accounting. As of June 30, 2018 and December 31, 2017, the financing obligations under the build-to-suit arrangements were \$71 and \$14, of which \$10 was classified as current as of June 30, 2018.

## NOTE 21 OTHER LIABILITIES

	At June 30, 2018	At December 31, 2017
Other current liabilities:		
Accrued operating costs	\$ 109	\$ 124
Reclamation and remediation liabilities	105	103
Accrued capital expenditures	69	77
Accrued interest	52	52
Royalties	37	63
Holt royalty obligation	14	15
Taxes other than income and mining	5	7
Derivative instruments	—	1
Other	5	20
	\$ 396	\$ 462
Other non-current liabilities:		
Holt royalty obligation	\$ 179	\$ 228
Income and mining taxes	43	47
Power supply agreements	30	32
Social development obligations	21	22
Other	11	13
	\$ 284	\$ 342



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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

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

	Unrealized Gain (Loss) on Marketable Securities, net	Foreign Currency Translation Adjustments	Pension and Other Post-retirement Benefit Adjustments	Unrealized Gain (Loss) on Cash flow Hedge Instruments	Total
Balance at December 31, 2017	\$ (116)	\$ 130	\$ (208)	\$ (98)	\$ (292)
Cumulative effect adjustment of adopting ASU No. 2016-01	115	—	—	—	115
Net current-period other comprehensive income (loss):					
Change in other comprehensive income (loss) before reclassifications	1	(4)	—	4	1
Reclassifications from accumulated other comprehensive income (loss)	—	—	9	5	14
Other comprehensive income (loss)	\$ 1	\$ (4)	\$ 9	\$ 9	\$ 15
Balance at June 30, 2018	\$ —	\$ 126	\$ (199)	\$ (89)	\$ (162)

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) Operations				Affected Line Item in the Condensed Consolidated Statements of Operations
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	
Pension and other post-retirement benefit adjustments:					
Amortization	\$ 6	\$ 4	\$ 12	\$ 10	Other income, net
Settlements	—	—	—	4	Other income, net
Total before tax	6	4	12	14	
Tax	(2)	(1)	(3)	(5)	
Net of tax	\$ 4	\$ 3	\$ 9	\$ 9	
Hedge instruments adjustments:					
Operating cash flow hedges	\$ —	\$ 8	\$ 1	\$ 18	Costs applicable to

					sales Interest expense, net
Interest rate contracts	3	3	6	5	
Total before tax	3	11	7	23	
Tax	(1)	(4)	(2)	(8)	
Net of tax	\$ 2	\$ 7	\$ 5	\$ 15	
Total reclassifications for the period, net of tax	\$ 6	\$ 10	\$ 14	\$ 24	

## NOTE 23 NET CHANGE IN OPERATING ASSETS AND LIABILITIES

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

	Six Months Ended June 30,	
	2018	2017
Decrease (increase) in operating assets:		
Trade and other accounts receivables	\$ 37	\$ (22)
Inventories, stockpiles and ore on leach pads	(211)	(118)
Other assets	(17)	—
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	(123)	(128)
Reclamation and remediation liabilities	(33)	(32)
Accrued tax liabilities	(163)	32
	\$ (510)	\$ (268)

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## 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.

	Three Months Ended June 30, 2018				Newmont Mining Corporation
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	
Condensed Consolidating Statement of					
Operation					
Sales	\$ —	\$ 419	\$ 1,243	\$ —	\$ 1,662
Costs and expenses:					
Costs applicable to sales (1)	—	281	684	—	965
Depreciation and amortization	1	75	203	—	279
Reclamation and remediation	—	4	33	—	37
Exploration	—	15	39	—	54
Advanced projects, research and development	—	8	28	—	36
General and administrative	—	22	41	—	63
Other expense, net	—	1	12	—	13
	1	406	1,040	—	1,447
Other income (expense):					
Other income, net	(5)	20	124	—	139
Interest income - intercompany	17	11	12	(40)	—
Interest expense - intercompany	(11)	—	(29)	40	—
Interest expense, net	(48)	—	(1)	—	(49)
	(47)	31	106	—	90
Income (loss) before income and mining tax and other items	(48)	44	309	—	305
Income and mining tax benefit (expense)	10	(7)	(21)	—	(18)
Equity income (loss) of affiliates	330	(20)	(7)	(310)	(7)
	292	17	281	(310)	280

Net income (loss) from continuing operations					
Net income (loss) from discontinued operations	—	—	18	—	18
Net income (loss)	292	17	299	(310)	298
Net loss (income) attributable to noncontrolling interests:	—	—	(6)	—	(6)
Net income (loss) attributable to Newmont stockholders	\$ 292	\$ 17	\$ 293	\$ (310)	\$ 292
Comprehensive income (loss)	\$ 299	\$ 17	\$ 299	\$ (310)	\$ 305
Comprehensive loss (income) attributable to noncontrolling interests	—	—	(6)	—	(6)
Comprehensive income (loss) attributable to Newmont stockholders	\$ 299	\$ 17	\$ 293	\$ (310)	\$ 299

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



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## NEWMONT MINING CORPORATION

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

Condensed Consolidating Statement of Operation	Three Months Ended June 30, 2017				Newmont Mining Corporation
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	
Sales	\$ —	\$ 517	\$ 1,358	\$ —	\$ 1,875
Costs and expenses:					
Costs applicable to sales (1)	—	280	719	—	999
Depreciation and amortization	1	82	227	—	310
Reclamation and remediation	—	4	39	—	43
Exploration	—	13	38	—	51
Advanced projects, research and development	—	2	30	—	32
General and administrative	—	18	40	—	58
Other expense, net	—	2	12	—	14
	1	401	1,105	—	1,507
Other income (expense):					
Other income, net	23	3	5	—	31
Interest income - intercompany	23	24	15	(62)	—
Interest expense - intercompany	(14)	(4)	(44)	62	—
Interest expense, net	(59)	(1)	(4)	—	(64)
	(27)	22	(28)	—	(33)
Income (loss) before income and mining tax and other items	(28)	138	225	—	335
Income and mining tax benefit (expense)	9	(22)	(153)	—	(166)
Equity income (loss) of affiliates	194	(150)	(11)	(36)	(3)
Net income (loss) from continuing operations	175	(34)	61	(36)	166
Net income (loss) from discontinued operations	—	—	(15)	—	(15)
Net income (loss)	175	(34)	46	(36)	151
Net loss (income) attributable to noncontrolling interests	—	—	24	—	24
Net income (loss) attributable to Newmont stockholders	175	(34)	70	(36)	175
Comprehensive income (loss)	179	(29)	41	(36)	155
Comprehensive loss (income) attributable to noncontrolling interests	—	—	24	—	24
Comprehensive income (loss) attributable to Newmont stockholders	\$ 179	\$ (29)	\$ 65	\$ (36)	\$ 179

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

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## 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, 2018			Eliminations	Newmont Mining Corporation Consolidated
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries		
Sales	\$ —	\$ 931	\$ 2,548	\$ —	\$ 3,479
Costs and expenses:					
Costs applicable to sales (1)	—	605	1,389	—	1,994
Depreciation and amortization	2	162	416	—	580
Reclamation and remediation	—	7	58	—	65
Exploration	—	26	68	—	94
Advanced projects, research and development	—	14	56	—	70
General and administrative	—	41	81	—	122
Other expense, net	—	2	22	—	24
	2	857	2,090	—	2,949
Other income (expense):					
Other income, net	3	27	130	—	160
Interest income - intercompany	51	22	21	(94)	—
Interest expense - intercompany	(19)	—	(75)	94	—
Interest expense, net	(97)	(2)	(3)	—	(102)
	(62)	47	73	—	58
Income (loss) before income and mining tax and other items	(64)	121	531	—	588
Income and mining tax benefit (expense)	13	(21)	(115)	—	(123)
Equity income (loss) of affiliates	535	(77)	(16)	(458)	(16)
Net income (loss) from continuing operations	484	23	400	(458)	449
Net income (loss) from discontinued operations	—	—	40	—	40
Net income (loss)	484	23	440	(458)	489
Net loss (income) attributable to noncontrolling interests	—	—	(5)	—	(5)
Net income (loss) attributable to Newmont stockholders	\$ 484	\$ 23	\$ 435	\$ (458)	\$ 484
Comprehensive income (loss)	\$ 499	\$ 23	\$ 440	\$ (458)	\$ 504
Comprehensive loss (income) attributable to noncontrolling interests	—	—	(5)	—	(5)
Comprehensive income (loss) attributable to Newmont stockholders	\$ 499	\$ 23	\$ 435	\$ (458)	\$ 499

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

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## 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 June 30, 2017				Newmont Mining Corporation
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries		
Condensed Consolidating Statement of Operation				Eliminations	Consolidated
Sales	\$ —	\$ 941	\$ 2,624	\$ —	\$ 3,565
Costs and expenses:					
Costs applicable to sales (1)	—	583	1,373	—	1,956
Depreciation and amortization	2	165	443	—	610
Reclamation and remediation	—	7	65	—	72
Exploration	—	22	65	—	87
Advanced projects, research and development	—	3	55	—	58
General and administrative	—	35	78	—	113
Other expense, net	—	8	23	—	31
	2	823	2,102	—	2,927
Other income (expense):					
Other income, net	26	3	(7)	—	22
Interest income - intercompany	47	24	22	(93)	—
Interest expense - intercompany	(22)	(4)	(67)	93	—
Interest expense, net	(121)	(3)	(7)	—	(131)
	(70)	20	(59)	—	(109)
Income (loss) before income and mining tax and other items	(72)	138	463	—	529
Income and mining tax benefit (expense)	25	(22)	(280)	—	(277)
Equity income (loss) of affiliates	269	(234)	(13)	(27)	(5)
Net income (loss) from continuing operations	222	(118)	170	(27)	247
Net income (loss) from discontinued operations	—	—	(38)	—	(38)
Net income (loss)	222	(118)	132	(27)	209
Net loss (income) attributable to noncontrolling interests	—	—	13	—	13
Net income (loss) attributable to Newmont stockholders	\$ 222	\$ (118)	\$ 145	\$ (27)	\$ 222
Comprehensive income (loss)	\$ 238	\$ (109)	\$ 123	\$ (27)	\$ 225
Comprehensive loss (income) attributable to noncontrolling interests	—	—	13	—	13
	\$ 238	\$ (109)	\$ 136	\$ (27)	\$ 238

Comprehensive income (loss)  
attributable to Newmont stockholders

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

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## 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 June 30, 2018			Newmont Mining Corporation Consolidated	
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont	(Non-Guarantor) Other		
Condensed Consolidating Statement of Cash Flows	Corporation USA		Subsidiaries	Eliminations	
Operating activities:					
Net cash provided by (used in) operating activities of continuing operations	\$ (63)	\$ 251	\$ 479	\$ —	\$ 667
Net cash provided by (used in) operating activities of discontinued operations	—	—	(5)	—	(5)
Net cash provided by (used in) operating activities	(63)	251	474	—	662
Investing activities:					
Additions to property, plant and mine development	—	(125)	(364)	—	(489)
Acquisitions, net	—	—	(39)	—	(39)
Proceeds from sales of investments	—	11	4	—	15
Purchases of investments	—	—	(6)	—	(6)
Other	—	2	—	—	2
Net cash provided by (used in) investing activities	—	(112)	(405)	—	(517)
Financing activities:					
Dividends paid to common stockholders	(150)	—	—	—	(150)
Repurchase of common stock	(70)	—	—	—	(70)
Distributions to noncontrolling interests	—	—	(69)	—	(69)
Funding from noncontrolling interests	—	—	52	—	52
Proceeds from sale of noncontrolling interests	—	—	48	—	48
Payments for withholding of employee taxes related to stock-based compensation	—	(39)	—	—	(39)
Net intercompany borrowings (repayments)	283	(99)	(184)	—	—
Other	—	(1)	(2)	—	(3)
Net cash provided by (used in) financing activities	63	(139)	(155)	—	(231)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	(2)	—	(2)
Net change in cash, cash equivalents and restricted cash	—	—	(88)	—	(88)
Cash, cash equivalents and restricted cash at beginning of period	—	—	3,298	—	3,298

Cash, cash equivalents and restricted cash at end of period	\$ —	\$ —	\$ 3,210	\$ —	\$ 3,210
Reconciliation of cash, cash equivalents and restricted cash:					
Cash and cash equivalents	\$ —	\$ —	\$ 3,127	\$ —	\$ 3,127
Restricted cash included in Other current assets	—	—	1	—	1
Restricted cash included in Other noncurrent assets	—	—	82	—	82
Total cash, cash equivalents and restricted cash	\$ —	\$ —	\$ 3,210	\$ —	\$ 3,210



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## 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 June 30, 2017			Newmont Mining Corporation Consolidated	
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont	(Non-Guarantor) Other		
Condensed Consolidating Statement of Cash Flows	Corporation USA		Subsidiaries	Eliminations	
Operating activities:					
Net cash provided by (used in) operating activities of continuing operations	\$ (116)	\$ 222	\$ 796	\$ —	\$ 902
Net cash provided by (used in) operating activities of discontinued operations	—	—	(9)	—	(9)
Net cash provided by (used in) operating activities	(116)	222	787	—	893
Investing activities:					
Additions to property, plant and mine development	—	(121)	(242)	—	(363)
Acquisitions, net	—	—	—	—	—
Proceeds from sales of investments	—	—	19	—	19
Purchases of investments	(109)	—	(4)	—	(113)
Other	—	2	15	—	17
Net cash provided by (used in) investing activities	(109)	(119)	(212)	—	(440)
Financing activities:					
Dividends paid to common stockholders	(54)	—	—	—	(54)
Repurchase of common stock	—	—	—	—	—
Distributions to noncontrolling interests	—	—	(80)	—	(80)
Funding from noncontrolling interests	—	—	46	—	46
Proceeds from sale of noncontrolling interests	—	—	—	—	—
Payments for withholding of employee taxes related to stock-based compensation	—	(13)	—	—	(13)
Net intercompany borrowings (repayments)	282	(90)	(192)	—	—
Other	(3)	(1)	(2)	—	(6)
Net cash provided by (used in) financing activities	225	(104)	(228)	—	(107)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	2	—	2
Net change in cash, cash equivalents and restricted cash	—	(1)	349	—	348
Cash, cash equivalents and restricted cash at beginning of period	—	1	2,781	—	2,782

Cash, cash equivalents and restricted cash at end of period	\$ —	\$ —	\$ 3,130	\$ —	\$ 3,130
Reconciliation of cash, cash equivalents and restricted cash:					
Cash and cash equivalents	\$ —	\$ —	\$ 3,105	\$ —	\$ 3,105
Restricted cash included in Other current assets	—	—	2	—	2
Restricted cash included in Other noncurrent assets	—	—	23	—	23
Total cash, cash equivalents and restricted cash	\$ —	\$ —	\$ 3,130	\$ —	\$ 3,130

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## 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, 2018				Newmont Mining Corporation
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries		
Condensed Consolidating Balance Sheet				Eliminations	Consolidated
Assets:					
Cash and cash equivalents	\$ —	\$ —	\$ 3,127	\$ —	\$ 3,127
Trade receivables	—	15	118	—	133
Other accounts receivables	—	—	101	—	101
Intercompany receivable	2,075	4,882	3,692	(10,649)	—
Investments	—	—	56	—	56
Inventories	—	167	530	—	697
Stockpiles and ore on leach pads	—	215	496	—	711
Other current assets	—	40	102	—	142
Current assets	2,075	5,319	8,222	(10,649)	4,967
Property, plant and mine development, net	16	3,059	9,303	(27)	12,351
Investments	113	5	235	—	353
Investments in subsidiaries	13,250	(463)	16	(12,803)	—
Stockpiles and ore on leach pads	—	643	1,194	—	1,837
Deferred income tax assets	87	—	450	—	537
Non-current intercompany receivable	738	527	6	(1,271)	—
Other non-current assets	—	244	366	—	610
Total assets	\$ 16,279	\$ 9,334	\$ 19,792	\$ (24,750)	\$ 20,655
Liabilities:					
Lease and other financing obligations	\$ —	\$ 1	\$ 12	\$ —	\$ 13
Accounts payable	—	74	286	—	360
Intercompany payable	1,364	2,529	6,756	(10,649)	—
Employee-related benefits	—	100	140	—	240
Income and mining taxes	—	8	63	—	71
Other current liabilities	52	115	229	—	396
Current liabilities	1,416	2,827	7,486	(10,649)	1,080
Debt	4,042	—	—	—	4,042
Lease and other financing obligations	—	3	63	—	66
Reclamation and remediation liabilities	—	312	2,057	—	2,369
Deferred income tax liabilities	—	125	464	—	589

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Employee-related benefits	1	223	168	—	392
Non-current intercompany payable	7	—	1,291	(1,298)	—
Other non-current liabilities	—	13	271	—	284
Total liabilities	5,466	3,503	11,800	(11,947)	8,822
Contingently redeemable noncontrolling interest	—	—	48	—	48
Equity:					
Newmont stockholders' equity	10,813	5,831	6,972	(12,803)	10,813
Noncontrolling interests	—	—	972	—	972
Total equity	10,813	5,831	7,944	(12,803)	11,785
Total liabilities and equity	\$ 16,279	\$ 9,334	\$ 19,792	\$ (24,750)	\$ 20,655

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## NEWMONT MINING CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	At December 31, 2017				Newmont Mining Corporation
	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries		
Condensed Consolidating Balance Sheet				Eliminations	Consolidated
Assets:					
Cash and cash equivalents	\$ —	\$ —	\$ 3,259	\$ —	\$ 3,259
Trade receivables	—	18	106	—	124
Other accounts receivables	—	—	113	—	113
Intercompany receivable	2,053	4,601	3,484	(10,138)	—
Investments	—	—	62	—	62
Inventories	—	181	498	—	679
Stockpiles and ore on leach pads	—	196	480	—	676
Other current assets	—	38	115	—	153
Current assets	2,053	5,034	8,117	(10,138)	5,066
Property, plant and mine development, net	17	3,082	9,266	(27)	12,338
Investments	106	4	170	—	280
Investments in subsidiaries	12,012	(311)	—	(11,701)	—
Stockpiles and ore on leach pads	—	648	1,200	—	1,848
Deferred income tax assets	84	5	460	—	549
Non-current intercompany receivable	1,700	401	7	(2,108)	—
Other non-current assets	—	255	310	—	565
Total assets	\$ 15,972	\$ 9,118	\$ 19,530	\$ (23,974)	\$ 20,646
Liabilities:					
Lease and other financing obligations	\$ —	\$ 1	\$ 3	\$ —	\$ 4
Accounts payable	—	83	292	—	375
Intercompany payable	1,338	2,145	6,655	(10,138)	—
Employee-related benefits	—	143	166	—	309
Income and mining taxes	—	18	230	—	248
Other current liabilities	52	163	247	—	462
Current liabilities	1,390	2,553	7,593	(10,138)	1,398
Debt	4,040	—	—	—	4,040
Lease and other financing obligations	—	4	17	—	21
Reclamation and remediation liabilities	—	309	2,036	—	2,345
Deferred income tax liabilities	—	121	474	—	595

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Employee-related benefits	—	222	164	—	386
Non-current intercompany payable	7	—	2,128	(2,135)	—
Other non-current liabilities	—	18	324	—	342
Total liabilities	5,437	3,227	12,736	(12,273)	9,127
Contingently redeemable noncontrolling interest	—	—	—	—	—
Equity:					
Newmont stockholders' equity	10,535	5,891	5,810	(11,701)	10,535
Noncontrolling interests	—	—	984	—	984
Total equity	10,535	5,891	6,794	(11,701)	11,519
Total liabilities and equity	\$ 15,972	\$ 9,118	\$ 19,530	\$ (23,974)	\$ 20,646

NOTE 25 COMMITMENTS AND CONTINGENCIES

General

Estimated losses from contingencies are accrued by a charge to income when information available prior to issuance of the financial statements indicates that it is probable that a liability could be incurred and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or

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NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

reasonably estimable, disclosure of the contingency and estimated range of loss, if determinable, is made in the financial statements when it is at least reasonably possible that a material loss could be incurred.

Operating Segments

The Company's operating and reportable segments are identified in Note 3. Except as noted in this paragraph, all of the Company's commitments and contingencies specifically described herein are included in Corporate and Other. The Yanacocha matters relate to the South America reportable segment. The Fronteer matters relate to the North America reportable segment.

Environmental Matters

Refer to Note 5 for further information regarding reclamation and remediation. Details about certain of the more significant matters are discussed below.

Newmont USA Limited - 100% Newmont Owned

Ross-Adams mine site. By letter dated June 5, 2007, the U.S. Forest Service ("USFS") notified Newmont that it had expended approximately \$0.3 in response costs to address environmental conditions at the Ross-Adams mine in Prince of Wales, Alaska, and requested Newmont USA Limited pay those costs and perform an Engineering Evaluation/Cost Analysis ("EE/CA") to assess what future response activities might need to be completed at the site. Newmont agreed to perform the EE/CA pursuant to the requirements of an Administrative Settlement Agreement and Order on Consent ("ASAOC") between the USFS and Newmont. The EE/CA was provided to the USFS in April 2015. During the first quarter of 2016, the USFS confirmed approval of the EE/CA, and Newmont issued written notice to the USFS certifying that all requirements of the ASAOC had been completed. During the third quarter of 2016, Newmont received a notice of completion of work per the ASAOC from the USFS, which finalized the ASAOC. The USFS issued an Action Memorandum in April 2018 to select the preferred Removal Action alternative identified in the EE/CA. Newmont is continuing to negotiate the terms of a future agreement with the USFS for Newmont to implement the approved Removal Action. No assurances can be made at this time with respect to the outcome of such negotiations and Newmont cannot predict the likelihood of additional expenditures related to this matter.

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

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

As per the Consent Decree approved by the U.S. District Court for the Eastern District of Washington on January 17, 2012, the following actions were required of Newmont, Dawn, the Department of the Interior and the EPA: (i) Newmont and Dawn would design, construct and implement the cleanup plan selected by the EPA in 2006 for the Midnite mine site; (ii) Newmont and Dawn would reimburse the EPA for its costs associated with overseeing the work; (iii) the Department of the Interior would contribute a lump sum amount toward past EPA costs and future costs

related to the cleanup of the Midnite mine site; (iv) Newmont and Dawn would be responsible for all other EPA oversight costs and Midnite mine site cleanup costs; and (v) Newmont would post a surety bond for work at the site.

During 2012, the Department of Interior contributed its share of past EPA costs and future costs related to the cleanup of the Midnite mine site in a lump sum payment of \$42, which Newmont classified as restricted assets with interest on the Condensed Consolidated Balance Sheets for all periods presented. In 2016, Newmont completed the remedial design process (with the exception of the new water treatment plant (“WTP”) design which was awaiting the approval of the new National Pollutant Discharge Elimination System (“NPDES”) permit). Subsequently, the new NPDES permit was received in 2017 and the WTP design



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

commenced in 2018. Newmont is managing the remediation project to implement Phase 1 remedial actions during the 2018 construction season with a focus on preparations to backfill Pit 4. In June 2018, \$11 was released from the trust account for remedial work completed.

The Dawn mill site is regulated by the Washington Department of Health and is in the process of being closed. Remediation at the Dawn mill site began in 2013. The Tailing Disposal Area 1-4 reclamation earthworks component was completed during 2017 with the embankment erosion protection completed in Q2 2018. The remaining closure activity will consist primarily of addressing groundwater issues.

The remediation liability for the Midnite mine site and Dawn mill site is approximately \$171 at June 30, 2018.

Other Legal Matters

Minera Yanacocha S.R.L. – 51.35% Newmont Owned

**Administrative Actions.** The Peruvian government agency responsible for environmental evaluation and inspection, Organismo Evaluacion y Fiscalizacion Ambiental (“OEFA”), conducts periodic reviews of the Yanacocha site. In 2011, 2012, 2013, 2015, 2016, 2017 and 2018, OEFA issued notices of alleged violations of OEFA standards to Yanacocha and Conga relating to past inspections. OEFA has resolved some alleged violations with minimal or no findings. In 2015 and 2016, the water authority of Cajamarca issued notices of alleged regulatory violations, and resolved some allegations in 2017 with no findings. The experience with OEFA and the water authority is that in the case of a finding of violation, remedial action is often the outcome rather than a significant fine. The alleged OEFA violations currently range from zero to 44,540 units and the water authority alleged violations range from zero to 59 units, with each unit having a potential fine equivalent to approximately \$.001287 based on current exchange rates (\$0 to \$57). Yanacocha and Conga are responding to all notices of alleged violations, but cannot reasonably predict the outcome of the agency allegations.

**Conga Project Constitutional Claim.** On October 18, 2012, Marco Antonio Arana Zegarra filed a constitutional claim against the Ministry of Energy and Mines and Yanacocha requesting the Court to order the suspension of the Conga project as well as to declare not applicable the October 27, 2010, directorial resolution approving the Conga project Environmental Impact Assessment (“EIA”). On October 23, 2012, a Cajamarca judge dismissed the claims based on formal grounds finding that: (i) plaintiffs had not exhausted previous administrative proceedings; (ii) the directorial resolution approving the Conga EIA is valid, and was not challenged when issued in the administrative proceedings; (iii) there was inadequate evidence to conclude that the Conga project is a threat to the constitutional right of living in an adequate environment and; (iv) the directorial resolution approving the Conga project EIA does not guarantee that the Conga project will proceed, so there was no imminent threat to be addressed by the Court. The plaintiffs appealed the dismissal of the case. The Civil Court of the Superior Court of Cajamarca confirmed the above mentioned resolution and the plaintiff presented an appeal. On March 13, 2015, the Constitutional Court published its ruling stating that the case should be sent back to the first court with an order to formally admit the case and start the judicial process in order to review the claim and the proofs presented by the plaintiff. Yanacocha has answered the claim. Neither the Company nor Yanacocha can reasonably predict the outcome of this litigation.

Yanacocha Tax Dispute. In 2000, Yanacocha paid Buenaventura and Minas Conga S.R.L. a total of \$29 to assume their respective contractual positions in mining concession agreements with Chaupiloma Dos de Cajamarca S.M.R.L. The contractual rights allowed Yanacocha the opportunity to conduct exploration on the concessions, but not a purchase of the concessions. The tax authority alleges that the payments to Buenaventura and Minas Conga S.R.L. were acquisitions of mining concessions requiring the amortization of the amounts under the Peru Mining Law over the life of the mine. Yanacocha expensed the amounts at issue in the initial year since the payments were not for the acquisition of a concession but rather these expenses represent the payment of an intangible and therefore, amortizable in a single year or proportionally for up to ten years according to Income Tax Law. In 2010, the tax court in Peru ruled in favor of Yanacocha and the tax authority appealed the issue to the judiciary. The first appellate court

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

confirmed the ruling of the tax court in favor of Yanacocha. However, in November, 2015, a Superior Court in Peru made an appellate decision overturning the two prior findings in favor of Yanacocha. Yanacocha has appealed the Superior Court ruling to the Peru Supreme Court. The potential liability in this matter is in the form of fines and interest in an amount up to \$83. While the Company has assessed that the likelihood of a ruling against Yanacocha in the Supreme Court as remote, it is not possible to fully predict the outcome of this litigation.

NWG Investments Inc. v. Fronteer Gold Inc.

In April 2011, Newmont acquired Fronteer Gold Inc. ("Fronteer").

Fronteer acquired NewWest Gold Corporation ("NewWest Gold") in September 2007. At the time of that acquisition, NWG Investments Inc. ("NWG") owned approximately 86% of NewWest Gold and an individual named Jacob Safra owned or controlled 100% of NWG. Prior to its acquisition of NewWest Gold, Fronteer entered into a June 2007 lock-up agreement with NWG providing that, among other things, NWG would support Fronteer's acquisition of NewWest Gold. At that time, Fronteer owned approximately 47% of Aurora Energy Resources Inc. ("Aurora"), which, among other things, had a uranium exploration project in Labrador, Canada.

NWG contends that, during the negotiations leading up to the lock-up agreement, Fronteer represented to NWG, among other things, that Aurora would commence uranium mining in Labrador by 2013, that this was a firm date, that Aurora faced no current environmental issues in Labrador and that Aurora's competitors faced delays in commencing uranium mining. NWG further contends that it entered into the lock-up agreement and agreed to support Fronteer's acquisition of NewWest Gold in reliance upon these purported representations. On October 11, 2007, less than three weeks after the Fronteer-NewWest Gold transaction closed, a member of the Nunatsiavut Assembly introduced a motion calling for the adoption of a moratorium on uranium mining in Labrador. On April 8, 2008, the Nunatsiavut Assembly adopted a three-year moratorium on uranium mining in Labrador. NWG contends that Fronteer was aware during the negotiations of the NWG/Fronteer lock-up agreement that the Nunatsiavut Assembly planned on adopting this moratorium and that its adoption would preclude Aurora from commencing uranium mining by 2013, but Fronteer nonetheless fraudulently induced NWG to enter into the lock-up agreement.

On September 24, 2012, NWG served a summons and complaint on the Company, and then amended the complaint to add Newmont Canada Holdings ULC as a defendant. The complaint also named Fronteer Gold Inc. and Mark O'Dea as defendants. The complaint sought rescission of the merger between Fronteer and NewWest Gold and \$750 in damages. In August 2013 the Supreme Court of New York, New York County issued an order granting the defendants' motion to dismiss on forum non conveniens. Subsequently, NWG filed a notice of appeal of the decision and then a notice of dismissal of the appeal on March 24, 2014.

On February 26, 2014, NWG filed a lawsuit in Ontario Superior Court of Justice against Fronteer Gold Inc., Newmont Mining Corporation, Newmont Canada Holdings ULC, Newmont FH B.V. and Mark O'Dea. The Ontario complaint is based upon substantially the same allegations contained in the New York lawsuit with claims for fraudulent and negligent misrepresentation. NWG seeks disgorgement of profits since the close of the NWG deal on September 24, 2007 and damages in the amount of C\$1.2 billion. Newmont, along with other defendants, served the plaintiff with its statement of defense on October 17, 2014. Newmont intends to vigorously defend this matter, but cannot reasonably predict the outcome.

Other Commitments and Contingencies

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

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NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

NOTE 26 SUBSEQUENT EVENTS

In July 2018, Newmont signed a definitive agreement for the purchase of a 50% interest in the Galore Creek Partnership from NovaGold Resources Inc. for cash consideration of \$100, as well as deferred payments of \$100 and contingent payments of \$75. Galore Creek is located in the traditional territory of the Tahltan Nation in northwestern British Columbia, Canada. In connection with the purchase from NovaGold, we also entered into a revised partnership agreement with Teck Resources Limited, who holds the remaining 50% interest.

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

The following Management’s Discussion and Analysis (“MD&A”) provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Newmont Mining Corporation and its subsidiaries (collectively, “Newmont,” the “Company,” “our” and “we”). We use certain non-GAAP financial measures in our MD&A. For a detailed description of each of the non-GAAP measures used in this MD&A, please see the discussion under “Non-GAAP Financial Measures” beginning on page 68. References to “A\$” refers to Australian currency.

This item should be read in conjunction with our interim unaudited Condensed Consolidated Financial Statements and the notes thereto included in this quarterly report. Additionally, the following discussion and analysis should be read in conjunction with Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operations and the consolidated financial statements included in Part II of our Annual Report on Form 10-K for the year ended December 31, 2017 filed February 22, 2018 and revisions filed April 26, 2018 on Form 8-K.

**Overview**

Newmont is one of the world’s largest gold producers and is the only gold company included in the S&P 500 Index and Fortune 500. We have been included in the Dow Jones Sustainability Index-World for 11 consecutive years and have adopted the World Gold Council’s Conflict-Free Gold Policy. We are also engaged in the exploration for and acquisition of gold and copper properties. We have significant operations and/or assets in the United States (“U.S.”), Australia, Peru, Ghana and Suriname.

We continue to focus on improving safety and efficiency at our operations, maintaining leading environmental, social and governance practices, and building a stronger portfolio of longer-life, lower cost mines to generate the financial flexibility we need to fund our best projects, reduce debt, and return cash to shareholders.

**Consolidated Financial Results**

The details of our Net income (loss) from continuing operations attributable to Newmont stockholders are set forth below:

	Three Months Ended June 30,		Increase (decrease)
	2018	2017	
Net income (loss) from continuing operations attributable to Newmont stockholders	\$ 274	\$ 190	\$ 84
Net income (loss) from continuing operations attributable to Newmont stockholders per common share, diluted	\$ 0.51	\$ 0.36	\$ 0.15
	Six Months Ended June 30,		Increase (decrease)
	2018	2017	
Net income (loss) from continuing operations attributable to Newmont stockholders	\$ 444	\$ 260	\$ 184

Net income (loss) from continuing operations attributable to Newmont stockholders per common share, diluted	\$ 0.83	\$ 0.49	\$ 0.34
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The increases in Net income (loss) from continuing operations attributable to Newmont stockholders for the three and six months ended June 30, 2018, compared to the same periods in 2017, are primarily due to lower income tax expense, a gain from the sale of our royalty portfolio in June 2018 and higher average realized prices, partially offset by lower production at various sites, including CC&V, Boddington, Akyem and Twin Creeks. For discussion regarding variations in production volumes and unit cost metrics, see Results of Consolidated Operations below.

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The details of our Sales are set forth below. See Note 4 to our Condensed Consolidated Financial Statements for additional information.

	Three Months Ended June 30,		Increase (decrease)	Percent Change	
	2018	2017			
Gold	\$ 1,581	\$ 1,799	\$ (218)	(12)	%
Copper	81	76	5	7	
	\$ 1,662	\$ 1,875	\$ (213)	(11)	%

	Six Months Ended June 30,		Increase (decrease)	Percent Change	
	2018	2017			
Gold	\$ 3,320	\$ 3,418	\$ (98)	(3)	%
Copper	159	147	12	8	
	\$ 3,479	\$ 3,565	\$ (86)	(2)	%

The following analysis summarizes consolidated gold sales:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Consolidated gold sales:				
Gross before provisional pricing	\$ 1,595	\$ 1,808	\$ 3,339	\$ 3,426
Provisional pricing mark-to-market	(7)	(1)	(5)	7
Gross after provisional pricing	1,588	1,807	3,334	3,433
Treatment and refining charges	(7)	(8)	(14)	(15)
Net	\$ 1,581	\$ 1,799	\$ 3,320	\$ 3,418
Consolidated gold ounces sold (thousands)	1,224	1,439	2,536	2,767
Average realized gold price (per ounce):				
Gross before provisional pricing	\$ 1,304	\$ 1,256	\$ 1,317	\$ 1,238
Provisional pricing mark-to-market	(6)	—	(2)	3
Gross after provisional pricing	1,298	1,256	1,315	1,241
Treatment and refining charges	(6)	(6)	(5)	(6)
Net	\$ 1,292	\$ 1,250	\$ 1,310	\$ 1,235

The change in consolidated gold sales is due to:

	Three Months Ended June 30, 2018 vs. 2017	Six Months Ended June 30, 2018 vs. 2017
Change in consolidated ounces sold	\$ (270)	\$ (287)



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Change in average realized gold price	51	188
Change in treatment and refining charges	1	1
	\$ (218)	\$ (98)

The decreases in gold sales during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, are primarily due to lower production at various sites, including CC&V, Boddington, Akyem and Twin Creeks, partially offset by higher average realized gold prices. For further discussion regarding changes in volumes, see Results of Consolidated Operations below.

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The following analysis summarizes consolidated copper sales:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Consolidated copper sales:				
Gross before provisional pricing	\$ 83	\$ 81	\$ 168	\$ 151
Provisional pricing mark-to-market	1	(1)	(3)	3
Gross after provisional pricing	84	80	165	154
Treatment and refining charges	(3)	(4)	(6)	(7)
Net	\$ 81	\$ 76	\$ 159	\$ 147
Consolidated copper pounds sold (millions)	27	32	54	58
Average realized copper price (per pound):				
Gross before provisional pricing	\$ 3.09	\$ 2.60	\$ 3.11	\$ 2.62
Provisional pricing mark-to-market	0.03	(0.02)	(0.05)	0.06
Gross after provisional pricing	3.12	2.58	3.06	2.68
Treatment and refining charges	(0.13)	(0.12)	(0.13)	(0.12)
Net	\$ 2.99	\$ 2.46	\$ 2.93	\$ 2.56

The change in consolidated copper sales is due to:

	Three Months Ended June 30, 2018 vs. 2017	Six Months Ended June 30, 2018 vs. 2017
Change in consolidated pounds sold	\$ (10)	\$ (9)
Change in average realized copper price	14	20
Change in treatment and refining charges	1	1
	\$ 5	\$ 12

The increases in copper sales during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, are primarily due to higher average realized copper prices, partially offset by lower production at Phoenix. For further discussion regarding changes in volumes, see Results of Consolidated Operations below.

The details of our Costs applicable to sales are set forth below. See Note 3 to our Condensed Consolidated Financial Statements for additional information.

	Three Months Ended June 30,		Increase (decrease)	Percent Change	
	2018	2017			
Gold	\$ 919	\$ 955	\$ (36)	(4)	%
Copper	46	44	2	5	
	\$ 965	\$ 999	\$ (34)	(3)	%

	Six Months Ended				
	June 30,		Increase	Percent	
	2018	2017	(decrease)	Change	
Gold	\$ 1,901	\$ 1,873	\$ 28	1	%
Copper	93	83	10	12	
	\$ 1,994	\$ 1,956	\$ 38	2	%

The decrease in Costs applicable to sales for gold during the three months ended June 30, 2018, compared to the same period in 2017, is primarily due to lower production at various sites, partially offset by higher stockpile and leach pad inventory adjustments and higher oil prices.

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Costs applicable to sales for gold during the six months ended June 30, 2018, remained relatively flat, compared to the same period in 2017, as higher stockpile and leach pad inventory adjustments and higher oil prices were offset by lower production at various sites.

The increases in Costs applicable to sales for copper during the three and six months ended June 30, 2018, compared to the same periods in 2017, are primarily due to a higher co-product allocation of costs to copper based on a higher relative copper sales value.

For discussion regarding variations in operations, see Results of Consolidated Operations below.

The details of our Depreciation and amortization are set forth below. See Note 3 to our Condensed Consolidated Financial Statements for additional information.

	Three Months Ended June 30,				
	2018	2017	Increase (decrease)	Percent Change	
Gold	\$ 260	\$ 292	\$ (32)	(11)	%
Copper	10	10	—	—	
Other	9	8	1	13	
	\$ 279	\$ 310	\$ (31)	(10)	%

	Six Months Ended June 30,				
	2018	2017	Increase (decrease)	Percent Change	
Gold	\$ 544	\$ 575	\$ (31)	(5)	%
Copper	20	19	1	5	
Other	16	16	—	—	
	\$ 580	\$ 610	\$ (30)	(5)	%

The decreases in Depreciation and amortization for gold during the three and six months ended June 30, 2018, compared to the same periods in 2017, are primarily due to lower production at various sites, partially offset by higher stockpile and leach pad inventory adjustments.

Depreciation and amortization for copper remained relatively flat during the three and six months ended June 30, 2018, compared to the same periods in 2017.

For discussion regarding variations in operations, see Results of Consolidated Operations below.

Reclamation and remediation decreased by \$6 and \$7 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to updated reclamation liability assumptions at Yanacocha regarding water treatment costs on non-operating leach pads of \$15 in 2017, partially offset by updated assumptions at a historic mine site for future water management costs of \$8 in 2018.

Exploration increased by \$3 and \$7 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to increased expenditures at various projects in Australia as we continue to focus on developing future reserves.

Advanced projects, research and development increased by \$4 and \$12 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to costs associated with full potential opportunities in North America and South America, as well as on-going study costs on the Long Canyon Phase 2 project in North America, and the Chaquicocha underground and Yanacocha Sulfides projects in South America.

General and administrative increased by \$5 and \$9 during the three and six months ended June 30, 2018, compared to the same periods in 2017, primarily due to higher IT project and services costs.

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Other expense, net decreased by \$1 and \$7 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to prior-year net adjustments to the contingent consideration and related liabilities associated with the acquisition of the final 33.33% interest in Boddington in June 2009 and non-cash write-downs of obsolete assets at Yanacocha and Australia in 2017, partially offset by higher severance, legal, and other settlements.

Other income, net increased by \$108 and \$138 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to a gain from the exchange of certain royalty interests for cash consideration and an equity ownership and warrants in Maverix Metals Inc. (“Maverix”) in June 2018 and decreases in Australia-denominated liabilities from a weaker Australian dollar.

Interest expense, net decreased by \$15 and \$29 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to reduced debt balances as a result of the repayment of the 2017 Convertible Senior Notes in July 2017 and higher capitalized interest related to various development projects in 2018.

Income and mining tax expense (benefit) was \$18 and \$123, and \$166 and \$277 during the three and six months ended June 30, 2018, respectively. The effective tax rate is driven by a number of factors and the comparability of our income tax expense for the reported periods will be primarily affected by (i) variations in our income before income taxes; (ii) geographic distribution of that income; (iii) impacts of the enactment of tax reform; (iv) the non-recognition of tax assets; (v) percentage depletion; (vi) and the impact of specific transactions and assessments. As a result, the effective tax rate will fluctuate, sometimes significantly, year to year. This trend is expected to continue in future periods. See Note 8 for further discussion of income taxes.

	Three months ended June 30, 2018(1)			Six months ended June 30, 2018(1)		
	Income (Loss)(2)	Effective Tax Rate	Income Tax Expense (Benefit)	Income (Loss)(2)	Effective Tax Rate	Income Tax Benefit (Provision)
Nevada	\$ 72	15 %	\$ 11 (3)	\$ 170	16 %	\$ 27 (3)
CC&V	25	20	5 (4)	50	10	5 (4)
Corporate & Other	(9)	178	(16) (5)	(76)	38	(29) (5)
Total US	88	—	—	144	2	3
Australia	172	8	13 (6)	344	22	76 (6)
Ghana	22	32	7	56	34	19
Suriname	32	25	8	91	26	24
Peru	(10)	(10)	1 (7)	(47)	(6)	3 (7)
Other Foreign	1	—	—	—	—	—
Rate adjustments	—	N/A	(11) (8)	—	N/A	(2) (8)
Consolidated	\$ 305	6 %	\$ 18	\$ 588	21 %	\$ 123

- (1) The June 30, 2017 information has not been presented as such comparison would not be meaningful as a result of tax restructuring implemented by the Company at December 31, 2017. Due to changes the Tax Cuts and Jobs Act made to certain international tax provisions, it was prudent for the Company to restructure the holding of its non-U.S. operations for U.S. federal income tax purposes. This was accomplished by executing and filing various “check the box” elections with respect to certain non-U.S. subsidiaries of the Company. The elections resulted in the conversions of these subsidiaries from branches and/or foreign partnerships to regarded foreign corporations.
- (2) Represents income (loss) from continuing operations by geographic location before income taxes and equity in affiliates. These amounts will not reconcile to the Segment Information for the reasons stated in Note 3.

- (3) Includes deduction for percentage depletion of \$(8) and \$(19) and mining taxes of \$4 and \$10, respectively.
- (4) Includes deduction for percentage depletion of \$- and \$(6), respectively.
- (5) Includes valuation allowance release of \$(14) and \$(11), respectively.
- (6) Includes mining taxes of \$9 and \$20 and valuation allowance release of \$(46) and \$(46), respectively.
- (7) Includes valuation allowance of \$1 and \$10 and mining taxes of \$1 and \$2, respectively.
- (8) In accordance with applicable accounting rules, the interim provision for income taxes is adjusted to equal the consolidated tax rate.

During the second quarter, we completed a fixed asset study regarding the deductibility of certain mineral interests related to Boddington. Based on the work performed to date, we determined the Company will be able to realize certain Australian deferred tax assets and recorded a tax benefit of \$45 during the quarter. This adjustment was treated as a change to the provisional amount recorded in the fourth quarter of 2017 for the impacts of US tax reform as it relates to balances impacted by the tax restructuring completed at year-end. We expect to record additional updates to the provisional amounts for the impacts of US tax reform during the last half of 2018 following completion of the 2017 income tax returns and within the 12 month time frame provided under the SEC's Staff Accounting Bulletin 118.

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Equity income (loss) of affiliates decreased by \$4 and \$11 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, primarily due to increased losses recognized at TMAC Resources Inc. and Minera La Zanja S.R.L.

Net income (loss) from discontinued operations increased by \$33 and \$78 during the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017, as detailed below:

	Three Months Ended				
	June 30,		Increase	Percent	
	2018	2017	(decrease)	Change	
Holt royalty obligation	\$ 17	\$ (15)	\$ 32	(213)	%
Batu Hijau contingent consideration	1	—	1	N.M.	
	\$ 18	\$ (15)	\$ 33	(220)	%

	Six Months Ended				
	June 30,		Increase	Percent	
	2018	2017	(decrease)	Change	
Holt royalty obligation	\$ 36	\$ (38)	\$ 74	(195)	%
Batu Hijau contingent consideration	4	—	4	N.M.	
	\$ 40	\$ (38)	\$ 78	(205)	%

N.M. – Not meaningful.

During the three and six months ended June 30, 2018 the Holt royalty obligation increased the net income from discontinued operations primarily due to an increase in discount rate and decrease in gold price. The six-month period was also impacted by a decrease in expected production based on gold reserves and resources from Kirkland Lake Gold Ltd., which were updated in the first quarter of 2018. During the three and six months ended June 30, 2017, the Holt royalty obligation increased the net loss from discontinued operations primarily due to an increase in gold price and decrease in discount rate. The six month comparison was also impacted by an increase in the expected production based on gold reserves and resources from Kirkland Lake Gold Ltd., which were updated in the first quarter of 2017.

For additional information regarding our discontinued operations, see Note 9 to our Condensed Consolidated Financial Statements.

Net loss (income) attributable to noncontrolling interests from continuing operations increased by \$30 and \$18 during the three and six months ended June 30, 2018, respectively, compared to the same periods of 2017, primarily due to decreased losses at Yanacocha.



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## Results of Consolidated Operations

	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Three Months Ended June 30,								
Gold	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
North America	430	578	\$ 802	\$ 628	\$ 238	\$ 219	\$ 1,056	\$ 797
South America	221	241	711	825	213	263	1,005	1,071
Australia	391	401	710	652	128	130	851	782
Africa	200	220	762	605	349	250	942	795
Total/Weighted-Average	1,242	1,440	\$ 751	\$ 664	\$ 221	\$ 208	\$ 1,024	\$ 883
Attributable to Newmont	1,162	1,352						
Copper	(pounds in millions)		(\$ per pound sold)		(\$ per pound sold)		(\$ per pound sold)	
North America	7	9	\$ 2.00	\$ 1.60	\$ 0.52	\$ 0.40	\$ 2.57	\$ 2.00
Australia	24	22	1.59	1.27	0.30	0.27	1.87	1.55
Total/Weighted-Average	31	31	\$ 1.70	\$ 1.38	\$ 0.35	\$ 0.31	\$ 2.05	\$ 1.69
Copper	(tonnes in thousands)							
North America	4	5						
Australia	10	10						
Total/Weighted-Average	14	15						
	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Six Months Ended June 30,								
Gold	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
North America	920	1,082	\$ 782	\$ 693	\$ 236	\$ 230	\$ 996	\$ 869
South America	442	484	747	736	225	250	1,002	958
Australia	757	761	709	651	130	135	853	779
Africa	409	440	754	615	337	254	923	773
Total/Weighted-Average	2,528	2,767	\$ 750	\$ 677	\$ 221	\$ 214	\$ 998	\$ 891
Attributable to Newmont	2,371	2,586						
Copper	(pounds in millions)		(\$ per pound sold)		(\$ per pound sold)		(\$ per pound sold)	
North America	14	19	\$ 1.93	\$ 1.70	\$ 0.51	\$ 0.45	\$ 2.35	\$ 2.05
Australia	43	41	1.63	1.29	0.30	0.26	1.95	1.55
Total/Weighted-Average	57	60	\$ 1.72	\$ 1.43	\$ 0.36	\$ 0.33	\$ 2.06	\$ 1.72
Copper	(tonnes in thousands)							
North America	7	9						
Australia	19	19						
Total/Weighted-Average	26	28						

- (1) Excludes Depreciation and amortization and Reclamation and remediation.
- (2) All-In Sustaining Costs is a non-GAAP financial measure. See Non-GAAP Financial Measures beginning on page 68.

Three months ended June 30, 2018 compared to 2017

Consolidated gold production decreased 14% primarily due to a build up of concentrate inventory at CC&V, lower ore grade mined and lower leach production at North America, lower drawdown of in-circuit inventory at Merian in South America, lower ore grade milled at Boddington in Australia, and lower mill throughput and grade at Akyem in Africa, partially offset by a drawdown of in-circuit inventory at Ahafo in Africa.

Consolidated copper production was in line with prior year.

Costs applicable to sales per consolidated gold ounce increased 13% primarily due to lower production, higher stockpile and leach pad inventory adjustments and higher oil prices. Costs applicable to sales per consolidated copper pound increased 23% primarily due to a higher co-product allocation of costs to copper based on a higher relative copper sales value.

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Depreciation and amortization per consolidated gold ounce increased 6% primarily due to lower production, partially offset by lower amortization rates. Depreciation and amortization per consolidated copper pound increased 13% primarily due to lower copper pounds sold.

All-in sustaining costs per consolidated gold ounce increased 16% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend. All-in sustaining costs per consolidated copper pound increased 21% primarily due to higher costs applicable to sales per pound and higher sustaining capital spend.

Six months ended June 30, 2018 compared to 2017

Consolidated gold production decreased 9% primarily due to lower ore grade milled and recovery at CC&V and Twin Creeks in North America, in addition to a build up of concentrate inventory at CC&V, lower ore grade milled and leach production at Yanacocha in South America, lower ore grade milled and recovery at Boddington in Australia and lower mill throughput and grade at Akyem in Africa, partially offset by higher leach production at Long Canyon in North America, higher mill throughput and grade at Tanami in Australia and higher ore grade milled at Ahafo in Africa.

Consolidated copper production decreased by 5% primarily due to lower ore grade milled at Phoenix in North America, partially offset by higher mill throughput and recovery at Boddington in Australia.

Costs applicable to sales per consolidated gold ounce increased 11% primarily due to lower ounces sold, higher stockpile and leach pad inventory adjustments and higher oil prices, partially offset by a lower co-product allocation of costs to gold. Costs applicable to sales per consolidated copper pound increased 20% primarily due to lower production and a higher co-product allocation of costs to copper.

Depreciation and amortization per consolidated gold ounce increased 3% primarily due to lower ounces sold and higher stockpile and leach pad inventory adjustments. Depreciation and amortization per consolidated copper pound increased 9% primarily due to a higher co-product allocation of costs to copper based on a higher relative copper sales value and lower copper pounds sold.

All-in sustaining costs per consolidated gold ounce increased 12% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend. All-in sustaining costs per consolidated copper pound increased 20% primarily due to higher costs applicable to sales per pound and higher sustaining capital spend.

## North America Operations

	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Three Months Ended June 30,								
Gold	(ounces in thousand)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Carlin	183	220	\$ 949	\$ 766	\$ 234	\$ 207	\$ 1,217	\$ 1,009
Phoenix	54	61	819	807	193	211	1,057	982
Twin Creeks	87	122	770	492	180	137	878	597
Long Canyon	42	44	422	289	452	400	502	311
CC&V	64	131	654	561	217	250	857	629
Total/Weighted-Average (3)	430	578	\$ 802	\$ 628	\$ 238	\$ 219	\$ 1,056	\$ 797

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Copper	(pounds in millions)		(\$ per pound sold)		(\$ per pound sold)		(\$ per pound sold)	
Phoenix	7	9	\$ 2.00	\$ 1.60	\$ 0.52	\$ 0.40	\$ 2.57	\$ 2.00
Copper	(tonnes in thousands)							
Phoenix	4	5						

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	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Six Months Ended June 30,	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Gold	414	432	\$ 906	\$ 861	\$ 230	\$ 226	\$ 1,119	\$ 1,105
Carlin	116	111	809	874	191	223	983	1,058
Phoenix	168	205	768	534	182	149	882	649
Twin Creeks	87	77	388	325	435	403	464	351
Long Canyon	135	257	637	573	229	250	831	642
CC&V	920	1,082	\$ 782	\$ 693	\$ 236	\$ 230	\$ 996	\$ 869
Total/Weighted-Average (3)								
	(pounds in millions)		(\$ per pound sold)		(\$ per pound sold)		(\$ per pound sold)	
Copper	14	19	\$ 1.93	\$ 1.70	\$ 0.51	\$ 0.45	\$ 2.35	\$ 2.05
Phoenix								
	(tonnes in thousands)							
Copper	7	9						
Phoenix								

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

(2) All-In Sustaining Costs is a non-GAAP financial measure. See Non-GAAP Financial Measures beginning on page 68.

(3) All-In Sustaining Costs and Depreciation and amortization include expense for other regional projects.

Three months ended June 30, 2018 compared to 2017

Carlin, USA. Gold production decreased 17% primarily due to lower ore grade mined from Leeville and Chukar, as well as lower leach placement at Emigrant. Costs applicable to sales per ounce increased 24% primarily due to lower production and higher stockpile and leach-pad inventory adjustments driven by planned stripping at Silverstar. Depreciation and amortization per ounce increased 13% primarily due to lower ounces sold. All-in sustaining costs per ounce increased 21% primarily due to higher costs applicable to sales per ounce, partially offset by lower sustaining capital spend.

Phoenix, USA. Gold production decreased 11% primarily due to lower leach production from reduced ore placement and grade at Lone Tree, as well as lower mill recovery, partially offset by higher mill throughput. Copper production decreased 22% primarily due to lower ore grade milled and lower leach ore placement. Costs applicable to sales per ounce was in line with the prior period. Costs applicable to sales per pound increased 25% primarily due to lower copper pounds sold. Depreciation and amortization per ounce decreased 9% primarily due to lower amortization rates at Lone Tree. Depreciation and amortization per pound increased 30% primarily due to lower copper pounds sold. All-in sustaining costs per ounce increased 8% primarily due to higher sustaining capital spend. All-in sustaining costs per pound increased 29% primarily due to higher costs applicable to sales per pound.

Twin Creeks, USA. Gold production decreased 29% primarily due to lower ore grades mined and milled as a result of mine sequencing. Costs applicable to sales per ounce increased 57% primarily due to lower ounces sold and higher stockpile and leach pad inventory adjustments. Depreciation and amortization per ounce increased 31% primarily due to lower ounces sold. All-in sustaining costs per ounce increased 47% primarily due to higher costs applicable to sales

per ounce, partially offset by lower sustaining capital spend.

Long Canyon, USA. Gold production decreased 5% primarily due to lower ore grade mined. Costs applicable to sales per ounce increased 46% primarily due to lower ore grade mined. Depreciation and amortization per ounce increased 13% primarily due to lower ounces sold and higher amortization rates. All-in sustaining cost per ounce increased 61% primarily due to higher cost applicable to sales per ounce and higher sustaining capital spend.

CC&V, USA. Gold production decreased 51% primarily due to a build up of concentrate inventory to be shipped and processed in Nevada, as well as lower leach tons and grade at Valley Leach Fill 2. Costs applicable to sales per ounce increased 17% primarily due to lower ounces sold. Depreciation and amortization per ounce decreased 13% primarily due to lower amortization rates driven by reserve life additions, partially offset by lower ounces sold. All-in sustaining costs per ounce increased 36% primarily due to higher sustaining capital spend and higher costs applicable to sales per ounce.

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Six months ended June 30, 2018 compared to 2017

Carlin, USA. Gold production decreased 4% primarily due to lower leach ore placement at Emigrant and the timing of leach recoveries at North Area Leach. Costs applicable to sales per ounce increased 5% primarily due to lower ounces sold. Depreciation and amortization per ounce and All-in sustaining costs per ounce were in line with prior period.

Phoenix, USA. Gold production increased 5% primarily due to higher ore grade milled. Copper production decreased 26% primarily due to lower ore grade milled. Costs applicable to sales per ounce decreased 7% primarily due to higher ounces sold, partially offset by a higher co-product allocation of costs to gold. Costs applicable to sales per pound increased 14% primarily due to lower copper pounds sold, partially offset by a lower co-product allocation of costs to copper. Depreciation and amortization per ounce decreased 14% primarily due to higher ounces sold. Depreciation and amortization per pound increased 13% primarily due to lower copper pounds sold. All-in sustaining costs per ounce decreased 7% primarily due to lower costs applicable to sales per ounce. All-in sustaining costs per pound increased 15% primarily due to the higher costs applicable to sales per pound.

Twin Creeks, USA. Gold production decreased 18% primarily due to lower ore grades mined and milled as a result of mine sequencing. Costs applicable to sales per ounce increased 44% primarily due to lower ounces sold and higher stockpile and leach pad inventory adjustments. Depreciation and amortization per ounce increased 22% primarily due to lower ounces sold. All-in sustaining costs per ounce increased 36% primarily due to the higher costs applicable to sales per ounce, partially offset by lower sustaining capital spend.

Long Canyon, USA. Gold production increased 13% primarily due to commencement of operations in late 2016, resulting in lower production in the prior year. Costs applicable to sales per ounce increased 19% primarily due to lower ore grade mined, partially offset by higher ounces sold. Depreciation and amortization per ounce increased 8% primarily due to higher amortization rates. All-in sustaining cost per ounce increased 32% primarily due to higher cost applicable to sales per ounce and higher sustaining capital spend.

CC&V, USA. Gold production decreased 47% primarily due to lower mill grades and recovery and a build up of concentrate inventory to be shipped and processed in Nevada, as well as lower leach tons and grade at Valley Leach Fill 2. Costs applicable to sales per ounce increased 11% primarily due to lower production. Depreciation and amortization per ounce decreased 8% primarily due to lower amortization rates driven by reserve life additions. All-in sustaining costs per ounce increased 29% primarily due to higher sustaining capital and higher costs applicable to sales per ounce.

### South America Operations

	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Three Months Ended June 30,	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Yanacocha	116	120	\$ 815	\$ 1,117	\$ 199	\$ 283	\$ 1,049	\$ 1,408
Merian	105	121	594	533	196	217	833	600
Total / Weighted Average (3)	221	241	\$ 711	\$ 825	\$ 213	\$ 263	\$ 1,005	\$ 1,071
Yanacocha (48.65%) (4)	(53)	(58)						
Merian (25.00%)	(27)	(30)						
Attributable to Newmont	141	153						





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	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Six Months Ended June 30,								
Yanacocha	220	258	\$ 937	\$ 944	\$ 237	\$ 261	\$ 1,160	\$ 1,179
Merian	222	226	563	491	184	206	727	561
Total / Weighted Average								
(3)	442	484	\$ 747	\$ 736	\$ 225	\$ 250	\$ 1,002	\$ 958
Yanacocha (48.65%) (4)	(101)	(125)						
Merian (25.00%)	(56)	(56)						
Attributable to Newmont	285	303						

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

(2) All-In Sustaining Costs is a non-GAAP financial measure. See Non-GAAP Financial Measures beginning on page 68.

(3) All-In Sustaining Costs and Depreciation and amortization include expense for other regional projects.

(4) In December 2017, Minera Yanacocha S.R.L. ("Yanacocha") repurchased a 5% interest held by the International Finance Corporation, increasing Newmont's ownership in Yanacocha from 51.35% to 54.05% as of December 31, 2017. In June 2018, Yanacocha sold a 5% ownership interest to a subsidiary of Sumitomo Corporation, reducing Newmont's ownership to 51.35% as of June 30, 2018. See Note 10 to our Condensed Consolidated Financial Statements.

Three months ended June 30, 2018 compared to 2017

Yanacocha, Peru. Gold production was in line with the prior period. Costs applicable to sales per ounce decreased 27% primarily due to lower stockpile and leach pad inventory adjustments and higher by-product credits from the sale of copper and silver concentrates. Depreciation and amortization per ounce decreased 30% primarily due to lower stockpile and leach pad inventory adjustments. All-in sustaining costs per ounce decreased 25% primarily due to lower costs applicable to sales per ounce and lower sustaining capital spend.

Merian, Suriname. Gold production decreased 13% primarily due to a lower drawdown of in-circuit inventory, compared to the prior period, and lower ore grade milled and recovery, partially offset by higher mill throughput. Costs applicable to sales per ounce increased 11% primarily due to lower ounces sold, lower ore grade mined and an unfavorable strip ratio. Depreciation and amortization per ounce decreased 10% primarily due to lower amortization rates. All-in sustaining cost per ounce increased 39% primarily due to higher sustaining capital spend and higher costs applicable to sales per ounce sold.

Six months ended June 30, 2018 compared to 2017

Yanacocha, Peru. Gold production decreased 15% primarily due to lower mill grade and lower leach recoveries, partially offset by higher mill throughput. Costs applicable to sales per ounce was in line with the prior period. Depreciation and amortization per ounce decreased 9% primarily due to lower stockpile and leach pad inventory adjustments and lower amortization rates. All-in sustaining costs per ounce was in line with prior period.

Merian, Suriname. Gold production was in line with prior period as lower ore grade milled and recovery were offset by higher throughput and a higher drawdown of in-circuit inventory. Cost applicable to sales per ounce increased 15%

primarily due to lower ore grade mined and an unfavorable strip ratio. Depreciation and amortization per ounce decreased 11% primarily due to lower amortization rates. All-in sustaining cost per ounce increased 30% primarily due to higher sustaining capital spend and higher costs applicable to sales per ounce sold.

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## Australia Operations

	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Three Months Ended June 30,								
Gold	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Boddington	197	212	\$ 736	\$ 697	\$ 134	\$ 147	\$ 826	\$ 791
Tanami	102	98	714	592	163	153	925	755
Kalgoorlie	92	91	658	611	66	56	753	667
Total/Weighted-Average (3)	391	401	\$ 710	\$ 652	\$ 128	\$ 130	\$ 851	\$ 782
Copper	(pounds in millions)		(\$ per pound sold)		(\$ per pound sold)		(\$ per pound sold)	
Boddington	24	22	\$ 1.59	\$ 1.27	\$ 0.30	\$ 0.27	\$ 1.87	\$ 1.55
Copper	(tonnes in thousands)							
Boddington	10	10						
	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
Six Months Ended June 30,								
Gold	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Boddington	360	414	\$ 765	\$ 681	\$ 139	\$ 144	\$ 873	\$ 782
Tanami	218	172	654	621	155	178	828	770
Kalgoorlie	179	175	673	615	67	52	787	684
Total/Weighted-Average (3)	757	761	\$ 709	\$ 651	\$ 130	\$ 135	\$ 853	\$ 779
Copper	(pounds in millions)		(\$ per pound sold)		(\$ per pound sold)		(\$ per pound sold)	
Boddington	43	41	\$ 1.63	\$ 1.29	\$ 0.30	\$ 0.26	\$ 1.95	\$ 1.55
Copper	(tonnes in thousands)							
Boddington	19	19						

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

(2) All-In Sustaining Costs is a non-GAAP financial measure. See Non-GAAP Financial Measures beginning on page 68.

(3) All-In Sustaining Costs and Depreciation and amortization include expense for other regional projects.

Three months ended June 30, 2018 compared to 2017

Boddington, Australia. Gold production decreased 7% primarily due to lower ore grade milled and recovery, partially offset by higher mill throughput. Copper production increased 9% primarily due to higher mill throughput and recovery, partially offset by lower ore grade milled. Costs applicable to sales per ounce increased 6% primarily due to

lower production and higher oil prices, partially offset by lower mill maintenance costs and lower co-product allocation of costs to gold. Costs applicable to sales per pound increased 25% primarily due to higher oil prices and a higher co-product allocation of costs to copper, partially offset by lower mill maintenance costs. Depreciation and amortization per ounce decreased 9% primarily due to lower co-product allocation of costs to gold, partially offset by lower ounces sold. Depreciation and amortization per pound increased 11% primarily due to a higher co-product allocation of costs to copper. All-in sustaining costs per ounce increased 4% primarily due to higher costs applicable to sales per ounce. All-in sustaining costs per pound increased 21% primarily due to higher costs applicable to sales per pound.

Tanami, Australia. Gold production increased 4% primarily due to higher mill recovery. Costs applicable to sales per ounce increased 21% primarily due to higher mine maintenance costs, higher paste fill activity and higher oil prices, partially offset by higher production. Depreciation and amortization per ounce increased 7% primarily due to asset additions. All-in sustaining costs per ounce increased 23% primarily due to higher costs applicable to sales per ounce, sustaining capital spend and exploration spend.

Kalgoorlie, Australia. Gold production was in line with the prior period as higher mill throughput, recovery and a lower build up of in-circuit inventory were offset by lower ore grades milled as a result of reduced ore tons mined from the pit due to a failure in the East wall of the pit, leading to the processing of lower-grade stockpiles. Costs applicable to sales per ounce increased 8%

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primarily due to higher mining cost per ton as a result of the failure in the East wall of the pit, higher mill maintenance costs and higher oil prices. Depreciation and amortization per ounce increased 18% primarily due to asset additions and higher amortization rates. All-in sustaining costs per ounce increased 13% primarily due to higher costs applicable to sales per ounce and higher exploration, advanced projects and sustaining capital spend.

Six months ended June 30, 2018 compared to 2017

Boddington, Australia. Gold production decreased 13% primarily due to lower ore grade milled and recovery, partially offset by higher mill throughput. Copper production increased 5% primarily due to higher mill throughput and recovery, partially offset by lower ore grade milled. Costs applicable to sales per ounce increased 12% primarily due to lower production and higher oil prices, partially offset by a lower co-product allocation of costs to gold. Costs applicable to sales per pound increased 26% primarily due to higher oil prices and a higher co-product allocation of costs to copper, partially offset by higher production. Depreciation and amortization per ounce was in line with the prior year as a lower co-product allocation of costs to gold was offset by lower ounces sold. Depreciation and amortization per pound increased 15% primarily due to a higher co-product allocation of costs to copper. All-in sustaining costs per ounce increased 12% primarily due to higher costs applicable to sales per ounce. All-in sustaining costs per pound increased 26% primarily due to higher costs applicable to sales per pound.

Tanami, Australia. Gold production increased 27% primarily due to higher mill throughput, ore grade milled and recovery, partially offset by a build-up of in-circuit inventory, compared to a draw-down in the prior period. Throughput was higher primarily due to the Tanami Expansion project achieving commercial production in the third quarter of 2017, coupled with the mill being placed into care and maintenance for 21 days in early 2017 following record high rainfall that blocked transport routes, limiting access to fuel and other resources. Costs applicable to sales per ounce increased 5% primarily due to higher mine and mill maintenance costs, higher paste fill activity and higher oil prices, partially offset by higher production. Depreciation and amortization per ounce decreased 13% primarily due to higher ounces sold. All-in sustaining costs per ounce increased 8% primarily due to higher costs applicable to sales per ounce and higher exploration and advanced project spend.

Kalgoorlie, Australia. Gold production was in line with prior period as higher mill throughput, recovery and a lower build up of in-circuit inventory were offset by lower ore grades milled as a result of reduced ore tons mined from the pit due to a failure in the East wall of the pit, leading to the processing of lower-grade stockpiles. Costs applicable to sales per ounce increased 9% primarily due to higher mining costs per ton as a result of the failure in the East wall of the pit, higher mill maintenance and site support costs and higher oil prices, partially offset by higher production. Depreciation and amortization per ounce increased 29% primarily due to asset additions and higher amortization rates. All-in sustaining costs per ounce increased 15% primarily due to higher costs applicable to sales per ounce sold and higher exploration, advanced projects and sustaining capital spend.

## Africa Operations

	Gold or Copper Produced		Costs Applicable to Sales (1)		Depreciation and Amortization		All-In Sustaining Costs (2)	
	2018	2017	2018	2017	2018	2017	2018	2017
	(ounces in thousands)		(\$ per ounce sold)		(\$ per ounce sold)		(\$ per ounce sold)	
Three Months Ended June 30, Ahafo	100	88	\$ 897	\$ 674	\$ 283	\$ 169	\$ 1,003	\$ 944
Akyem	100	132	624	557	416	305	794	618
Total / Weighted Average (3)	200	220	\$ 762	\$ 605	\$ 349	\$ 250	\$ 942	\$ 795

