

NEWMONT MINING CORP /DE/

Form 10-Q

April 25, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2014

or

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

For the transition period from _____ to _____

Commission File Number: 001-31240

NEWMONT MINING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of	84-1611629 (I.R.S. Employer
Incorporation or Organization)	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	

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

There were 498,529,240 shares of common stock outstanding on April 16, 2014.

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.****NEWMONT MINING CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(unaudited, in millions except per share)**

	Three Months Ended March 31,	
	2014	2013
Sales (Note 4)	\$ 1,764	\$ 2,188
Costs and expenses		
Costs applicable to sales ⁽¹⁾ (Note 4)	1,083	1,057
Amortization (Note 4)	298	267
Reclamation and remediation (Note 5)	20	18
Exploration	34	59
Advanced projects, research and development	42	52
General and administrative	45	56
Other expense, net (Note 6)	52	100
	1,574	1,609
Other income (expense)		
Other income, net (Note 7)	46	26
Interest expense, net	(93)	(65)
	(47)	(39)
Income before income and mining tax and other items	143	540
Income and mining tax expense (Note 8)	(78)	(180)
Equity income (loss) of affiliates		(4)
Income from continuing operations	65	356
Income (loss) from discontinued operations (Note 9)	(17)	
Net income	48	356
Net loss (income) attributable to noncontrolling interests (Note 10)	52	(42)
Net income attributable to Newmont stockholders	\$ 100	\$ 314
Net income (loss) attributable to Newmont stockholders:		
Continuing operations	\$ 117	\$ 314

Discontinued operations	(17)		
	\$ 100	\$ 314	
Income (loss) per common share (Note 11)			
Basic:			
Continuing operations	\$ 0.23	\$ 0.63	
Discontinued operations	(0.03)		
	\$ 0.20	\$ 0.63	
Diluted:			
Continuing operations	\$ 0.23	\$ 0.63	
Discontinued operations	(0.03)		
	\$ 0.20	\$ 0.63	
Cash dividends declared per common share	\$ 0.150	\$ 0.425	

(1) Excludes *Amortization and Reclamation and remediation*.

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

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	Three Months Ended March 31,	
	2014	2013
	(in millions)	
Net income	\$ 48	\$ 356
Other comprehensive income (loss):		
Unrealized gain(loss) on marketable securities, net of \$(1) and \$38 tax benefit (expense), respectively	(31)	(52)
Foreign currency translation adjustments	(5)	(12)
Change in pension and other post-retirement benefits, net of \$1 and \$3 tax expense, respectively	2	5
Change in fair value of cash flow hedge instruments, net of \$4 and \$15 tax benefit (expense), respectively		
Net change from periodic revaluations	9	21
Net amount reclassified to income		(24)
Net unrecognized (loss) gain on derivatives	9	(3)
Other comprehensive income (loss)	(25)	(62)
Comprehensive income	\$ 23	\$ 294
Comprehensive income attributable to:		
Newmont stockholders	\$ 77	\$ 253
Noncontrolling interests	(54)	41
	\$ 23	\$ 294

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)

	Three Months Ended	
	March 31,	
	2014	2013
Operating activities:		
Net income	\$ 48	\$ 356
Adjustments:		
Amortization	298	267
Stock based compensation and other non-cash benefits	13	19
Reclamation and remediation	20	18
Loss (income) from discontinued operations	17	
Impairment of marketable securities	1	4
Deferred income taxes	35	(11)
Gain on asset and investment sales, net	(50)	(1)
Other operating adjustments and write-downs	151	74
Net change in operating assets and liabilities (Note 24)	(350)	(287)
Net cash provided from continuing operations	183	439
Net cash used in discontinued operations	(3)	(6)
Net cash provided from operations	180	433
Investing activities:		
Additions to property, plant and mine development	(235)	(510)
Acquisitions, net	(28)	(8)
Sale of marketable securities	25	1
Purchases of marketable securities	(1)	(1)
Proceeds from sale of other assets	70	25
Other	(9)	(14)
Net cash used in investing activities	(178)	(507)
Financing activities:		
Proceeds from debt, net	3	80
Proceeds from stock issuance, net		1
Sale of noncontrolling interests		32
Acquisition of noncontrolling interests	(2)	(6)
Dividends paid to common stockholders	(77)	(211)
Other	(4)	(1)
Net cash provided from (used in) financing activities	(80)	(105)

Effect of exchange rate changes on cash	(2)	(4)
Net change in cash and cash equivalents	(80)	(183)
Cash and cash equivalents at beginning of period	1,555	1,561
Cash and cash equivalents at end of period	\$ 1,475	\$ 1,378

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 March 31, 2014	At December 31, 2013
ASSETS		
Cash and cash equivalents	\$ 1,475	\$ 1,555
Trade receivables	206	230
Accounts receivable	319	252
Investments (Note 16)	83	78
Inventories (Note 17)	814	717
Stockpiles and ore on leach pads (Note 18)	760	805
Deferred income tax assets	239	246
Other current assets (Note 19)	1,351	1,006
Current assets	5,247	4,889
Property, plant and mine development, net	14,138	14,277
Investments (Note 16)	393	439
Stockpiles and ore on leach pads (Note 18)	2,723	2,680
Deferred income tax assets	1,416	1,473
Other long-term assets (Note 19)	881	849
Total assets	\$ 24,798	\$ 24,607
LIABILITIES		
Debt (Note 20)	\$ 615	\$ 595
Accounts payable	463	478
Employee-related benefits	247	341
Income and mining taxes	27	13
Other current liabilities (Note 21)	1,532	1,313
Current liabilities	2,884	2,740
Debt (Note 20)	6,146	6,145
Reclamation and remediation liabilities (Note 5)	1,519	1,513
Deferred income tax liabilities	696	635
Employee-related benefits	333	323
Other long-term liabilities (Note 21)	339	342
Total liabilities	11,917	11,698
Commitments and contingencies (Note 26)		
EQUITY		
Common stock	798	789

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Additional paid-in capital	8,458	8,441
Accumulated other comprehensive income (loss)	(205)	(182)
Retained earnings	968	945
Newmont stockholders' equity	10,019	9,993
Noncontrolling interests	2,862	2,916
Total equity	12,881	12,909
Total liabilities and equity	\$ 24,798	\$ 24,607

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 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, 2013 filed February 20, 2014 on Form 10-K. The year-end balance sheet data was derived from the audited financial statements and, in accordance with the instructions to Form 10-Q, certain information and footnote disclosures required by United States generally accepted accounting principles (GAAP) have been condensed or omitted. References to A\$ refer to Australian currency, C\$ to Canadian currency and NZ\$ to New Zealand currency.

On February 18, 2014 the Company redeemed all outstanding exchangeable shares (other than those held by Newmont and its affiliates). On the date of the redemption, holders of exchangeable shares received, in exchange for each exchangeable share, one share of common stock of Newmont. At December 31, 2013, the value of the remaining outstanding exchangeable shares was included in *Additional paid-in capital* and *Common shares*.

Certain amounts in prior years have been reclassified to conform to the 2014 presentation. Reclassifications are related to a change in our reportable segments (see Notes 2 and 4), and include a change from by-product accounting for our Phoenix segment to co-product accounting.

In March 2014, we completed a review of our deferred tax and stockpile balances that resulted in the identification of certain errors in these accounts. These errors were not material to our consolidated financial condition, results of operations or cash flows as presented in our previously filed annual and quarterly financial statements; however, the adjustment to correct the cumulative effect of these errors would have been material if recorded in the first quarter of 2014. Accordingly, we revised our financial statements to correct these errors at and for the year ended December 31, 2013. The cumulative decrease to retained earnings was \$148 at January 1, 2014. See Note 2 Revision of Financial Statements.

NOTE 2 REVISION OF FINANCIAL STATEMENTS

In March 2014, we determined our deferred tax assets related to certain foreign subsidiaries and Yanacocha stockpiles were overstated by \$143 and \$20 (\$14 net of tax) at December 31, 2013, respectively. The stockpiles revision increased *Costs applicable to sales* by \$2 (\$1 net of tax) for the three months ended March 31, 2013. We have assessed the materiality of these misstatements in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 99 and concluded that these errors are not material to our previously issued consolidated financial statements. Accordingly, by reference to SAB No. 108, our previously issued consolidated financial statements have been revised as follows:

Three Months Ended March 31, 2013

Condensed Consolidated Statement of

Income	As Previously Co-product			As Revised
	Reported	Reclassification ⁽¹⁾	Revision	
Sales	\$ 2,177	\$ 11	\$	\$ 2,188
Costs applicable to sales	1,044	11	2	1,057
Net income (loss)	357		(1)	356
Net income (loss) attributable to Newmont stockholders	315		(1)	314
Income (loss) per common share				
Basic	\$ 0.63	\$	\$	\$ 0.63
Diluted	\$ 0.63	\$	\$	\$ 0.63

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NEWMONT MINING CORPORATION

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

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

Condensed Consolidated Statement of Cash Flows	Three Months Ended March 31, 2013		
	As Previously		
	Reported	Revision	As Revised
Net income	\$ 357	\$ (1)	\$ 356
Net changes in operating assets and liabilities	(288)	1	(287)
Net cash provided from continuing operations	439		439

Condensed Consolidated Balance Sheet	At December 31, 2013		
	As Previously		
	Reported	Revision	As Revised
Stockpiles and ore on leach pads ⁽²⁾	\$ 3,506	\$ (21)	\$ 3,485
Deferred income tax assets ⁽³⁾	1,860	(141)	1,719
Other long-term assets	844	5	849
Total Assets	24,764	(157)	24,607
Employee-related benefits	325	(2)	323
Total liabilities	11,700	(2)	11,698
Retained earnings	1,093	(148)	945
Newmont stockholders' equity	10,141	(148)	9,993
Noncontrolling interests	2,923	(7)	2,916
Total equity	13,064	(155)	12,909
Total liabilities and equity	24,764	(157)	24,607

(1) Refer to Note 1 for information on the segment reclassifications.

(2) Includes current and noncurrent stockpiles and ore on leach pads.

(3) Includes current and noncurrent deferred tax assets.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Recently Adopted Accounting Pronouncements***Presentation of an Unrecognized Tax Benefit*

In July 2013, ASC guidance was issued related to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The updated guidance requires an entity to net its unrecognized tax benefits against the deferred tax assets for all same jurisdiction net operating loss carryforward, a similar tax loss, or tax credit carryforwards. A gross presentation will be required only if such carryforwards are not available or would not be used by the entity to settle any additional income taxes resulting from disallowance of the uncertain tax position. Adoption of the new guidance, effective for the fiscal year beginning January 1, 2014, had no

impact on the consolidated financial position, results of operations or cash flows.

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NEWMONT MINING CORPORATION

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

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

Foreign Currency Matters

In March 2013, ASC guidance was issued related to Foreign Currency Matters to clarify the treatment of cumulative translation adjustments when a parent sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. The updated guidance also resolves the diversity in practice for the treatment of business combinations achieved in stages in a foreign entity. Adoption of the new guidance, effective for the fiscal year beginning January 1, 2014, had no impact on the consolidated financial position, results of operations or cash flows.

Discontinued Operations

In April 2014, ASC guidance was issued related to Discontinued Operations which changed the criteria for determining which disposals can be presented as discontinued operations and modified related disclosure requirements. The updated guidance requires an entity to only classify discontinued operations due to a major strategic shift or a major effect on an entity's operations in the financial statements. The updated guidance will also require additional disclosures relating to discontinued operations. The Company early adopted this guidance prospectively at the beginning of fiscal year January 1, 2014. Adoption of the new guidance did not have an impact on the consolidated financial position, results of operations or cash flows.

NOTE 4 SEGMENT INFORMATION

The Company's reportable segments are based upon the Company's management structure that is focused on the geographic region for the Company's operations. Geographic regions include North America, South America, Australia/New Zealand, Indonesia, Africa and Corporate and Other. Segment results for 2013 have been retrospectively revised to reflect a change in our reportable segments to align with a change in the chief operating decision makers' evaluation of the organization, effective in the first quarter of 2014. The Nevada operations have been revised to reflect Carlin, Phoenix, and Twin Creeks segments and Other Australia/New Zealand operations have been revised to reflect Tanami, Jundee, Waihi and Kalgoorlie segments. The Conga development project will be reported in the Other South America segment. The Nimba and Merian development projects, historically reported in Other Africa and Other South America, respectively, will be reported in Corporate and Other. The financial information relating to the Company's segments for all periods presented have been updated to reflect these changes and is as follows:

Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

	Sales	Costs Applicable to Sales	Amortization	Advanced Projects and Exploration	Pre-Tax Income (Loss)	Capital Expenditures ⁽¹⁾
Three Months Ended March 31, 2014						
Carlin	\$ 293	\$ 192	\$ 35	\$ 4	\$ 61	\$ 42
Phoenix						
Gold	70	34	5			
Copper	32	26	3			
Total	102	60	8	1	29	7
Twin Creeks	132	55	11	1	111	32
La Herradura	31	16	8	4	3	6
Other North America				6	(9)	5
North America	558	323	62	16	195	92
Yanacocha	265	221	101	7	(87)	14
Other South America				8	(8)	7
South America	265	221	101	15	(95)	21
Boddington:						
Gold	220	142	25			
Copper	39	40	6			
Total	259	182	31		37	20
Tanami	105	55	17	1	28	20
Jundee	82	42	17	1	21	7
Waihi	33	19	5		7	3
Kalgoorlie	118	77	6	1	33	1
Other Australia/New Zealand			4	1	(12)	1
Australia/New Zealand	597	375	80	4	114	52
Batu Hijau:						
Gold	8	8	2			
Copper	42	57	13			
Total	50	65	15	1	(51)	15

Indonesia	50	65	15	1	(51)	15
Ahafo	141	61	16	9	44	22
Akyem	153	38	21		88	1
Other Africa				2	(3)	
Africa	294	99	37	11	129	23
Corporate and Other			3	29	(149)	6
Consolidated	\$ 1,764	\$ 1,083	\$ 298	\$ 76	\$ 143	\$ 209

(1) Includes a decrease in accrued capital expenditures of \$26; consolidated capital expenditures on a cash basis were \$235.

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

	Sales	Costs Applicable to Sales	Amortization	Advanced Projects and Exploration	Pre-Tax Income (Loss)	Capital Expenditures ⁽¹⁾
Three Months Ended						
March 31, 2013						
Carlin	\$ 351	\$ 179	\$ 32	\$ 11	\$ 128	\$ 46
Phoenix						
Gold	53	41	7			
Copper	11	11	2			
Total	64	52	9	4	(4)	31
Twin Creeks	166	52	18	3	92	25
La Herradura	90	40	6	6	37	19
Other North America				8	(9)	4
North America	671	323	65	32	244	125
Yanacocha	455	160	70	13	193	48
Other South America				3	(2)	86
South America	455	160	70	16	191	134
Boddington:						
Gold	329	174	42			
Copper	65	48	10			
Total	394	222	52		115	25
Tanami	98	75	16	2	4	23
Jundee	124	54	16	4	50	13
Waihi	50	28	8	1	12	3
Kalgoorlie	120	75	5	1	39	1
Other Australia/New Zealand			2	4	(12)	1
Australia/New Zealand	786	454	99	12	208	66
Batu Hijau:						
Gold	11	7	2			
Copper	70	47	9			
Total	81	54	11	6	(4)	23

Other Indonesia					3	
Indonesia	81	54	11	6	(1)	23
Ahafo	195	66	17	13	103	60
Akyem				3	(5)	66
Other Africa				2	(9)	
Africa	195	66	17	18	89	126
Corporate and Other			5	27	(191)	23
Consolidated	\$ 2,188	\$ 1,057	\$ 267	\$ 111	\$ 540	\$ 497

- (1) Includes a decrease in accrued capital expenditures of \$13; consolidated capital expenditures on a cash basis were \$510.

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NEWMONT MINING CORPORATION

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

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

NOTE 5 RECLAMATION AND REMEDIATION

The Company's *Reclamation and remediation* expense consisted of:

	Three Months Ended March 31,	
	2014	2013
Accretion operating	\$ 18	\$ 15
Accretion non-operating	2	3
	\$ 20	\$ 18

At March 31, 2014 and December 31, 2013, \$1,441 and \$1,432, respectively, were accrued for reclamation obligations relating to operating properties. In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites involved. At March 31, 2014 and December 31, 2013, \$174 and \$179, respectively, were accrued for such obligations. These amounts are also included in *Reclamation and remediation liabilities*.

The following is a reconciliation of *Reclamation and remediation liabilities*:

	Three Months Ended March 31,	
	2014	2013
Balance at beginning of period	\$ 1,611	\$ 1,539
Additions, changes in estimates and other	(8)	(3)
Liabilities settled	(8)	(9)
Accretion expense	20	18
Balance at end of period	\$ 1,615	\$ 1,545

The current portion of *Reclamation and remediation liabilities* of \$96 and \$98 at March 31, 2014 and December 31, 2013, respectively, are included in *Other current liabilities* (see Note 21).

NOTE 6 OTHER EXPENSE, NET

	Three Months Ended March 31,	
	2014	2013
Regional administration	\$ 15	\$ 18
Community development	11	13
Restructuring and other	7	9
Western Australia power plant	6	4
World Gold Council dues	1	1
Transaction/Acquisition costs		45
Other	12	10
	\$ 52	\$ 100

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

NOTE 7 OTHER INCOME, NET

	Three Months Ended March 31,	
	2014	2013
Gain on Midas sale	\$ 47	\$ 3
Refinery income, net	4	3
Gain on sale of investments, net	4	
Development projects, net	2	1
Interest	1	4
Canadian Oil Sands dividends		10
Derivative ineffectiveness, net		3
Impairment of marketable securities	(1)	(4)
Foreign currency exchange, net	(14)	(3)
Other	3	12
	\$ 46	\$ 26

NOTE 8 INCOME AND MINING TAXES

During the first quarter of 2014, the Company recorded estimated income and mining tax expense of \$78 resulting in an effective tax rate of 55%. Estimated income and mining tax expense during the first quarter of 2013 was \$180 for an effective tax rate of 33%.

The Company's income and mining tax expense differed from the statutory rate of 35% for the following reasons:

	Three Months Ended March 31,			
	2014		2013	
<i>Income before income and mining tax and other items</i>		\$ 143		\$ 540
Tax on income at 35% statutory rate	35%	\$ 50	35%	\$ 189
Reconciling items:				
Percentage depletion	(8)	(11)	(7)	(41)
Change in valuation allowance on deferred tax assets	9	13	1	6
Disallowed loss on sale of Midas	9	13		
Mining and other taxes	6	8	3	18
Effect of foreign earnings, net of credits	2	2		

Other	2	3	1	8
<i>Income and mining tax expense</i>	55%	\$ 78	33%	\$ 180

The Company operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and pay the income taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Company is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Company's business conducted within the country involved.

At March 31, 2014, the Company's total unrecognized tax benefit was \$321 for uncertain income tax positions taken or expected to be taken on income tax returns. Of this, \$78 represents the amount of unrecognized tax benefits that, if recognized, would affect the Company's effective income tax rate.

Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

As a result of the statute of limitations that expire in the next 12 months in various jurisdictions, and possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease by approximately \$5 to \$10 in the next 12 months.

NOTE 9 DISCONTINUED OPERATIONS

Discontinued operations include Holloway Mining Company, which owned the Holt-McDermott property (Holt property) that was sold to St. Andrew Goldfields Ltd. (St. Andrew) in 2006. In 2009, the Superior Court issued a decision finding Newmont Canada Corporation (Newmont Canada) liable for a sliding scale royalty on production from the Holt property, which was upheld in 2011 by the Ontario Court of Appeal. During the first quarter of 2014, the Company recorded a charge of \$17, net of tax benefits of \$8, related to an increase in gold price, an increase in expected future production and a decrease in discount rates at quarter end.

Net operating cash used in discontinued operations of \$3 and \$6 in the first quarter of 2014 and 2013 respectively relates to payments on the Holt property royalty.

NOTE 10 NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS

	Three Months Ended March 31,	
	2014	2013
Minera Yanacocha	\$ (29)	\$ 57
Batu Hijau	(23)	(3)
TMAC	(1)	(12)
Other	1	
	\$ (52)	\$ 42

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

Newmont has a 48.5% effective economic interest in PT Newmont Nusa Tenggara (PTNNT) with remaining interests held by an affiliate of Sumitomo Corporation of Japan and various Indonesian entities. PTNNT operates the Batu Hijau copper and gold mine in Indonesia. Based on ASC guidance for variable interest entities, Newmont consolidates PTNNT in its Condensed Consolidated Financial Statements.

Newmont has a 70.4% economic ownership interest in TMAC, with remaining interests held by various outside investors.

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NEWMONT MINING CORPORATION

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

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

NOTE 11 INCOME PER COMMON SHARE

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

	Three Months Ended March 31,	
	2014	2013
Net income attributable to Newmont stockholders	\$ 100	\$ 314
Weighted average common shares (millions):		
Basic	498	497
Effect of employee stock-based awards	1	1
Diluted	499	498
Net income attributable to Newmont stockholders per common share		
Basic:		
Continuing operations	\$ 0.23	\$ 0.63
Discontinued operations	(0.03)	
	\$ 0.20	\$ 0.63
Diluted:		
Continuing operations	\$ 0.23	\$ 0.63
Discontinued operations	(0.03)	
	\$ 0.20	\$ 0.63

Options to purchase 3 and 4 million shares of common stock at average exercise prices of \$48 and \$49 were outstanding at March 31, 2014 and 2013, respectively, but were not included in the computation of diluted weighted average common shares because their exercise prices exceeded the average price of the Company's common stock for the respective periods presented.

Newmont is required to settle the principal amount of its 2014 and 2017 Convertible Senior Notes in cash and may elect to settle the remaining conversion premium (average share price in excess of the conversion price), if any, in cash, shares or a combination thereof. The effect of contingently convertible instruments on diluted earnings per share is calculated under the net share settlement method in accordance with ASC guidance. The conversion price exceeded

the Company's share price for the periods presented, therefore no additional shares were included in the computation of diluted weighted average common shares.

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NEWMONT MINING CORPORATION

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

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

NOTE 12 EMPLOYEE PENSION AND OTHER BENEFIT PLANS

	Three Months Ended March 31,	
	2014	2013
Pension benefit costs, net		
Service cost	\$ 6	\$ 9
Interest cost	10	10
Expected return on plan assets	(13)	(12)
Amortization, net	3	8
	\$ 6	\$ 15

	Three	
	Months Ended March 31,	
	2014	2013
Other benefit costs, net		
Service cost	\$ 1	\$ 1
Interest cost	2	1
	\$ 3	\$ 2

NOTE 13 STOCK BASED COMPENSATION

	Three Months Ended March 31,	
	2014	2013
Stock options	\$ 1	\$ 3
Restricted stock units	7	9
Performance leveraged stock units	3	2
Stock performance units	3	
	\$ 14	\$ 14

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NEWMONT MINING CORPORATION

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

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

NOTE 14 FAIR VALUE ACCOUNTING

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

	Fair Value at March 31, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 816	\$ 816	\$	\$
Marketable equity securities:				
Extractive industries	296	296		
Other	15	15		
Marketable debt securities:				
Asset backed commercial paper	23			23
Auction rate securities	5			5
Trade receivable from provisional copper and gold concentrate sales, net	183	183		
	\$ 1,338	\$ 1,310	\$	\$ 28
Liabilities:				
Derivative instruments, net:				
Foreign exchange forward contracts	\$ 53	\$	\$ 53	\$
Boddington contingent consideration	10			10
Holt property royalty	156			156
	\$ 219	\$	\$ 53	\$ 166

The fair values of the derivative instruments in the table above are presented on a net basis. The gross amounts related to the fair value of the derivatives instruments above are included in the *Derivatives Instruments* Note (see Note 15). All other Fair Value disclosures in the above table are presented on a gross basis.

The following table sets forth a summary of the quantitative and qualitative information related to the unobservable inputs used in the calculation of the Company's Level 3 financial assets and liabilities at March 31, 2014:

Description	At March 31,		Unobservable input	Range/Weighted average
	2014	Valuation technique		
Auction Rate Securities	\$ 5	Discounted cash flow	Weighted average recoverability rate	58%
Asset Backed Commercial Paper	23	Discounted cash flow	Recoverability rate	90%
Boddington Contingent Consideration	10	Monte Carlo	Discount rate	5%
			Long Term Gold price	\$ 1,300
			Long Term Copper price	\$ 3.00
Holt property royalty	156	Monte Carlo	Weighted average discount rate	5%
			Long Term Gold price	\$ 1,300

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NEWMONT MINING CORPORATION

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

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

The following table sets forth a summary of changes in the fair value of the Company's Level 3 financial assets and liabilities at March 31, 2014:

	Asset Backed			Boddington		Total Liabilities
	Auction Rate Securities	Commercial Paper	Total Assets	Contingent Royalty	Holt Property Royalty	
Balance at beginning of period	\$ 5	\$ 25	\$ 30	\$ 10	\$ 134	\$ 144
Settlements					(3)	(3)
Revaluation		(2)	(2)		25	25
Balance at end of period	\$ 5	\$ 23	\$ 28	\$ 10	\$ 156	\$ 166

At March 31, 2014, assets and liabilities classified within Level 3 of the fair value hierarchy represent 2% and 76%, respectively, of total assets and liabilities measured at fair value.

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 continues to manage certain risks associated with commodity input costs, interest rates and foreign currencies using the derivative market. All of the derivative instruments described below were transacted for risk management purposes and qualify as cash flow hedges.

Cash Flow Hedges

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

Foreign Currency Contracts

Newmont had the following foreign currency derivative contracts outstanding at March 31, 2014:

Expected Maturity Date

Total/

	2014	2015	2016	2017	2018	Average
A\$ Operating Fixed Forward Contracts:						
A\$ notional (millions)	234	270	158	105	6	773
Average rate (\$/A\$)	1.00	0.98	0.95	0.93	0.92	0.97
Expected hedge ratio	20%	18%	11%	7%	4%	
NZ\$ Operating Fixed Forward Contracts:						
NZ\$ notional (millions)	46	39	2			87
Average rate (\$/NZ\$)	0.80	0.79	0.78			0.79
Expected hedge ratio	57%	32%	9%			

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

Diesel Fixed Forward Contracts

Newmont had the following diesel derivative contracts outstanding at March 31, 2014:

	Expected Maturity Date				Total/ Average
	2014	2015	2016	2017	
Diesel Fixed Forward Contracts:					
Diesel gallons (millions)	17	16	8	1	42
Average rate (\$/gallon)	2.86	2.77	2.68	2.61	2.79
Expected Nevada hedge ratio	58%	42%	21%	3%	

Derivative Instrument Fair Values

Newmont had the following derivative instruments designated as hedges at March 31, 2014 and December 31, 2013:

	Fair Value At March 31, 2014			
	Other Current Assets	Other Long- Term Assets	Other Current Liabilities	Other Long- Term Liabilities
Foreign currency exchange contracts:				
A\$ operating fixed forwards	\$ 3	\$ 2	\$ 24	\$ 34
NZ\$ operating fixed forwards				
Diesel fixed forwards	1		1	
Total derivative instruments (Notes 19 and 21)	\$ 4	\$ 2	\$ 25	\$ 34

	Fair Value At December 31, 2013			
	Other Current Assets	Other Long- Term Assets	Other Current Liabilities	Other Long- Term Liabilities
Foreign currency exchange contracts:				
A\$ operating fixed forwards	\$ 36	\$ 60	\$ 36	\$ 60

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NZ\$ operating fixed forwards	1			
Diesel fixed forwards	3	1		
Total derivative instruments (Notes 19 and 21)	\$4	\$ 1	\$ 36	\$ 60

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NEWMONT MINING CORPORATION

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

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

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

	Foreign Currency Exchange Contracts		Diesel Forward Contracts		Forward Starting Swaps	
	2014	2013	2014	2013	2014	2013
For the three months ended March 31,						
Cash flow hedging relationships:						
Gain (loss) recognized in other comprehensive income (effective portion)	\$ 34	\$ 18	\$ (2)	\$ 3	\$	\$
Gain (loss) reclassified from Accumulated other comprehensive income into income (effective portion) (1)	5	38		1	(5)	(3)
Gain (loss) reclassified from Accumulated other comprehensive income into income (ineffective portion) (2)				3		

(1) The gain (loss) for the effective portion of the foreign exchange and diesel cash flow hedges reclassified from *Accumulated other comprehensive income (loss)* is included in *Costs applicable to sales*. The realized loss for the effective portion of the forward starting swaps reclassified from *Accumulated other comprehensive income (loss)* is included in *Interest Expense*.

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

The amount to be reclassified from *Accumulated other comprehensive income*, net of tax to income for derivative instruments during the next 12 months is a loss of approximately \$5.

Provisional Copper and Gold Sales

The Company's provisional copper and gold sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the 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.

London Metal Exchange (LME) copper prices averaged \$3.19 per pound during the first quarter of 2014, compared with the Company's recorded average provisional price of \$3.12 per pound before mark-to-market adjustments and treatment and refining charges. During the first quarter of 2014, changes in copper prices resulted in a provisional pricing mark-to-market loss of \$17 (\$0.37 per pound). At March 31, 2014, Newmont had copper sales of 63 million pounds priced at an average of \$3.02 per pound, subject to final pricing over the next several months.

The average London P.M. fix for gold was \$1,293 per ounce during the first quarter of 2014, compared to the Company's recorded average provisional price of \$1,292 per ounce before mark-to-market adjustments and treatment and refining charges. During the first quarter of 2014, changes in gold prices resulted in a provisional pricing mark-to-market gain of \$4 (\$4 per ounce). At March 31, 2014, Newmont had gold sales of 130,000 ounces priced at an average of \$1,295 per ounce, subject to final pricing over the next several months.

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NEWMONT MINING CORPORATION

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

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

NOTE 16 INVESTMENTS

	At March 31, 2014			
	Cost/Equity Basis	Unrealized Gain	Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities:				
Gabriel Resources Ltd.	\$ 36	\$ 6	\$	\$ 42
Other	28	15	(2)	41
	\$ 64	\$ 21	\$ (2)	\$ 83
Long-term:				
Marketable Debt Securities:				
Asset backed commercial paper	\$ 22	\$ 1	\$	\$ 23
Auction rate securities	8		(3)	5
	30	1	(3)	28
Marketable Equity Securities:				
Regis Resources Ltd.	165	39		204
Other	20	5	(1)	24
	185	44	(1)	228
Other investments, at cost	20			20
Investment in Affiliates:				
Euronimba Ltd.	3			3
Minera La Zanja S.R.L.	98			98
Novo Resources Corp.	16			16
	\$ 352	\$ 45	\$ (4)	\$ 393

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

	At December 31, 2013			
	Cost/Equity Basis	Unrealized Gain	Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities:				
Gabriel Resources Ltd.	\$ 37	\$	\$	\$ 37
Paladin Energy Ltd.	21	1		22
Other	19	4	(4)	19
	\$ 77	\$ 5	\$ (4)	\$ 78
Long-term:				
Marketable Debt Securities:				
Asset backed commercial paper	\$ 23	\$ 2	\$	\$ 25
Auction rate securities	8		(3)	5
	31	2	(3)	30
Marketable Equity Securities:				
Regis Resources Ltd.	165	88		253
Other	30	5		35
	195	93		288
Other investments, at cost	13			13
Investment in Affiliates:				
Minera La Zanja S.R.L.	92			92
Novo Resources Corp.	16			16
	\$ 347	\$ 95	\$ (3)	\$ 439

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

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

	Less than 12 Months Unrealized		12 Months or Greater Unrealized		Total Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
At March 31, 2014						
Marketable equity securities	\$ 3	\$ 2	\$	\$	\$ 3	\$ 2
Auction rate securities			5	3	5	3
	\$ 3	\$ 2	\$ 5	\$ 3	\$ 8	\$ 5

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2013						
Marketable equity securities	\$ 54	\$ 4	\$	\$	\$ 54	\$ 4
Auction rate securities			5	3	5	3
	\$ 54	\$ 4	\$ 5	\$ 3	\$ 59	\$ 7

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

While the fair value of the Company's investment in auction rate securities is below its cost, the Company views this decline as temporary. The Company has the ability and intends to hold its investment in auction rate securities until maturity or such time that the market recovers and therefore considers this loss temporary.

NOTE 17 INVENTORIES

	At March 31, 2014	At December 31, 2013
In-process	\$ 120	\$ 97
Concentrate	184	108
Precious metals	20	26
Materials, supplies and other	490	486
	\$ 814	\$ 717

The Company recorded write-downs of \$1 and \$1, classified as components of *Costs applicable to sales* and *Amortization*, respectively, for the first quarter of 2014, to reduce the carrying value of Yanacocha's inventories to net realizable value.

NOTE 18 STOCKPILES AND ORE ON LEACH PADS

	At March 31, 2014	At December 31, 2013
Current:		
Stockpiles	\$ 513	\$ 580
Ore on leach pads	247	225
	\$ 760	\$ 805
Long-term:		
Stockpiles	\$ 2,511	\$ 2,434
Ore on leach pads	212	246
	\$ 2,723	\$ 2,680

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NEWMONT MINING CORPORATION

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

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

	At March 31, 2014	At December 31, 2013
Stockpiles and ore on leach pads:		
Carlin	\$ 433	\$ 439
Phoenix	113	109
Twin Creeks	319	327
La Herradura	66	57
Yanacocha	405	504
Boddington	314	304
Tanami	10	12
Jundee	8	7
Waihi	1	2
Kalgoorlie	112	107
Batu Hijau	1,328	1,290
Ahafo	315	292
Akyem	59	35
	\$ 3,483	\$ 3,485

The Company recorded write-downs of \$110 and \$35, classified as components of *Costs applicable to sales* and *Amortization*, respectively, for the first quarter of 2014 to reduce the carrying value of stockpiles and ore on leach pads to net realizable value. Of the write-downs in 2014, \$24 are related to Carlin, \$2 to Twin Creeks, \$54 to Yanacocha, \$30 to Boddington and \$35 to Batu Hijau.

NOTE 19 OTHER ASSETS

	At March 31, 2014	At December 31, 2013
Other current assets:		
Refinery metal inventory and receivable	\$ 947	\$ 679
Prepaid assets	265	157
Other refinery metal receivables	105	130
Derivative instruments	4	4
Other	30	36
	\$ 1,351	\$ 1,006

Other long-term assets:

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Income tax receivable	\$	254	\$	229
Goodwill		132		132
Intangible assets		117		98
Prepaid royalties		103		103
Restricted cash		99		95
Debt issuance costs		65		62
Prepaid maintenance costs		34		31
Derivative instruments		2		1
Other		75		98
	\$	881	\$	849

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NEWMONT MINING CORPORATION

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

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

NOTE 20 DEBT

Scheduled minimum debt repayments are \$623 for the remainder of 2014, \$161 in 2015, \$221 in 2016, \$771 in 2017, \$1 in 2018 and \$5,105 thereafter.

Term Loan and Revolver Extension

On March 31, 2014, the Company entered into a \$575 uncollateralized term loan facility with a syndicate of banks. The term loan allows for a single drawing any business day on or prior to July 15, 2014 (the Funding Date) and will mature five years after the Funding Date. Borrowings under the facility will bear interest at LIBOR plus a margin ranging from 0.875% to 1.65%. Fees and other debt issuance costs related to the facility will be capitalized and amortized over the term of the debt. Proceeds from the term loan are expected to be used to retire the \$575 of maturing convertible debt in July 2014. There are no borrowings outstanding under the facility at March 31, 2014.

On March 31, 2014, the Company's Corporate Revolving Credit Facility was amended to extend the facility two years to 2019. The available capacity under the Corporate Revolving Credit Facility remains at \$3,000. There are no borrowings outstanding under the facility at March 31, 2014.

NOTE 21 OTHER LIABILITIES

	At March 31, 2014	At December 31, 2013
Other current liabilities:		
Refinery metal payable	\$ 947	\$ 679
Accrued operating costs	156	157
Reclamation and remediation liabilities	96	98
Interest	82	74
Deferred income tax	74	74
Accrued capital expenditures	46	72
Royalties	32	58
Derivative instruments	25	36
Holt property royalty	14	15
Taxes other than income and mining	11	6
Other	49	44
	\$ 1,532	\$ 1,313

Other long-term liabilities:

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Holt property royalty	\$	142	\$	119
Income and mining taxes		71		70
Power supply agreements		40		39
Derivative instruments		34		60
Boddington contingent consideration		10		10
Other		42		44
	\$	339	\$	342

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NEWMONT MINING CORPORATION

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

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

NOTE 22 CHANGES IN EQUITY

	Three Months Ended March 31,	
	2014	2013
Common stock:		
At beginning of period	\$ 789	\$ 787
Redemption of Exchangeable Shares	8	
Stock based awards	1	1
At end of period	798	788
Additional paid-in capital:		
At beginning of period	8,441	8,330
Redemption of Exchangeable Shares	(8)	
Stock based awards	25	29
Sale of noncontrolling interests		48
At end of period	8,458	8,407
Accumulated other comprehensive income (loss):		
At beginning of period	(182)	490
Other comprehensive income (loss)	(23)	(61)
At end of period	(205)	429
Retained earnings:		
At beginning of period	945	4,166
Net income (loss) attributable to Newmont stockholders	100	314
Dividends Paid	(77)	(211)
At end of period	968	4,269
Noncontrolling interests:		
At beginning of period	2,916	3,175
Net income (loss) attributable to noncontrolling interests	(52)	42
Sale of noncontrolling interests, net		15

Other comprehensive income	(2)	(1)
At end of period	2,862	3,231
Total equity	\$ 12,881	\$ 17,124

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NEWMONT MINING CORPORATION

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

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

NOTE 23 RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Unrealized gain on marketable securities, net	Foreign currency translation adjustments	Pension and other post- retirement benefit adjustments	Changes in fair value of cash flow hedge instruments	Total
December 31, 2013	\$ (35)	\$ 145	\$ (124)	\$ (168)	\$ (182)
Change in other comprehensive income (loss) before reclassifications	(29)	(3)		9	(23)
Reclassifications from accumulated other comprehensive income (loss)	(2)		2		
Net current-period other comprehensive income (loss)	(31)	(3)	2	9	(23)
March 31, 2014	\$ (66)	\$ 142	\$ (122)	\$ (159)	\$ (205)

Details about Accumulated Other Comprehensive (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Condensed Consolidated Statement of Income (Loss)
	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	
Marketable securities adjustments:			
Sale of marketable securities	\$ (4)	\$	Other income, net
Impairment of marketable securities	1	4	Other income, net
Total before tax	(3)	4	
Tax benefit (expense)	1	(1)	

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Net of tax	\$ (2)	\$ 3	
Pension liability adjustments:			
Amortization, net	\$ 3	\$ 8	(1)
Total before tax	3	8	
Tax (expense) benefit	(1)	(3)	
Net of tax	\$ 2	\$ 5	
Hedge instruments adjustments:			
Operating cash flow hedges	\$ (5)	\$ (39)	Costs applicable to sales
Forward starting swap hedges	5	3	Interest expense, net
Total before tax		(36)	
Tax benefit (expense)		12	
Net of tax	\$	\$ (24)	
Total reclassifications for the period, net of tax	\$	\$ (16)	

- (1) This accumulated other comprehensive income (loss) component is included in *General and administrative* and costs that benefit the inventory/production process. Refer to Note 2 in the Newmont Annual Report on Form 10-K for the year ended December 31, 2013 for information on costs that benefit the inventory/production process.

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NEWMONT MINING CORPORATION

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

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

NOTE 24 NET CHANGE IN OPERATING ASSETS AND LIABILITIES

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

	Three Months Ended March 31,	
	2014	2013
Decrease (increase) in operating assets:		
Trade and accounts receivable	\$ (16)	\$ 115
Inventories, stockpiles and ore on leach pads	(182)	(228)
EGR refinery assets	(256)	308
Other assets	(50)	(21)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	(94)	(144)
EGR refinery liabilities	256	(308)
Reclamation liabilities	(8)	(9)
	\$ (350)	\$ (287)

NOTE 25 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.

In April 2013, the Company merged one of its subsidiaries into Newmont USA. As a result of the merger, the prior periods presented have been revised to reflect this change as if the transaction had occurred at the beginning of the earliest period presented in accordance with the accounting guidance for business combinations between entities under common control. Additionally, the changes related to the revisions as described in Note 2 have also been included herein.

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

Condensed Consolidating Statement of Income	Three Months Ended March 31, 2014				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	
Sales	\$	\$ 500	\$ 1,264	\$	\$ 1,764
Costs and expenses					
Costs applicable to sales ⁽¹⁾		298	785		1,083
Amortization	1	54	243		298
Reclamation and remediation		2	18		20
Exploration		4	30		34
Advanced projects, research and development		11	31		42
General and administrative		19	26		45
Other expense, net		6	46		52
	1	394	1,179		1,574
Other income (expense)					
Other income, net	(1)	60	(13)		46
Interest income intercompany	30		2	(32)	
Interest expense intercompany	(2)		(30)	32	
Interest expense, net	(82)	(1)	(10)		(93)
	(55)	59	(51)		(47)
Income before income and mining tax and other items	(56)	165	34		143
Income and mining tax expense	29	(38)	(69)		(78)
Equity income (loss) of affiliates	127	(151)	(17)	41	
Income from continuing operations	100	(24)	(52)	41	65
Income (loss) from discontinued operations			(17)		(17)
Net income	100	(24)	(69)	41	48
Net income attributable to noncontrolling interests			66	(14)	52
Net income attributable to Newmont stockholders	\$ 100	\$ (24)	\$ (3)	\$ 27	\$ 100
Comprehensive income	\$ 77	\$ (22)	\$ (84)	\$ 52	\$ 23
Comprehensive income attributable to noncontrolling interests			65	(11)	54

Comprehensive income attributable to Newmont stockholders	\$ 77	\$ (22)	\$ (19)	\$ 41	\$ 77
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(1) Excludes *Amortization and Reclamation and remediation*.

Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

Condensed Consolidating Statement of Income	Three Months Ended March 31, 2013				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	
Sales	\$	\$ 543	\$ 1,645	\$	\$ 2,188
Costs and expenses					
Costs applicable to sales ⁽¹⁾		261	796		1,057
Amortization		48	219		267
Reclamation and remediation		2	16		18
Exploration		11	48		59
Advanced projects, research and development		13	39		52
General and administrative		30	26		56
Other expense, net		15	85		100
		380	1,229		1,609
Other income (expense)					
Other income, net		3	23		26
Interest income intercompany	48	7	5	(60)	
Interest expense intercompany	(3)		(57)	60	
Interest expense, net	(65)	(2)	2		(65)
	(20)	8	(27)		(39)
Income before income and mining tax and other items	(20)	171	389		540
Income and mining tax expense	7	(50)	(137)		(180)
Equity income (loss) of affiliates	327	114	43	(488)	(4)
Income from continuing operations	314	235	295	(488)	356
Net income	314	235	295	(488)	356
Net income attributable to noncontrolling interests			(66)	24	(42)
Net income attributable to Newmont stockholders	\$ 314	\$ 235	\$ 229	\$ (464)	\$ 314
Comprehensive income	\$ 253	\$ 239	\$ 188	\$ (386)	\$ 294
Comprehensive income attributable to noncontrolling interests			(66)	25	(41)

Comprehensive income attributable to Newmont stockholders	\$ 253	\$ 239	\$ 122	\$ (361)	\$ 253
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(1) Excludes *Amortization and Reclamation and remediation*.

Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

Condensed Consolidating Statement of Cash Flows	Three Months Ended March 31, 2014				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	
Operating activities:					
Net income (loss)	\$ 100	\$ (24)	\$ (69)	\$ 41	\$ 48
Adjustments	(120)	265	385	(45)	485
Net change in operating assets and liabilities	(29)	(45)	(276)		(350)
Net cash provided from (used in) continuing operations	(49)	196	40	(4)	183
Net cash used in discontinued operations			(3)		(3)
Net cash provided from (used in) operations	(49)	196	37	(4)	180
Investing activities:					
Additions to property, plant and mine development		(84)	(151)		(235)
Acquisitions, net			(28)		(28)
Sale of marketable securities	25				25
Purchases of marketable securities			(1)		(1)
Proceeds from sale of other assets			70		70
Other		3	(12)		(9)
Net cash used in investing activities	25	(81)	(122)		(178)
Financing activities:					
Proceeds from debt, net	(7)		10		3
Net intercompany borrowings (repayments)	108	(219)	111		
Acquisition of noncontrolling interests			(2)		(2)
Dividends paid to common stockholders	(77)		(4)	4	(77)
Other			(4)		(4)
Net cash provided from (used in) financing activities	24	(219)	111	4	(80)
Effect of exchange rate changes on cash			(2)		(2)
Net change in cash and cash equivalents		(104)	24		(80)
Cash and cash equivalents at beginning of period		428	1,127		1,555
Cash and cash equivalents at end of period	\$	\$ 324	\$ 1,151	\$	\$ 1,475

Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

Condensed Consolidating Statement of Cash Flows	Three Months Ended March 31, 2013				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	
Operating activities:					
Net income (loss)	\$ 314	\$ 235	\$ 295	\$ (488)	\$ 356
Adjustments	(308)	(33)	225	486	370
Net change in operating assets and liabilities	4	(186)	(105)		(287)
Net cash provided from (used in) continuing operations	10	16	415	(2)	439
Net cash used in discontinued operations			(6)		(6)
Net cash provided from (used in) operations	10	16	409	(2)	433
Investing activities:					
Additions to property, plant and mine development		(105)	(405)		(510)
Acquisitions, net			(8)		(8)
Sale of marketable securities			1		1
Purchases of marketable securities			(1)		(1)
Proceeds from sale of other assets			25		25
Other			(14)		(14)
Net cash used in investing activities		(105)	(402)		(507)
Financing activities:					
Proceeds from debt, net			80		80
Net intercompany borrowings (repayments)	200	(143)	(57)		
Proceeds from stock issuance, net	1				1
Sale of noncontrolling interests			32		32
Acquisition of noncontrolling interests			(6)		(6)
Dividends paid to common stockholders	(211)		(2)	2	(211)
Other			(1)		(1)
Net cash provided from (used in) financing activities	(10)	(143)	46	2	(105)
Effect of exchange rate changes on cash			(4)		(4)
Net change in cash and cash equivalents		(232)	49		(183)
Cash and cash equivalents at beginning of period		342	1,219		1,561

Cash and cash equivalents at end of period	\$	\$ 110	\$ 1,268	\$	\$ 1,378
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Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

Condensed Consolidating Balance Sheet	At March 31, 2014				Newmont Mining Corporation Consolidated
	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	
Assets					
Cash and cash equivalents	\$	\$ 324	\$ 1,151	\$	\$ 1,475
Trade receivables		28	178		206
Accounts receivable		23	296		319
Intercompany receivable	1,925	6,131	4,618	(12,674)	
Investments		1	82		83
Inventories		161	653		814
Stockpiles and ore on leach pads		393	367		760
Deferred income tax assets	3	140	96		239
Other current assets		71	1,280		1,351
Current assets	1,928	7,272	8,721	(12,674)	5,247
Property, plant and mine development, net	31	3,028	11,122	(43)	14,138
Investments		12	381		393
Investments in subsidiaries	14,187	4,354	2,855	(21,396)	
Stockpiles and ore on leach pads		468	2,255		2,723
Deferred income tax assets	711	301	926	(522)	1,416
Long-term intercompany receivable	3,176	62	377	(3,615)	
Other long-term assets	50	231	600		881
Total assets	\$ 20,083	\$ 15,728	\$ 27,237	\$ (38,250)	\$ 24,798
Liabilities					
Debt	\$ 567	\$ 1	\$ 47	\$	\$ 615
Accounts payable		59	404		463
Intercompany payable	3,636	4,519	4,519	(12,674)	
Employee-related benefits		113	134		247
Income and mining taxes		1	26		27
Other current liabilities	81	126	1,325		1,532
Current liabilities	4,284	4,819	6,455	(12,674)	2,884
Debt	5,562	7	577		6,146
Reclamation and remediation liabilities		178	1,341		1,519
Deferred income tax liabilities		25	1,193	(522)	696
Employee-related benefits	5	171	157		333

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Long-term intercompany payable	213		3,445	(3,658)	
Other long-term liabilities		20	319		339
Total liabilities	10,064	5,220	13,487	(16,854)	11,917
Equity					
Newmont stockholders' equity	10,019	10,508	9,183	(19,691)	10,019
Noncontrolling interests			4,567	(1,705)	2,862
Total equity	10,019	10,508	13,750	(21,396)	12,881
Total liabilities and equity	\$ 20,083	\$ 15,728	\$ 27,237	\$ (38,250)	\$ 24,798

Table of Contents**NEWMONT MINING CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

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

	At December 31, 2013				
Condensed Consolidating Balance Sheet	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
Assets					
Cash and cash equivalents	\$	\$ 428	\$ 1,127	\$	\$ 1,555
Trade receivables		21	209		230
Accounts receivable		23	229		252
Intercompany receivable	1,400	6,089	5,672	(13,161)	
Investments	22	1	55		78
Inventories		146	571		717
Stockpiles and ore on leach pads		358	447		805
Deferred income tax assets	3	157	86		246
Other current assets		73	933		1,006
Current assets	1,425	7,296	9,329	(13,161)	4,889
Property, plant and mine development, net	32	3,026	11,263	(44)	14,277
Investments		7	432		439
Investments in subsidiaries	13,982	5,299	2,839	(22,120)	
Stockpiles and ore on leach pads		512	2,168		2,680
Deferred income tax assets	694	320	985	(526)	1,473
Long-term intercompany receivable	3,204	62	367	(3,633)	
Other long-term assets	46	228	575		849
Total assets	\$ 19,383	\$ 16,750	\$ 27,958	\$ (39,484)	\$ 24,607
Liabilities					
Debt	\$ 561	\$ 1	\$ 33	\$	\$ 595
Accounts payable		80	398		478
Intercompany payable	3,092	5,404	4,665	(13,161)	
Employee-related benefits		175	166		341
Income and mining taxes			13		13
Other current liabilities	71	161	1,081		1,313
Current liabilities	3,724	5,821	6,356	(13,161)	2,740
Debt	5,556	7	582		6,145
Reclamation and remediation liabilities		176	1,337		1,513
Deferred income tax liabilities		23	1,138	(526)	635
Employee-related benefits	5	169	149		323

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Long-term intercompany payable	196		3,481	(3,677)	
Other long-term liabilities		20	322		342
Total liabilities	9,481	6,216	13,365	(17,364)	11,698
Equity					
Newmont stockholders' equity	9,902	10,534	9,984	(20,427)	9,993
Noncontrolling interests			4,609	(1,693)	2,916
Total equity	9,902	10,534	14,593	(22,120)	12,909
Total liabilities and equity	\$ 19,383	\$ 16,750	\$ 27,958	\$ (39,484)	\$ 24,607

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NEWMONT MINING CORPORATION

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

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

Condensed Consolidated Statement of Income	Three Months Ended March 31, 2013											
	Newmont Mining Corporation			Newmont USA			Other Subsidiaries			Eliminations		
	Previously Presented	As Currently Presented	Change	Previously Presented	As Currently Presented	Change	Previously Presented	As Currently Presented	Change	Previously Presented	As Currently Presented	Change
Sales	\$	\$	\$	\$488	\$55	\$543	\$1,689	\$(44)	\$1,645	\$	\$	\$
Costs and expenses												
Costs applicable to sales				220	41	261	824	(28)	796			
Amortization				40	8	48	227	(8)	219			
Reclamation and remediation				2		2	16		16			
Exploration				8	3	11	51	(3)	48			
Advanced projects, research and development				12	1	13	40	(1)	39			
General and administrative				30		30	26		26			
Other expense, net				16	(1)	15	84	1	85			
				328	52	380	1,268	(39)	1,229			
Other income (expense)												
Other income, net				4	(1)	3	22	1	23			
Interest income intercompany	48		48	7		7	(2)	7	5	(53)	(7)	(60)
Interest expense intercompany	(3)		(3)				(50)	(7)	(57)	53	7	60
Interest expense, net	(65)		(65)	(2)		(2)	2		2			
	(20)		(20)	9	(1)	8	(28)	1	(27)			
Income (loss) before income and mining tax and other items	(20)		(20)	169	2	171	393	(4)	389			
Income and mining tax benefit (expense)	7		7	(50)		(50)	(138)	1	(137)			
Equity income (loss) of affiliates	328	(1)	327	115	(1)	114	43		43	(490)	2	(488)
Income from continuing operations	315	(1)	314	234	1	235	298	(3)	295	(490)	2	(488)

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Net income	315	(1)	314	234	1	235	298	(3)	295	(490)	2	(488)
Net income attributable to noncontrolling interests							(67)	1	(66)	25	(1)	24
Net income attributable to Newmont stockholders	\$ 315	\$ (1)	\$ 314	\$ 234	\$ 1	\$ 235	\$ 231	\$ (2)	\$ 229	\$ (465)	\$ 1	\$ (464)
Comprehensive income	\$ 254	\$ (1)	\$ 253	\$ 238	\$ 1	\$ 239	\$ 190	\$ (2)	\$ 188	\$ (387)	\$ 1	\$ (386)
Comprehensive income attributable to noncontrolling interests							(66)		(66)	25		25
Comprehensive income attributable to Newmont stockholders	\$ 254	\$ (1)	\$ 253	\$ 238	\$ 1	\$ 239	\$ 124	\$ (2)	\$ 122	\$ (362)	\$ 1	\$ (361)

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NEWMONT MINING CORPORATION

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

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

Condensed Consolidating Statement of	As of the Three Months Ended March 31, 2013											
	Newmont Mining Company			Newmont USA			Other Subsidiaries			Eliminations		
	As Previously Presented	Change	Revised	As Previously Presented	Change	Revised	As Previously Presented	Change	Revised	As Previously Presented	Change	Revised
Cash Flows												
Operating activities:												
Net income (loss)	\$ 315	\$ (1)	\$ 314	\$ 234	\$ 1	\$ 235	\$ 298	\$ (3)	\$ 295	\$ (490)	\$ 2	\$ (488)
Adjustments	(310)	2	(308)	(42)	9							