NEWMONT MINING CORP /DE/
Form 10-Q
October 25, 2018
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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 September 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

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 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	Accelerated filer
Non-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 532,660,228 shares of common stock outstanding on October 18, 2018.

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NEWMONT MINING CORPORATION

THIRD QUARTER 2018 RESULTS AND HIGHLIGHTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Financial Results:				
Sales	$ 1,726	$ 1,879	$ 5,205	$ 5,444
Gold	$ 1,656	$ 1,799	$ 4,976	$ 5,217
Copper	$ 70	$ 80	$ 229	$ 227
Costs applicable to sales (1)	$ 995	$ 1,053	$ 2,989	$ 3,009
Gold	$ 952	$ 1,017	$ 2,853	$ 2,890
Copper	$ 43	$ 36	$ 136	$ 119
Net income (loss) from continuing operations	$ (140)	$ 206	$ 309	$ 453
Net income (loss)	$ (124)	$ 199	$ 365	$ 408
Net income (loss) from continuing operations attributable to Newmont stockholders	$ (161)	$ 213	$ 283	$ 473
Per common share, diluted:				
Net income (loss) from continuing operations attributable to Newmont stockholders	$ (0.31)	$ 0.39	$ 0.53	$ 0.88
Net income (loss) attributable to Newmont stockholders	$ (0.27)	$ 0.38	$ 0.63	$ 0.80
Adjusted net income (loss) (2)	$ 175	$ 184	$ 504	$ 568
Adjusted net income (loss) per share, diluted (2)	$ 0.33	$ 0.34	$ 0.94	$ 1.06
Earnings before interest, taxes and depreciation and amortization (2)	$ 222	$ 662	$ 1,492	$ 1,932
Adjusted earnings before interest, taxes and depreciation and amortization (2)	$ 636	$ 656	$ 1,825	$ 1,929
Net cash provided by (used in) operating activities of continuing operations			$ 1,095	$ 1,391
Free Cash Flow (2)			$ 332	$ 834
Cash dividends declared per common share	$ 0.14	$ 0.075	$ 0.42	$ 0.175
Operating Results:				
Consolidated gold ounces (thousands):				
Produced	1,394	1,441	3,922	4,208
Sold	1,378	1,411	3,914	4,178
Attributable gold ounces (thousands):				
Produced	1,286	1,339	3,657	3,925
Sold	1,270	1,313	3,648	3,892
Consolidated and attributable copper pounds (millions):				
Produced	26	27	83	87
Sold	28	26	82	84
Average realized price:				

Gold (per ounce)	$ 1,201	$ 1,276	$ 1,271	$ 1,249
Copper (per pound)	$ 2.50	$ 3.06	$ 2.79	$ 2.71
Consolidated costs applicable to sales: (1)(2)				
Gold (per ounce)	$ 691	$ 721	$ 729	$ 692
Copper (per pound)	$ 1.54	$ 1.38	$ 1.66	$ 1.42
All-in sustaining costs: (2)				
Gold (per ounce)	$ 927	$ 941	$ 973	$ 908
Copper (per pound)	$ 1.87	$ 1.65	$ 2.00	$ 1.70

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

(2) See "Non-GAAP Financial Measures" beginning on page 70.

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Third Quarter 2018 Highlights

- Net income (loss): Delivered Net income (loss) from continuing operations attributable to Newmont stockholders of $(161) or $(0.31) per diluted share, a decrease of $374 from the prior-year quarter, primarily due to the impairment of exploration and long-lived assets in North America and lower metal prices, partially offset by lower income tax expense.
- Adjusted net income (loss): Delivered Adjusted net income (loss) of $175 or $0.33 per diluted share, a 3% decrease from the prior-year quarter (See "Non-GAAP Financial Measures" beginning on page 70).
- Adjusted EBITDA: Generated $636 in Adjusted EBITDA, a 3% decrease from the prior-year quarter (See "Non-GAAP Financial Measures" beginning on page 70).
- Cash Flow: Reported Net cash provided by (used in) operating activities of continuing operations of $1,095 for the nine months ended September 30, 2018, a 21% decrease from the prior year, and free cash flow of $332 (See "Non-GAAP Financial Measures" beginning on page 70).
- Portfolio improvements: Completed the CC&V concentrates project in North America; commissioned the primary crusher at Merian in South America; advanced the Tanami Expansion 2 project to definitive feasibility study in Australia; formed a strategic partnership with Evrim Resources in the Cuale gold project in Mexico; expanded regional exploration activities with an investment in Orosur Mining and an opportunity to participate in Miranda Gold's Lyra project in Colombia.
- Attributable gold production: Decreased 4.0% to 1.29 million ounces of gold, primarily due to lower mill throughput at Carlin, lower leach production at CC&V, and lower grades at Kalgoorlie. These impacts were partially offset by higher grades at Ahafo, Yanacocha and Tanami.
- Financial strength: Ended the quarter with $3.1 billion cash on hand and net debt of $1.1 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 are presented below. Funding for Subika Underground, Ahafo Mill Expansion, 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 $154, of which $24 related to the third 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 $102, of which $19 related to the third quarter of 2018. A tragic construction accident occurred in April which resulted in six fatalities. Construction restarted in August following a four-month stop to put in place additional safety measures agreed upon with the government of Ghana. The delay will shift first gold production into the second half of 2019, while commercial production remains in the second half of 2019.

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 $67, of which $26 related to the third 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Sales (Note 4)	$ 1,726	$ 1,879	$ 5,205	$ 5,444
Costs and expenses:				
Costs applicable to sales (1)	995	1,053	2,989	3,009
Depreciation and amortization	299	328	879	938
Reclamation and remediation (Note 5)	31	26	96	98
Exploration	48	48	142	135
Advanced projects, research and development	37	41	107	99
General and administrative	59	58	181	171
Impairment of long-lived assets (Note 6)	366	—	366	3
Other expense, net (Note 7)	5	1	29	29
	1,840	1,555	4,789	4,482
Other income (expense):				
Other income, net (Note 8)	37	10	197	32
Interest expense, net of capitalized interest	(51)	(56)	(153)	(187)
	(14)	(46)	44	(155)
Income (loss) before income and mining tax and other items	(128)	278	460	807
Income and mining tax benefit (expense) (Note 9)	(3)	(73)	(126)	(350)
Equity income (loss) of affiliates	(9)	1	(25)	(4)
Net income (loss) from continuing operations	(140)	206	309	453
Net income (loss) from discontinued operations (Note 10)	16	(7)	56	(45)
Net income (loss)	(124)	199	365	408
Net loss (income) attributable to noncontrolling interests (Note 11)	(21)	7	(26)	20
Net income (loss) attributable to Newmont stockholders	$ (145)	$ 206	$ 339	$ 428
Net income (loss) attributable to Newmont stockholders:				
Continuing operations	$ (161)	$ 213	$ 283	$ 473
Discontinued operations	16	(7)	56	(45)

	$ (145)	$ 206	$ 339	$ 428
Net income (loss) per common share (Note 12):				
Basic:				
Continuing operations	$ (0.31)	$ 0.39	$ 0.53	$ 0.88
Discontinued operations	0.04	(0.01)	0.11	(0.08)
	$ (0.27)	$ 0.38	$ 0.64	$ 0.80
Diluted:				
Continuing operations	$ (0.31)	$ 0.39	$ 0.53	$ 0.88
Discontinued operations	0.04	(0.01)	0.10	(0.08)
	$ (0.27)	$ 0.38	$ 0.63	$ 0.80
Cash dividends declared per common share	$ 0.14	$ 0.075	$ 0.42	$ 0.175

(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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$ (124)	$ 199	$ 365	$ 408
Other comprehensive income (loss):				
Change in marketable securities, net of tax of $-, $-, $- and $-, respectively	—	5	1	(6)
Foreign currency translation adjustments	4	8	—	12
Change in pension and other post-retirement benefits, net of tax of $(1), $(2), $(4) and $(7), respectively	5	4	14	13
Change in fair value of cash flow hedge instruments, net of tax of $(1), $(4), $(4) and $(11), respectively	3	9	12	23
Other comprehensive income (loss)	12	26	27	42
Comprehensive income (loss)	$ (112)	$ 225	$ 392	$ 450
Comprehensive income (loss) attributable to:				
Newmont stockholders	$ (133)	$ 232	$ 366	$ 470
Noncontrolling interests	21	(7)	26	(20)
	$ (112)	$ 225	$ 392	$ 450

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

NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions)

	Nine Months Ended September 30,	
	2018	2017
Operating activities:		
Net income (loss)	$ 365	$ 408
Adjustments:		
Depreciation and amortization	879	938
Stock-based compensation (Note 14)	57	53
Reclamation and remediation	85	92
Loss (income) from discontinued operations (Note 10)	(56)	45
Deferred income taxes	(100)	97
Impairment of long-lived assets (Note 6)	366	3
Gain on asset and investment sales, net	(100)	(21)
Write-downs of inventory and stockpiles and ore on leach pads	220	158
Other operating adjustments	46	71
Net change in operating assets and liabilities (Note 24)	(667)	(453)
Net cash provided by (used in) operating activities of continuing operations	1,095	1,391
Net cash provided by (used in) operating activities of discontinued operations (1)	(8)	(12)
Net cash provided by (used in) operating activities	1,087	1,379
Investing activities:		
Additions to property, plant and mine development	(763)	(557)
Acquisitions, net	(138)	—
Proceeds from sales of other assets	23	5
Purchases of investments	(17)	(113)
Proceeds from sales of investments	16	34
Other	(5)	13
Net cash provided by (used in) investing activities	(884)	(618)
Financing activities:		
Dividends paid to common stockholders	(226)	(94)
Distributions to noncontrolling interests	(107)	(119)
Repurchase of common stock	(96)	—
Funding from noncontrolling interests	77	70
Proceeds from sale of noncontrolling interests	48	—
Payments for withholding of employee taxes related to stock-based compensation	(39)	(13)
Repayment of debt	(3)	(383)
Other	—	(3)
Net cash provided by (used in) financing activities	(346)	(542)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4)	3
Net change in cash, cash equivalents and restricted cash	(147)	222

Cash, cash equivalents and restricted cash at beginning of period	3,298	2,782
Cash, cash equivalents and restricted cash at end of period	$ 3,151	$ 3,004
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 3,068	$ 2,969
Restricted cash included in Other current assets	1	—
Restricted cash included in Other noncurrent assets	82	35
Total cash, cash equivalents and restricted cash	$ 3,151	$ 3,004

(1) Net cash provided by (used in) operating activities of discontinued operations includes $(8) and $(9) 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 nine months ended September 30, 2018 and 2017, respectively. For additional information regarding the Company's discontinued operations, see Note 10.

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 September 30, 2018	At December 31, 2017
ASSETS		
Cash and cash equivalents	$ 3,068	$ 3,259
Trade receivables (Note 4)	176	124
Other accounts receivables	96	113
Investments (Note 17)	58	62
Inventories (Note 18)	713	679
Stockpiles and ore on leach pads (Note 19)	668	676
Other current assets	156	153
Current assets	4,935	5,066
Property, plant and mine development, net	12,209	12,338
Investments (Note 17)	331	280
Stockpiles and ore on leach pads (Note 19)	1,878	1,848
Deferred income tax assets	600	549
Other non-current assets	606	565
Total assets	$ 20,559	$ 20,646
LIABILITIES		
Accounts payable	$ 293	$ 375
Employee-related benefits	275	309
Income and mining taxes payable	43	248
Lease and other financing obligations (Note 21)	20	4
Other current liabilities (Note 22)	420	462
Current liabilities	1,051	1,398
Debt (Note 20)	4,043	4,040
Reclamation and remediation liabilities (Note 5)	2,385	2,345
Deferred income tax liabilities	614	595
Employee-related benefits	368	386
Lease and other financing obligations (Note 21)	127	21
Other non-current liabilities (Note 22)	348	342
Total liabilities	8,936	9,127
Contingently redeemable noncontrolling interest (Note 11)	49	—
EQUITY		
Common stock	855	855
Treasury stock	(69)	(30)
Additional paid-in capital	9,600	9,592
Accumulated other comprehensive income (loss) (Note 23)	(150)	(292)

Retained earnings	361	410
Newmont stockholders' equity	10,597	10,535
Noncontrolling interests	977	984
Total equity	11,574	11,519
Total liabilities and equity	$ 20,559	$ 20,646

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

NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in millions)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total Equity
	Shares (in millions)	Amount	Shares	Amount					
Balance at December 31, 2017	534	$ 855	(1)	$ (30)	$ 9,592	$ (292)	$ 410	$ 984	$ 11,519
Cumulative-effect adjustment of adopting ASU No. 2016-01	—	—	—	—	—	115	(115)	—	—
Net income (loss)	—	—	—	—	—	—	339	25	364
Other comprehensive income (loss)	—	—	—	—	—	27	—	—	27
Sale of noncontrolling interest	—	—	—	—	—	—	—	—	—
Dividends declared	—	—	—	—	—	—	(226)	—	(226)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(107)	(107)
Cash calls requested from noncontrolling interests (1)	—	—	—	—	—	—	—	75	75
Repurchase and retirement of common stock	(3)	(5)	—	—	(44)	—	(47)	—	(96)
Withholding of employee taxes related to stock-based compensation	—	—	(1)	(39)	—	—	—	—	(39)
Stock-based awards and related share issuances	4	5	—	—	52	—	—	—	57
Balance at September 30, 2018	535	$ 855	(2)	$ (69)	$ 9,600	$ (150)	$ 361	$ 977	$ 11,574

(1) Cash calls requested from noncontrolling interests of $75 for the nine months ended September 30, 2018 represent cash calls requested from Staatsolie for the Merian mine. Staatsolie paid an additional $2 related to prior periods during the three months ended September 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.

In July 2018, Newmont purchased a 50% interest in the Galore Creek Partnership ("Galore Creek") from NovaGold Resources Inc. ("NovaGold") for $100 in cash consideration paid on the transaction date; a deferred payment of $75, payable upon the earlier of three years or the completion of a prefeasibility study; a deferred payment of $25, payable upon the earlier of five years or the completion of a feasibility study; and a contingent payment of $75, payable upon the earlier of initiation or approval to construct a mine, mill and all related infrastructure for the Galore Creek project.

The Company accounted for the purchase of Galore Creek as an asset acquisition, as the identifiable assets are primarily concentrated in a single mineral interest. The value of the consideration paid and payable of $189 was allocated to the acquired assets and assumed liabilities based on their estimated fair values on the acquisition date. At the acquisition date, the Company recorded mineral interests of $192, other noncurrent assets of $2, other current liabilities of $2 and noncurrent reclamation and remediation liabilities of $3 within the North America segment. Upon becoming probable of payment, the contingent payment of $75 will be accrued and allocated to the mineral interest. Refer to Note 26 for further details regarding the contingent payment. The Company includes its pro-rata share of operations for Galore Creek in the Consolidated Financial Statements.

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.

In addition to changes in commodity prices, other factors such as changes in mine plans, increases in costs, geotechnical failures, and changes in social, environmental or regulatory requirements can adversely affect the Company’s ability to recover its investment in certain assets and result in impairment charges. As discussed in Note 6, the Company recorded impairment charges of $331 related to exploration properties in North America as a result of changes in exploration plans for the properties and $35 related to its Emigrant operation as a result of mine plan changes.

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

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

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 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.

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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 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.

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, Accounting Standards Update ("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

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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 after December 15, 2017. The Company adopted the guidance as of January 1, 2018. Upon adoption, the Company reclassified $196 from Repayment of debt, previously reported as a cash outflow from financing activities, to operating activities on the Consolidated Statements of Cash Flows related to accreted interest from the debt discount on the 2017 convertible notes repaid in July 2017. Additionally, the Company reclassified $9 for the nine months ended September 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. Additionally, the Company reclassified $10 for the nine months ended September 30, 2017 from Net cash provided by (used in) financing activities of continuing operations related to restricted movement to the Net change in cash, cash equivalents and restricted cash.

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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 and ASU No. 2018-11. The new guidance modifies the classification 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 is still completing 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; performed a completeness assessment over the lease population; established new policies, procedures and internal controls related to the new standard; and reviewed existing contracts that are expected to be outstanding as of the adoption date. Additionally, management continues to evaluate the various practical expedients and policy elections that will be adopted and has elected to review existing contracts to evaluate lease classification for contracts containing leases and to not recast the comparative periods presented when transitioning to the new guidance on January 1, 2019.

Management will continue to perform procedures to assess impacts through the adoption date; however, based on the procedures performed, management has identified certain service contracts that contain embedded leases under the revised guidance. In addition to existing capital leases and other financing obligations, the Company expects that the adoption of the new standard will result in the recognition of additional right-of-use assets and lease liabilities related to operating leases of between $25 to $50 and $30 to $55, respectively, and finance leases of between $45 to $80 and $55 to $90, respectively. The Company does not expect there will be a material impact to the Consolidated Statements of Operations or 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 No. 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 but expects to reclassify amounts out of Accumulated other comprehensive income on the balance sheet. The Company anticipates adopting the new guidance as of December 31, 2018.

Fair Value Disclosure Requirements

In August 2018, ASU No. 2018-13 was issued to modify and enhance the disclosure requirements for fair value measurements. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019, and early adoption is permitted. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

Defined Benefit Plan Disclosure Requirements

In August 2018, ASU No. 2018-14 was issued to modify and enhance the required disclosures for defined benefit plans. This update is effective in fiscal years, including interim periods, ending after December 15, 2020, and early adoption is permitted. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

Capitalization of Certain Cloud Computing Implementation Costs

In August 2018, ASU No. 2018-15 was issued which allows for the capitalization for certain implementation costs incurred in a cloud computing arrangement that is considered a service contract. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019, and early adoption is permitted. 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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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:

	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Three Months Ended September 30, 2018						
Carlin	$ 281	$ 205	$ 59	$ 8	$ (30)	$ 46
Phoenix:						
Gold	44	39	9			
Copper	14	10	3			
Total Phoenix	58	49	12	1	(7)	9
Twin Creeks	111	57	14	4	(263)	17
Long Canyon	51	21	20	7	4	4
CC&V	99	68	22	4	6	6
Other North America	—	—	—	6	(36)	4
North America	600	400	127	30	(326)	86
Yanacocha	189	116	30	10	23	41
Merian	157	67	22	2	62	13
Other South America	—	—	3	9	(16)	—
South America	346	183	55	21	69	54
Boddington:						
Gold	229	146	27			
Copper	56	33	6			
Total Boddington	285	179	33	—	73	14
Tanami	148	71	19	2	53	21
Kalgoorlie	92	56	6	2	53	4
Other Australia	—	—	1	4	8	2
Australia	525	306	59	8	187	41
Ahafo	125	62	23	4	34	70
Akyem	130	44	32	4	48	11

Other Africa	—	—	—	1	(3)	—
Africa	255	106	55	9	79	81
Corporate and Other	—	—	3	17	(137)	3
Consolidated	$ 1,726	$ 995	$ 299	$ 85	$ (128)	$ 265

(1) Includes a decrease in accrued capital expenditures of $9; consolidated capital expenditures on a cash basis were $274.

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

	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Three Months Ended September 30, 2017						
Carlin	$ 330	$ 216	$ 60	$ 6	$ 46	$ 32
Phoenix:						
Gold	68	48	13			
Copper	21	11	3			
Total Phoenix	89	59	16	1	8	4
Twin Creeks	103	59	16	3	25	16
Long Canyon	70	17	24	6	22	1
CC&V	140	75	35	2	29	9
Other North America	—	—	—	10	(10)	1
North America	732	426	151	28	120	63
Yanacocha	176	150	38	11	(37)	12
Merian	162	62	22	3	75	29
Other South America	—	—	3	12	(18)	—
South America	338	212	63	26	20	41
Boddington:						
Gold	236	130	27			
Copper	59	25	5			
Total Boddington	295	155	32	1	105	17
Tanami	148	72	17	7	50	25
Kalgoorlie	121	64	5	3	47	5
Other Australia	—	—	2	2	(10)	—
Australia	564	291	56	13	192	47
Ahafo	100	57	14	6	21	51
Akyem	145	67	40	3	35	5
Other Africa	—	—	—	—	(3)	—
Africa	245	124	54	9	53	56

Corporate and Other	—	—	4	13	(107)	1
Consolidated	$ 1,879	$ 1,053	$ 328	$ 89	$ 278	$ 208

(1) Includes an increase in accrued capital expenditures of $14; consolidated capital expenditures on a cash basis were $194.

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	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Nine Months Ended September 30, 2018						
Carlin	$ 829	$ 582	$ 154	$ 23	$ 25	$ 118
Phoenix:						
Gold	207	145	34			
Copper	61	40	11			
Total Phoenix	268	185	45	3	29	27
Twin Creeks	335	187	45	9	(199)	57
Long Canyon	166	55	58	19	34	9
CC&V	270	149	51	7	57	24
Other North America	—	—	1	19	(51)	8
North America	1,868	1,158	354	80	(105)	243
Yanacocha	479	322	82	32	(8)	81
Merian	455	195	64	11	182	62
Other South America	—	—	10	24	(45)	1
South America	934	517	156	67	129	144
Boddington:						
Gold	659	404	74			
Copper	168	96	18			
Total Boddington	827	500	92	—	239	40
Tanami	449	221	54	12	163	68
Kalgoorlie	331	178	18	8	154	17
Other Australia	—	—	4	8	4	3
Australia	1,607	899	168	28	560	128
Ahafo	395	242	78	12	56	196
Akyem	401	173	115	11	93	32
Other Africa	—	—	—	3	(8)	—
Africa	796	415	193	26	141	228

Corporate and Other	—	—	8	48	(265)	9
Consolidated	$ 5,205	$ 2,989	$ 879	$ 249	$ 460	$ 752

(1) Includes a decrease in accrued capital expenditures of $11; consolidated capital expenditures on a cash basis were $763.

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	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Nine Months Ended September 30, 2017						
Carlin	$ 873	$ 594	$ 159	$ 14	$ 100	$ 128
Phoenix:						
Gold	189	138	36			
Copper	71	45	12			
Total Phoenix	260	183	48	5	15	14
Twin Creeks	361	170	47	7	132	33
Long Canyon	166	42	55	16	52	8
CC&V	462	224	100	9	128	17
Other North America	—	—	1	17	(20)	4
North America	2,122	1,213	410	68	407	204
Yanacocha	504	403	108	23	(87)	32
Merian	445	174	69	11	189	67
Other South America	—	—	10	31	(53)	—
South America	949	577	187	65	49	99
Boddington:						
Gold	726	399	84			
Copper	156	74	15			
Total Boddington	882	473	99	2	285	46
Tanami	363	180	48	16	125	77
Kalgoorlie	338	171	14	6	142	13
Other Australia	—	—	5	5	(30)	3
Australia	1,583	824	166	29	522	139
Ahafo	326	193	52	22	55	104
Akyem	464	202	114	9	135	17
Other Africa	—	—	—	2	(8)	—
Africa	790	395	166	33	182	121

Corporate and Other	—	—	9	39	(353)	5
Consolidated	$ 5,444	$ 3,009	$ 938	$ 234	$ 807	$ 568

(1) Includes an increase in accrued capital expenditures of $11; consolidated capital expenditures on a cash basis were $557.

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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 September 30, 2018					
Carlin	$ 281	$ —	$ —	$ —	$ 281
Phoenix	21	23	4	10	58
Twin Creeks	111	—	—	—	111
Long Canyon	51	—	—	—	51
CC&V	99	—	—	—	99
North America	563	23	4	10	600
Yanacocha	189	—	—	—	189
Merian	157	—	—	—	157
South America	346	—	—	—	346
Boddington	59	170	56	—	285
Tanami	148	—	—	—	148
Kalgoorlie	92	—	—	—	92
Australia	299	170	56	—	525
Ahafo	125	—	—	—	125
Akyem	130	—	—	—	130
Africa	255	—	—	—	255
Consolidated	$ 1,463	$ 193	$ 60	$ 10	$ 1,726

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(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
Three Months Ended September 30, 2017					
Carlin	$ 330	$ —	$ —	$ —	$ 330
Phoenix	33	35	9	12	89
Twin Creeks	103	—	—	—	103
Long Canyon	70	—	—	—	70
CC&V	140	—	—	—	140
North America	676	35	9	12	732
Yanacocha	176	—	—	—	176
Merian	162	—	—	—	162
South America	338	—	—	—	338
Boddington	58	178	59	—	295
Tanami	148	—	—	—	148
Kalgoorlie	114	7	—	—	121
Australia	320	185	59	—	564
Ahafo	100	—	—	—	100
Akyem	145	—	—	—	145
Africa	245	—	—	—	245
Consolidated	$ 1,579	$ 220	$ 68	$ 12	$ 1,879

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

Nine Months Ended September 30, 2018					
Carlin	$ 829	$ —	$ —	$ —	$ 829
Phoenix	92	115	25	36	268
Twin Creeks	335	—	—	—	335
Long Canyon	166	—	—	—	166
CC&V	270	—	—	—	270
North America	1,692	115	25	36	1,868
Yanacocha	479	—	—	—	479
Merian	455	—	—	—	455
South America	934	—	—	—	934
Boddington	182	477	168	—	827
Tanami	449	—	—	—	449
Kalgoorlie	331	—	—	—	331
Australia	962	477	168	—	1,607
Ahafo	395	—	—	—	395
Akyem	401	—	—	—	401
Africa	796	—	—	—	796
Consolidated	$ 4,384	$ 592	$ 193	$ 36	$ 5,205

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	Gold Sales from Doré Production	Gold Sales from Concentrate Production	Copper Sales from Concentrate Production	Copper Sales from Cathode Production	Total Sales
Nine Months Ended September 30, 2017					
Carlin	$ 873	$ —	$ —	$ —	$ 873
Phoenix	87	102	36	35	260
Twin Creeks	361	—	—	—	361
Long Canyon	166	—	—	—	166
CC&V	451	11	—	—	462
North America	1,938	113	36	35	2,122
Yanacocha	504	—	—	—	504
Merian	445	—	—	—	445
South America	949	—	—	—	949
Boddington	181	545	156	—	882
Tanami	363	—	—	—	363
Kalgoorlie	331	7	—	—	338
Australia	875	552	156	—	1,583
Ahafo	326	—	—	—	326
Akyem	464	—	—	—	464
Africa	790	—	—	—	790
Consolidated	$ 4,552	$ 665	$ 192	$ 35	$ 5,444

The following table details the receivables included within Trade receivables:

	At September 30, 2018	At December 31, 2017
Receivables from Sales:		
Gold sales from doré	$ 59	$ —
Gold and copper sales from concentrate production	117	117
Copper sales from cathode production	—	7

Total receivables from Sales	$	176	$	124

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 of $- and $1, respectively, for the three months ended September 30, 2018 and an increase (decrease) of $6 and $(4), respectively, for the three months ended September 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 a decrease of $(5) and $(2), respectively, for the nine months ended September 30, 2018 and an increase (decrease) of $17 and $(2), respectively, for the nine months ended September 30, 2017.

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The following tables summarize the impacts of adopting this standard on the Company's Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2018:

	Three Months Ended September 30, 2018		
Condensed Consolidated Statement of Operations	As Reported	Effect of Change	Balance without Adoption of ASC 606
Sales	$ 1,726	$ (2)	$ 1,724
Costs applicable to sales	$ 995	$ (2)	$ 993
Depreciation and amortization	$ 299	$ —	$ 299
Income (loss) before income and mining tax and other items	$ (128)	$ —	$ (128)
Income and mining tax benefit (expense)	$ (3)	$ —	$ (3)
Net income (loss)	$ (124)	$ —	$ (124)
Net income (loss) attributable to Newmont stockholders:			
Continuing operations	$ (161)	$ —	$ (161)
Discontinued operations	16	—	16
	$ (145)	$ —	$ (145)
Net income (loss) per common share			
Basic:			
Continuing operations	$ (0.31)	$ —	$ (0.31)
Discontinued operations	0.04	—	0.04
	$ (0.27)	$ —	$ (0.27)
Diluted:			
Continuing operations	$ (0.31)	$ —	$ (0.31)
Discontinued operations	0.04	—	0.04
	$ (0.27)	$ —	$ (0.27)

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Condensed Consolidated Statement of Operations	Nine Months Ended September 30, 2018 As Reported	Effect of Change	Balance without Adoption of ASC 606
Sales	$ 5,205	$ (18)	$ 5,187
Costs applicable to sales	$ 2,989	$ (10)	$ 2,979
Depreciation and amortization	$ 879	$ (2)	$ 877
Income (loss) before income and mining tax and other items	$ 460	$ (6)	$ 454
Income and mining tax benefit (expense)	$ (126)	$ 2	$ (124)
Net income (loss)	$ 365	$ (4)	$ 361
Net income (loss) attributable to Newmont stockholders:			
Continuing operations	$ 283	$ (4)	$ 279
Discontinued operations	56	—	56
	$ 339	$ (4)	$ 335
Net income (loss) per common share			
Basic:			
Continuing operations	$ 0.53	$ (0.01)	$ 0.52
Discontinued operations	0.11	—	0.11
	$ 0.64	$ (0.01)	$ 0.63
Diluted:			
Continuing operations	$ 0.53	$ (0.01)	$ 0.52
Discontinued operations	0.10	—	0.10
	$ 0.63	$ (0.01)	$ 0.62

Condensed Consolidated Statement of Cash Flows	Nine Months Ended September 30, 2018 As Reported	Effect of Change	Balance without Adoption of ASC 606
Operating activities:			
Net income (loss)	$ 365	$ (4)	$ 361
Adjustments:			

Depreciation and amortization	$ 879	$ (2)	$ 877
Net change in operating assets and liabilities	$ (667)	$ 6	$ (661)
Net cash provided by (used in) operating activities of continuing operations	$ 1,095	$ —	$ 1,095

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	At September 30, 2018		
Condensed Consolidated Balance Sheet	As Reported	Effect of Change	Balance without Adoption of ASC 606
Trade receivables	$ 176	$ (18)	$ 158
Inventories	$ 713	$ 12	$ 725
Total assets	$ 20,559	$ (6)	$ 20,553
Income and mining taxes payable	$ 43	$ (2)	$ 41
Total liabilities	$ 8,936	$ (2)	$ 8,934
Retained earnings	$ 361	$ (4)	$ 357
Newmont stockholders' equity	$ 10,597	$ (4)	$ 10,593
Total equity	$ 11,574	$ (4)	$ 11,570
Total liabilities and equity	$ 20,559	$ (6)	$ 20,553

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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Reclamation adjustments	$ —	$ —	$ —	$ 15

Reclamation accretion	26	22	75	70
Total reclamation expense	26	22	75	85
Remediation adjustments	3	2	17	9
Remediation accretion	2	2	4	4
Total remediation expense	5	4	21	13
	$ 31	$ 26	$ 96	$ 98

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 Minera Yanacocha S.R.L. (“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	6	16
Payments, net	(22)	(20)
Accretion expense	75	70
Reclamation balance at September 30,	$ 2,203	$ 1,979

	2018	2017
Remediation balance at January 1,	$ 304	$ 312
Additions, changes in estimates and other	6	3
Payments, net	(29)	(33)
Accretion expense	4	4
Remediation balance at September 30,	$ 285	$ 286

The current portion of reclamation liabilities was $59 and $60 at September 30, 2018 and December 31, 2017, respectively, and was included in Other current liabilities. The current portion of remediation liabilities was $44 and $43 at September 30, 2018 and December 31, 2017, respectively, and was included in Other current liabilities.

At September 30, 2018 and December 31, 2017, $2,203 and $2,144, respectively, were accrued for reclamation obligations relating to operating properties.

The Company is also 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 September 30, 2018 and December 31, 2017, $285 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 44% greater or 0% lower than the amount accrued at September 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 September 30, 2018 and December 31, 2017, respectively. Of the amounts at September 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 September 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 26 for further discussion of reclamation and remediation matters.

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NOTE 6 IMPAIRMENT OF LONG-LIVED ASSETS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
North America	$ 366	$ —	$ 366	$ —
South America	—	—	—	2
Australia	—	—	—	1
	$ 366	$ —	$ 366	$ 3

Impairment of long-lived assets totaled $366 for the three and nine months ended September 30, 2018. The 2018 impairments were primarily related to certain exploration properties of $331 and Emigrant, within the Carlin complex, of $35, both reported in the North America segment. The Company determined that an impairment indicator existed at certain North American exploration properties, due to the Company's decision to focus on advancing other projects, and at Emigrant, due to a change in the mine plan that resulted in a significant decrease in mine life. In addition to the impairment of long-lived assets at Emigrant, the Company also recorded an adjustment to the carrying value of the ore on leach pads resulting from the change in mine plan, impacting Costs applicable to sales and Depreciation and amortization by $22 and $7, respectively.

As a result of the impairment indicators, recoverability tests were performed and the Company concluded the Property, plant and mine development, net at certain North American exploration properties and Emigrant was impaired. The Company measured the impairment at the North American exploration properties using the market approach. The Company measured the impairment at Emigrant by comparing the total fair value of existing operations using the income approach. Refer to Note 15, Fair Value Accounting, for detail of the assumptions used in the determination of the fair value of the long-lived assets tested for impairment.

The 2017 impairments were primarily related to non-cash write-downs of obsolete assets at Yanacocha and Australia.

NOTE 7 OTHER EXPENSE, NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Restructuring and other	$ 1	$ 2	$ 16	$ 10
Acquisition cost adjustments	—	(3)	—	2

Other	4	2	13	17
	$ 5	$ 1	$ 29	$ 29

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.

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NOTE 8 OTHER INCOME, NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gain (loss) on asset and investment sales, net	$ 1	$ 5	$ 100	$ 21
Interest	15	9	39	19
Foreign currency exchange, net	16	(9)	37	(30)
Insurance proceeds	25	—	25	13
Change in fair value of marketable equity securities	(26)	—	(21)	—
Other	6	5	17	9
	$ 37	$ 10	$ 197	$ 32

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 17.

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 liabilities in Australia, Peru and Suriname.

Insurance proceeds. In September 2018, the Company recorded business interruption insurance proceeds of $25 associated with the East wall slips at Kalgoorlie in the first half of 2018. 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.

NOTE 9 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Income (loss) before income and mining tax and	$ (128)	$ 278	$ 460	$ 807

other items

U.S. Federal statutory tax rate	21 %	$ (27)	35 %	$ 97	21 %	$ 97	35 %	$ 282
Reconciling items:								
Percentage depletion	16	(21)	3	10	(10)	(46)	(8)	(64)
Change in valuation allowance on deferred tax assets	(10)	13	(14)	(39)	4	16	12	100
Adjustment to provisional expense related to the Tax Cuts and Job Act	—	—	—	—	(10)	(45)	—	—
Mining and other taxes	(13)	17	—	(1)	10	47	4	34
Foreign rate differential	(29)	37	—	—	18	83	—	—
U.S. tax effect of noncontrolling interest attributable to non-U.S. investees	8	(11)	1	5	(5)	(23)	1	5
Effect of foreign earnings, net of credits	5	(6)	—	(1)	(2)	(9)	—	(1)
Other	—	1	1	2	1	6	(1)	(6)
Income and mining tax expense	(2) %	$ 3	26 %	$ 73	27 %	$ 126	43 %	$ 350

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The Company expects to record additional updates to the provisional amounts for the impacts of US tax reform during the fourth quarter 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. There are no new estimates associated with US tax reform in the income tax expense for the three months ended September 30, 2018.

NOTE 10 NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Holt royalty obligation	$ 19	$ (7)	$ 55	$ (45)
Batu Hijau contingent consideration (1)	(3)	—	1	—
Net income (loss) from discontinued operations	$ 16	$ (7)	$ 56	$ (45)

(1) See Note 16 for details on the Batu Hijau contingent consideration.

The Holt Royalty Obligation

At September 30, 2018 and December 31, 2017, the estimated fair value of the Holt royalty obligation was $165 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 nine months ended September 30, 2018, the Company recorded a gain (loss) of $19 and $55, net of a tax benefit (expense) of $(6) and $(15), respectively, related to the Holt royalty obligation. During the three and nine months ended September 30, 2017, the Company recorded a gain (loss) of $(7) and $(45), net of tax benefit (expense) of $4 and $25, respectively, related to the Holt royalty obligation.

During the nine months ended September 30, 2018 and 2017, the Company paid $8 and $9, respectively, related to the Holt royalty obligation. Refer to Note 15 for additional information on the Holt royalty obligation.

NOTE 11 NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Merian	$ 14	$ 17	$ 42	$ 43

Yanacocha	7	(24)	(16)	(62)
Other	—	—	—	(1)
	$ 21	$ (7)	$ 26	$ (20)

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, 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.

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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.

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

	At September 30, 2018		At December 31, 2017	
Current assets:				
Cash and cash equivalents	$	71	$	27
Trade receivables		29		—
Inventories		83		79
Stockpiles and ore on leach pads		32		21
Other current assets (1)		2		6
		217		133
Non-current assets:				
Property, plant and mine development, net		768		769
Other non-current assets (2)		3		8
Total assets	$	988	$	910
Current liabilities:				
Accounts payable	$	24	$	22
Other current liabilities (3)		27		28
		51		50
Non-current liabilities:				
Reclamation and remediation liabilities		18		18
Other non-current liabilities (4)		1		1
Total liabilities	$	70	$	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.

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NOTE 12 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 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss) attributable to Newmont stockholders:				
Continuing operations	$ (161)	$ 213	$ 283	$ 473
Discontinued operations	16	(7)	56	(45)
	$ (145)	$ 206	$ 339	$ 428
Weighted average common shares (millions):				
Basic	533	533	533	533
Effect of employee stock-based awards	2	3	2	1
Diluted	535	536	535	534
Net income (loss) per common share attributable to Newmont stockholders:				
Basic:				
Continuing operations	$ (0.31)	$ 0.39	$ 0.53	$ 0.88
Discontinued operations	0.04	(0.01)	0.11	(0.08)
	$ (0.27)	$ 0.38	$ 0.64	$ 0.80
Diluted:				
Continuing operations	$ (0.31)	$ 0.39	$ 0.53	$ 0.88
Discontinued operations	0.04	(0.01)	0.10	(0.08)
	$ (0.27)	$ 0.38	$ 0.63	$ 0.80

The Company reported a loss from continuing operations attributable to Newmont stockholders for the three months ended September 30, 2018. Therefore, the potentially dilutive effects for the three months ended September 30, 2018 were not included in the computation of diluted loss per common share attributable to Newmont stockholders because their inclusion would have been anti-dilutive to the computation.

During the three and nine months ended September 30, 2018, the Company repurchased and retired approximately 0.8 million shares and 2.7 million shares of its common stock for $26 and $96, respectively, of which approximately 0.7 million shares related to common stock that was held by participants in the Retirement Savings Plan of Newmont and the Retirement Savings Plan for Hourly-Rated Employees of Newmont. During the three and nine months ended September 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.

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NOTE 13 EMPLOYEE PENSION AND OTHER BENEFIT PLANS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Pension benefit costs, net (1):				
Service cost	$ 7	$ 7	$ 23	$ 22
Interest cost	10	11	31	33
Expected return on plan assets	(17)	(15)	(51)	(46)
Amortization, net	8	7	24	21
Settlements	—	1	—	5
	$ 8	$ 11	$ 27	$ 35

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Other benefit costs (credits), net (1):				
Service cost	$ —	$ —	$ 1	$ 1
Interest cost	—	1	2	3
Amortization, net	(2)	(1)	(6)	(5)
	$ (2)	$ —	$ (3)	$ (1)

(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 14 STOCK-BASED COMPENSATION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Stock-based compensation:				

Restricted stock units	$ 12	$ 9	$ 34	$ 26
Performance leveraged stock units	7	9	23	26
Strategic stock units	—	—	—	1
	$ 19	$ 18	$ 57	$ 53

NOTE 15 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 1Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2Quoted 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

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

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 September 30, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 3,068	$ 3,068	$ —	$ —
Restricted cash	83	83	—	—
Trade receivable from provisional gold and copper concentrate sales, net	111	—	111	—
Diesel forward derivative contracts	7	—	7	—
Marketable equity securities	159	144	15	—
Restricted marketable debt securities	52	22	30	—
Restricted other assets	6	6	—	—
Batu Hijau contingent consideration	23	—	—	23
	$ 3,509	$ 3,323	$ 163	$ 23
Liabilities:				
Debt (1)	$ 4,323	$ —	$ 4,323	$ —
Holt royalty obligation	165	—	—	165
	$ 4,488	$ —	$ 4,323	$ 165

	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

(1) Debt, exclusive of capital leases, is carried at amortized cost. The outstanding carrying value was $4,043 and $4,040 at September 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 16. 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.

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 September 30, 2018 and December 31, 2017:

Description	At September 30, 2018	Valuation technique	Unobservable input	Range/Weighted average
Batu Hijau contingent consideration	$ 23	Monte Carlo	Discount rate	17.50 %
			Short-term copper price	$ 2.77
			Long-term copper price	$ 3.00
Holt royalty obligation	$ 165	Monte Carlo	Discount rate	4.13 %
			Short-term gold price	$ 1,213
			Long-term gold price	$ 1,300
			Gold production scenarios (in 000's of ounces)	318 - 1,560

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	Total	Holt Royalty	Total

	Consideration (1)	Assets	Obligation (1)	Liabilities
Fair value at December 31, 2017	$ 23	$ 23	$ 243	$ 243
Settlements	—	—	(8)	(8)
Revaluation	—	—	(70)	(70)
Fair value at September 30, 2018	$ 23	$ 23	$ 165	$ 165

	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)	(9)	(9)
Revaluation	—	—	—	70	70
Fair value at September 30, 2017	$ —	$ 13	$ 13	$ 248	$ 248

(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.

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During the third quarter of 2018, the Company performed a non-recurring fair value measurement (i.e. Level 3 of the fair value hierarchy) in connection with recoverability and impairment tests performed at certain North American exploration properties due to the Company's decision to focus on advancing other projects and at Emigrant due to a change in the mine plan that resulted in a decrease in mine life.

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The estimated fair value of the North American exploration properties was determined using comparable transactions. The estimated fair value of Emigrant’s existing operations was determined using (i) a country specific discount rate of 5.2%, (ii) a short-term gold price of $1,213 based on the third quarter average of the London PM fix, (iii) a long-term gold price of $1,300, and (iv) updated cash flow information from the Company’s business plan. For further information regarding the impairment charges, see Note 6.

NOTE 16 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.

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 Kalgoorlie 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 September 30, 2018:

	Expected Maturity Date				
	2018	2019	2020	2021	Total/ Average
Diesel Fixed Forward Contracts:					
North America					
Diesel gallons (millions)	3	4	4	1	12
Average rate ($/gallon)	1.68	1.87	2.00	2.07	1.89

South America					
Diesel gallons (millions)	—	—	2	—	2
Average rate ($/gallon)	—	2.07	1.89	2.03	1.92
Australia					
Diesel barrels (thousands)	—	18	91	29	138
Average rate ($/barrel)	—	85.96	78.66	82.15	80.34

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

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Derivative Instrument Fair Values

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

	Fair Values of Derivative Instruments At September 30, 2018			
	Other Current Assets	Other Non-current Assets	Other Current Liabilities	Other Non-current Liabilities
Diesel fixed forwards	$ 4	$ 3	$ —	$ —

	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 September 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 September 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total Costs applicable to sales	$ 995	$ 1,053	$ 2,989	$ 3,009
	$ 1	$ 5	$ 6	$ 20

Amount of (gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss) from foreign currency hedging instruments				
Amount of (gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss) from diesel hedging instruments	$ (2)	$ —	$ (6)	$ 3
Total Interest expense, net	$ 51	$ 56	$ 153	$ 187
Amount of (gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss) from discontinued interest rate hedging instruments	$ 2	$ 2	$ 8	$ 7

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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 September 30,						
Cash flow hedging relationships:						
(Gain) loss recognized in Other comprehensive income (loss)	$ —	$ (1)	$ (3)	$ (5)	$ —	$ —
(Gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss)	$ 1	$ 5	$ (2)	$ —	$ 2	$ 2
For the nine months ended September 30,						
Cash flow hedging relationships:						
(Gain) loss recognized in Other comprehensive income (loss)	$ —	$ (5)	$ (8)	$ 1	$ —	$ —
(Gain) loss reclassified from Accumulated other comprehensive income (loss) into income (loss)	$ 6	$ 20	$ (6)	$ 3	$ 8	$ 7

Over the next 12 months, the Company expects to reclassify from Accumulated other comprehensive income (loss) to income a loss of approximately $6, net of tax, related to unrealized hedge losses.

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 15 for additional information. Contingent consideration of $23 was included in Other non-current assets in the Company's Condensed Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017.

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 a (decrease) increase of $(9) and $8 for the three months ended September 30, 2018 and 2017, respectively, and a (decrease) increase of $(17) and

$18 for the nine months ended September 30, 2018 and 2017, respectively.

At September 30, 2018, Newmont had gold and copper sales of 113,000 ounces and 18 million pounds priced at an average of $1,190 per ounce and $2.80 per pound, respectively, subject to final pricing over the next several months.

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NOTE 17 INVESTMENTS

	At September 30, 2018 Fair Value/ Equity Basis (1)
Current:	
Marketable equity securities	$ 58
Non-current:	
Marketable equity securities:	
Continental Gold Inc.	$ 76
Warrants	15
Other marketable equity securities	10
	101
Other investments	7
Equity method investments:	
TMAC Resources Inc. (28.68%)	100
Maverix Metals Inc. (27.85%)	80
Minera La Zanja S.R.L. (46.94%)	43
	223
	$ 331
Non-current restricted investments: (2)	
Marketable debt securities (3)	$ 52
Other assets	6
	$ 58

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	At December 31, 2017			
	Cost/Equity	Unrealized		Fair Value/ Equity
	Basis	Gain	Loss	Basis (1)
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

(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 September 30, 2018, related to marketable debt securities.

In June 2018, Newmont sold $11 of restricted marketable debt securities as a result of remediation work completed 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 18 INVENTORIES

	At September 30, 2018	At December 31, 2017
Materials and supplies	$ 441	$ 416
In-process	138	131
Concentrate and copper cathode	95	83
Precious metals	39	49
	$ 713	$ 679

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NOTE 19 STOCKPILES AND ORE ON LEACH PADS

	At September 30, 2018	At December 31, 2017
Current:		
Stockpiles	$ 327	$ 330
Ore on leach pads	341	346
	$ 668	$ 676
Non-current:		
Stockpiles	$ 1,473	$ 1,502
Ore on leach pads	405	346
	$ 1,878	$ 1,848

	At September 30, 2018	At December 31, 2017
Stockpiles and ore on leach pads:		
Carlin	$ 443	$ 441
Phoenix	68	68
Twin Creeks	337	340
Long Canyon	40	34
CC&V	325	314
Yanacocha	252	270
Merian	32	25
Boddington	447	431
Tanami	2	4
Kalgoorlie	123	125
Ahafo	401	409
Akyem	76	63
	$ 2,546	$ 2,524

During the three and nine months ended September 30, 2018, the Company recorded write-downs of $59 and $211, respectively, classified as components of Costs applicable to sales, and write-downs of $19 and $76, 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 September 30, 2018, $52 is related to Carlin, of which $29 is related to Emigrant as discussed in Note 6, $6 to Twin Creeks, $7 to CC&V and $13 to Yanacocha. Of the write-downs during the nine months ended September 30, 2018, $109 is related to Carlin, $39 to Twin Creeks, $7 to CC&V, $39 to Yanacocha, $46 to Ahafo and $47 to Akyem.

During the three and nine months ended September 30, 2017, the Company recorded write-downs of $60 and $146, respectively, classified as components of Costs applicable to sales, and write-downs of $23 and $54, 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 September 30, 2017, $28 was related to Carlin, $16 to Twin Creeks, $28 to Yanacocha and $11 to Akyem. Of the write-downs during the nine months ended September 30, 2017, $62 was related to Carlin, $32 to Twin Creeks, $69 to Yanacocha, $18 to Ahafo and $19 to Akyem.

NOTE 20 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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NOTE 21 LEASE AND OTHER FINANCING OBLIGATIONS

Scheduled minimum capital lease repayments are \$1 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 September 30, 2018 and December 31, 2017, the financing obligations under the build-to-suit arrangements were \$140 and \$14, of which \$17 was classified as current as of September 30, 2018.

NOTE 22 OTHER LIABILITIES

	At September 30, 2018	At December 31, 2017
Other current liabilities:		
Accrued operating costs	$ 129	$ 124
Reclamation and remediation liabilities	103	103
Accrued capital expenditures	65	77
Accrued interest	62	52
Royalties	30	63
Holt royalty obligation	12	15
Taxes other than income and mining	6	7
Derivative instruments	—	1
Other	13	20
	$ 420	$ 462
Other non-current liabilities:		
Holt royalty obligation	$ 153	$ 228
Galore Creek deferred payments	88	—
Income and mining taxes	45	47
Power supply agreements	29	32
Social development obligations	22	22
Other	11	13
	$ 348	$ 342

NOTE 23 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	—	—	6	7
Reclassifications from accumulated other comprehensive income (loss)	—	—	14	6	20
Other comprehensive income (loss)	1	—	14	12	27
Balance at September 30, 2018	$ —	$ 130	$ (194)	$ (86)	$ (150)

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Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)				Affected Line Item in the Condensed Consolidated Statements of Operations
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2018	2017	2018	2017	
Marketable securities adjustments:					
Sale of marketable securities	$ —	$ (5)	$ —	$ (5)	Other income, net
Total before tax	—	(5)	—	(5)	
Tax	—	—	—	—	
Net of tax	$ —	$ (5)	$ —	$ (5)	
Pension and other post-retirement benefit adjustments:					
Amortization	$ 6	$ 6	$ 18	$ 16	Other income, net
Settlements	—	1	—	5	Other income, net
Total before tax	6	7	18	21	
Tax	(1)	(2)	(4)	(7)	
Net of tax	$ 5	$ 5	$ 14	$ 14	
Hedge instruments adjustments:					
Operating cash flow hedges	$ (1)	$ 5	$ —	$ 23	Costs applicable to sales
Interest rate contracts	2	2	8	7	Interest expense, net
Total before tax	1	7	8	30	
Tax	—	(2)	(2)	(10)	
Net of tax	$ 1	$ 5	$ 6	$ 20	
Total reclassifications for the period, net of tax	$ 6	$ 5	$ 20	$ 29	

NOTE 24   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:

	Nine Months Ended September 30,	
	2018	2017
Decrease (increase) in operating assets:		
Trade and other accounts receivables	$ (18)	$ 46
Inventories, stockpiles and ore on leach pads	(274)	(145)
Other assets	(23)	(11)
Increase (decrease) in operating liabilities:		
Accounts payable	(78)	(1)
Reclamation and remediation liabilities	(51)	(53)
Other accrued liabilities	(223)	(289)
	$ (667)	$ (453)

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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.

Condensed Consolidating Statement of Operation	Three Months Ended September 30, 2018 (Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
Sales	$ —	$ 417	$ 1,309	$ —	$ 1,726
Costs and expenses:					
Costs applicable to sales (1)	—	293	702	—	995
Depreciation and amortization	1	85	213	—	299
Reclamation and remediation	—	4	27	—	31
Exploration	—	13	35	—	48
Advanced projects, research and development	—	8	29	—	37
General and administrative	—	20	39	—	59
Impairment of long-lived assets	—	336	30	—	366
Other expense, net	—	—	5	—	5
	1	759	1,080	—	1,840
Other income (expense):					
Other income, net	(32)	9	60	—	37
Interest income - intercompany	16	14	12	(42)	—
Interest expense - intercompany	(10)	—	(32)	42	—
Interest expense, net	(45)	(3)	(3)	—	(51)
	(71)	20	37	—	(14)
Income (loss) before income and mining tax and other items	(72)	(322)	266	—	(128)
Income and mining tax benefit (expense)	16	79	(98)	—	(3)
Equity income (loss) of affiliates	(89)	(13)	(9)	102	(9)
	(145)	(256)	159	102	(140)

Net income (loss) from continuing operations					
Net income (loss) from discontinued operations	—	—	16	—	16
Net income (loss)	(145)	(256)	175	102	(124)
Net loss (income) attributable to noncontrolling interests:	—	—	(21)	—	(21)
Net income (loss) attributable to Newmont stockholders	$ (145)	$ (256)	$ 154	$ 102	$ (145)
Comprehensive income (loss)	$ (133)	$ (246)	$ 165	$ 102	$ (112)
Comprehensive loss (income) attributable to noncontrolling interests	—	—	(21)	—	(21)
Comprehensive income (loss) attributable to Newmont stockholders	$ (133)	$ (246)	$ 144	$ 102	$ (133)

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

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	Three Months Ended September 30, 2017				
	(Issuer) Newmont Mining	(Guarantor) Newmont	(Non-Guarantor) Other		Newmont Mining Corporation
Condensed Consolidating Statement of Operation	Corporation	USA	Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ 494	$ 1,385	$ —	$ 1,879
Costs and expenses:					
Costs applicable to sales (1)	—	318	735	—	1,053
Depreciation and amortization	1	94	233	—	328
Reclamation and remediation	—	3	23	—	26
Exploration	—	10	38	—	48
Advanced projects, research and development	—	10	31	—	41
General and administrative	—	18	40	—	58
Impairment of long-lived assets	—	—	—	—	—
Other expense, net	—	—	1	—	1
	1	453	1,101	—	1,555
Other income (expense):					
Other income, net	11	2	(3)	—	10
Interest income - intercompany	67	11	11	(89)	—
Interest expense - intercompany	(11)	—	(78)	89	—
Interest expense, net	(51)	(5)	—	—	(56)
	16	8	(70)	—	(46)
Income (loss) before income and mining tax and other items	15	49	214	—	278
Income and mining tax benefit (expense)	(5)	(19)	(49)	—	(73)
Equity income (loss) of affiliates	196	(52)	(3)	(140)	1
Net income (loss) from continuing operations	206	(22)	162	(140)	206
Net income (loss) from discontinued operations	—	—	(7)	—	(7)
Net income (loss)	206	(22)	155	(140)	199
Net loss (income) attributable to noncontrolling interests	—	—	7	—	7
Net income (loss) attributable to Newmont stockholders	$ 206	$ (22)	$ 162	$ (140)	$ 206
Comprehensive income (loss)	$ 232	$ (13)	$ 146	$ (140)	$ 225
Comprehensive loss (income) attributable to noncontrolling interests	—	—	7	—	7
	$ 232	$ (13)	$ 153	$ (140)	$ 232

Comprehensive income (loss)
attributable to Newmont stockholders

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

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

	Nine Months Ended September 30, 2018				
Condensed Consolidating Statement of Operation	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
Sales	$ —	$ 1,348	$ 3,857	$ —	$ 5,205
Costs and expenses:					
Costs applicable to sales (1)	—	898	2,091	—	2,989
Depreciation and amortization	3	247	629	—	879
Reclamation and remediation	—	11	85	—	96
Exploration	—	39	103	—	142
Advanced projects, research and development	—	22	85	—	107
General and administrative	—	61	120	—	181
Impairment of long-lived assets	—	336	30	—	366
Other expense, net	—	2	27	—	29
	3	1,616	3,170	—	4,789
Other income (expense):					
Other income, net	(29)	36	190	—	197
Interest income - intercompany	67	36	33	(136)	—
Interest expense - intercompany	(29)	—	(107)	136	—
Interest expense, net	(142)	(5)	(6)	—	(153)
	(133)	67	110	—	44
Income (loss) before income and mining tax and other items	(136)	(201)	797	—	460
Income and mining tax benefit (expense)	29	58	(213)	—	(126)
Equity income (loss) of affiliates	446	(90)	(25)	(356)	(25)
Net income (loss) from continuing operations	339	(233)	559	(356)	309
Net income (loss) from discontinued operations	—	—	56	—	56
Net income (loss)	339	(233)	615	(356)	365
Net loss (income) attributable to noncontrolling interests	—	—	(26)	—	(26)
Net income (loss) attributable to Newmont stockholders	$ 339	$ (233)	$ 589	$ (356)	$ 339
Comprehensive income (loss)	$ 366	$ (223)	$ 605	$ (356)	$ 392
Comprehensive loss (income) attributable to noncontrolling interests	—	—	(26)	—	(26)

Comprehensive income (loss) attributable to Newmont stockholders	$ 366	$ (223)	$ 579	$ (356)	$ 366

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

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	Nine Months Ended September 30, 2017				
Condensed Consolidating Statement of Operation	(Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
Sales	$ —	$ 1,435	$ 4,009	$ —	$ 5,444
Costs and expenses:					
Costs applicable to sales (1)	—	901	2,108	—	3,009
Depreciation and amortization	3	259	676	—	938
Reclamation and remediation	—	10	88	—	98
Exploration	—	32	103	—	135
Advanced projects, research and development	—	13	86	—	99
General and administrative	—	53	118	—	171
Impairment of long-lived assets	—	—	3	—	3
Other expense, net	—	8	21	—	29
	3	1,276	3,203	—	4,482
Other income (expense):					
Other income, net	37	5	(10)	—	32
Interest income - intercompany	114	35	33	(182)	—
Interest expense - intercompany	(33)	(4)	(145)	182	—
Interest expense, net	(172)	(8)	(7)	—	(187)
	(54)	28	(129)	—	(155)
Income (loss) before income and mining tax and other items	(57)	187	677	—	807
Income and mining tax benefit (expense)	20	(41)	(329)	—	(350)
Equity income (loss) of affiliates	465	(286)	(16)	(167)	(4)
Net income (loss) from continuing operations	428	(140)	332	(167)	453
Net income (loss) from discontinued operations	—	—	(45)	—	(45)
Net income (loss)	428	(140)	287	(167)	408
Net loss (income) attributable to noncontrolling interests	—	—	20	—	20
Net income (loss) attributable to Newmont stockholders	$ 428	$ (140)	$ 307	$ (167)	$ 428
Comprehensive income (loss)	$ 470	$ (122)	$ 269	$ (167)	$ 450
Comprehensive loss (income) attributable to noncontrolling interests	—	—	20	—	20

Comprehensive income (loss) attributable to Newmont stockholders	$ 470	$ (122)	$ 289	$ (167)	$ 470

(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)

Condensed Consolidating Statement of Cash Flows	Nine Months Ended September 30, 2018 (Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
Operating activities:					
Net cash provided by (used in) operating activities of continuing operations	$ (123)	$ 339	$ 879	$ —	$ 1,095
Net cash provided by (used in) operating activities of discontinued operations	—	—	(8)	—	(8)
Net cash provided by (used in) operating activities	(123)	339	871	—	1,087
Investing activities:					
Additions to property, plant and mine development	—	(203)	(560)	—	(763)
Acquisitions, net	—	—	(138)	—	(138)
Proceeds from sales of other assets	—	—	23	—	23
Purchases of investments	(4)	—	(13)	—	(17)
Proceeds from sales of investments	—	12	4	—	16
Other	—	1	(6)	—	(5)
Net cash provided by (used in) investing activities	(4)	(190)	(690)	—	(884)
Financing activities:					
Dividends paid to common stockholders	(226)	—	—	—	(226)
Distributions to noncontrolling interests	—	—	(107)	—	(107)
Repurchase of common stock	(96)	—	—	—	(96)
Funding from noncontrolling interests	—	—	77	—	77
Proceeds from sale of noncontrolling interests	—	—	48	—	48
Payments for withholding of employee taxes related to stock-based compensation	—	(39)	—	—	(39)
Repayment of debt	—	—	(3)	—	(3)
Net intercompany borrowings (repayments)	449	(109)	(340)	—	—
Other	—	(1)	1	—	—
Net cash provided by (used in) financing activities	127	(149)	(324)	—	(346)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	(4)	—	(4)
Net change in cash, cash equivalents and restricted cash	—	—	(147)	—	(147)

Cash, cash equivalents and restricted cash at beginning of period	—	—	3,298	—	3,298
Cash, cash equivalents and restricted cash at end of period	$ —	$ —	$ 3,151	$ —	$ 3,151
Reconciliation of cash, cash equivalents and restricted cash:					
Cash and cash equivalents	$ —	$ —	$ 3,068	$ —	$ 3,068
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	$ —	$ —	$ 3,151	$ —	$ 3,151

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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)

	Nine Months Ended September 30, 2017				
	(Issuer) Newmont Mining	(Guarantor) Newmont	(Non-Guarantor) Other		Newmont Mining Corporation
Condensed Consolidating Statement of Cash Flows	Corporation	USA	Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities of continuing operations	$ (307)	$ 375	$ 1,323	$ —	$ 1,391
Net cash provided by (used in) operating activities of discontinued operations	—	—	(12)	—	(12)
Net cash provided by (used in) operating activities	(307)	375	1,311	—	1,379
Investing activities:					
Additions to property, plant and mine development	—	(171)	(386)	—	(557)
Acquisitions, net	—	—	—	—	—
Proceeds from sales of other assets	—	—	5	—	5
Purchases of investments	(109)	—	(4)	—	(113)
Proceeds from sales of investments	—	—	34	—	34
Other	—	2	11	—	13
Net cash provided by (used in) investing activities	(109)	(169)	(340)	—	(618)
Financing activities:					
Dividends paid to common stockholders	(94)	—	—	—	(94)
Distributions to noncontrolling interests	—	—	(119)	—	(119)
Repurchase of common stock	—	—	—	—	—
Funding from noncontrolling interests	—	—	70	—	70
Proceeds from sale of noncontrolling interests	—	—	—	—	—
Payments for withholding of employee taxes related to stock-based compensation	—	(13)	—	—	(13)
Repayment of debt	(379)	(2)	(2)	—	(383)
Net intercompany borrowings (repayments)	892	(192)	(700)	—	—
Other	(3)	—	—	—	(3)
Net cash provided by (used in) financing activities	416	(207)	(751)	—	(542)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	3	—	3
Net change in cash, cash equivalents and restricted cash	—	(1)	223	—	222

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	$ —	$ —	$ 3,004	$ —	$ 3,004
Reconciliation of cash, cash equivalents and restricted cash:					
Cash and cash equivalents	$ —	$ —	$ 2,969	$ —	$ 2,969
Restricted cash included in Other current assets	—	—	—	—	—
Restricted cash included in Other noncurrent assets	—	—	35	—	35
Total cash, cash equivalents and restricted cash	$ —	$ —	$ 3,004	$ —	$ 3,004

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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 September 30, 2018				
	(Issuer)	(Guarantor)	(Non-Guarantor)		Newmont
	Newmont				Mining
	Mining	Newmont	Other		Corporation
Condensed Consolidating Balance Sheet	Corporation	USA	Subsidiaries	Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ —	$ 3,068	$ —	$ 3,068
Trade receivables	—	17	159	—	176
Other accounts receivables	—	1	95	—	96
Intercompany receivable	6,190	4,788	8,076	(19,054)	—
Investments	—	—	58	—	58
Inventories	—	196	517	—	713
Stockpiles and ore on leach pads	—	204	464	—	668
Other current assets	—	37	119	—	156
Current assets	6,190	5,243	12,556	(19,054)	4,935
Property, plant and mine development, net	15	2,743	9,481	(30)	12,209
Investments	86	5	240	—	331
Investments in subsidiaries	13,048	(481)	—	(12,567)	—
Stockpiles and ore on leach pads	—	640	1,238	—	1,878
Deferred income tax assets	98	—	502	—	600
Non-current intercompany receivable	701	628	7	(1,336)	—
Other non-current assets	—	248	358	—	606
Total assets	$ 20,138	$ 9,026	$ 24,382	$ (32,987)	$ 20,559
Liabilities:					
Accounts payable	$ —	$ 65	$ 228	$ —	$ 293
Intercompany payable	5,426	2,473	11,155	(19,054)	—
Employee-related benefits	—	117	158	—	275
Income and mining taxes	—	14	29	—	43
Lease and other financing obligations	—	1	19	—	20
Other current liabilities	62	118	240	—	420
Current liabilities	5,488	2,788	11,829	(19,054)	1,051
Debt	4,043	—	—	—	4,043
Reclamation and remediation liabilities	—	319	2,066	—	2,385
Deferred income tax liabilities	—	123	491	—	614
Employee-related benefits	3	200	165	—	368
	—	3	124	—	127

Lease and other financing obligations					
Non-current intercompany payable	7	—	1,359	(1,366)	—
Other non-current liabilities	—	14	334	—	348
Total liabilities	9,541	3,447	16,368	(20,420)	8,936
Contingently redeemable noncontrolling interest	—	—	49	—	49
Equity:					
Newmont stockholders' equity	10,597	5,579	6,988	(12,567)	10,597
Noncontrolling interests	—	—	977	—	977
Total equity	10,597	5,579	7,965	(12,567)	11,574
Total liabilities and equity	$ 20,138	$ 9,026	$ 24,382	$ (32,987)	$ 20,559

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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)

Condensed Consolidating Balance Sheet	At December 31, 2017 (Issuer) Newmont Mining Corporation	(Guarantor) Newmont USA	(Non-Guarantor) Other Subsidiaries	Eliminations	Newmont Mining Corporation 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:					
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
Lease and other financing obligations	—	1	3	—	4
Other current liabilities	52	163	247	—	462
Current liabilities	1,390	2,553	7,593	(10,138)	1,398
Debt	4,040	—	—	—	4,040
Reclamation and remediation liabilities	—	309	2,036	—	2,345
Deferred income tax liabilities	—	121	474	—	595
Employee-related benefits	—	222	164	—	386
	—	4	17	—	21

Lease and other financing obligations					
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

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

NOTE 26 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 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 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 the second quarter of 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 $163 at September 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 46,500 units and the water authority alleged violations range from zero to 59 units, with each unit having a potential fine equivalent to approximately $.001245 based on current exchange rates ($0 to $60). 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.

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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)

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 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.

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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)

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.

In connection with our investment in Galore Creek, Newmont will owe NovaGold Resources Inc. $75 upon the earlier of approval to construct a mine, mill and all related infrastructure for the Galore Creek project or the initiation of construction of a mine, mill or any related infrastructure. The amount due is non-interest bearing. The decision for an approval and commencement of construction is contingent on the results of a prefeasibility and feasibility study, neither of which have occurred. As such, this amount has not been accrued.

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 70. References to "A$" refers to Australian currency and "C$" refers to Canadian 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 12 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.

During the third quarter of 2018, we purchased a 50% interest in the Galore Creek Partnership ("Galore Creek") from NovaGold Resources Inc. for cash consideration of $100 as well as deferred payments of $100 and contingent payments of $75. Refer to Note 1 of the Condensed Consolidated Financial Statements for further details regarding this transaction. Additionally, in the third quarter of 2018, we purchased interests in Evrim Resources, Orosur Mining and Miranda Gold, totaling $8, to secure rights to highly prospective properties in Mexico and Colombia.

Consolidated Financial Results

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

	Three Months Ended September 30, 2018	2017	Increase (decrease)
Net income (loss) from continuing operations attributable to Newmont stockholders	$ (161)	$ 213	$ (374)
Net income (loss) from continuing operations attributable to Newmont stockholders per common share, diluted	$ (0.31)	$ 0.39	$ (0.70)

	Nine Months Ended September 30, 2018	2017	Increase (decrease)
Net income (loss) from continuing operations attributable to Newmont stockholders	$ 283	$ 473	$ (190)
Net income (loss) from continuing operations attributable to Newmont stockholders per common share, diluted	$ 0.53	$ 0.88	$ (0.35)

The decreases in Net income (loss) from continuing operations attributable to Newmont stockholders for the three and nine months ended September 30, 2018, compared to the same periods in 2017, are primarily due to the impairment of long-lived assets

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related to certain exploration properties and the Emigrant operation in North America and lower production at various sites, including CC&V, Boddington, Akyem and Carlin, partially offset by lower income tax expense and a gain from the sale of our royalty portfolio in June 2018. The three month comparison was also negatively impacted by lower average realized gold prices. For discussion regarding variations in production volumes and unit cost metrics, see Results of Consolidated Operations below.

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

	Three Months Ended September 30, 2018	2017	Increase (decrease)	Percent Change
Gold	$ 1,656	$ 1,799	$ (143)	(8) %
Copper	70	80	(10)	(13)
	$ 1,726	$ 1,879	$ (153)	(8) %

	Nine Months Ended September 30, 2018	2017	Increase (decrease)	Percent Change
Gold	$ 4,976	$ 5,217	$ (241)	(5) %
Copper	229	227	2	1
	$ 5,205	$ 5,444	$ (239)	(4) %

The following analysis summarizes consolidated gold sales:

	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Consolidated gold sales:				
Gross before provisional pricing	$ 1,668	$ 1,806	$ 5,007	$ 5,232
Provisional pricing mark-to-market	(5)	2	(10)	9
Gross after provisional pricing	1,663	1,808	4,997	5,241
Treatment and refining charges	(7)	(9)	(21)	(24)
Net	$ 1,656	$ 1,799	$ 4,976	$ 5,217
Consolidated gold ounces sold (thousands)	1,378	1,411	3,914	4,178
Average realized gold price (per ounce)(1):				
Gross before provisional pricing	$ 1,210	$ 1,281	$ 1,279	$ 1,253
Provisional pricing mark-to-market	(4)	1	(3)	2
Gross after provisional pricing	1,206	1,282	1,276	1,255
Treatment and refining charges	(5)	(6)	(5)	(6)
Net	$ 1,201	$ 1,276	$ 1,271	$ 1,249

(1) Per ounce measures may not recalculate due to rounding.

The change in consolidated gold sales is due to:

	Three Months Ended September 30, 2018 vs. 2017	Nine Months Ended September 30, 2018 vs. 2017
Change in consolidated ounces sold	$ (41)	$ (330)
Change in average realized gold price	(104)	86
Change in treatment and refining charges	2	3
	$ (143)	$ (241)

The decrease in gold sales during the three months ended September 30, 2018, compared to the same period in 2017, is primarily due to lower average realized gold prices and lower production at various sites, including Carlin and CC&V. The decrease in gold sales during the nine months ended September 30, 2018, compared to the same period in 2017, is primarily due to lower

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production at various sites, including CC&V, Boddington, Akyem and Carlin, partially offset by higher average realized gold prices. For further discussion regarding changes in volumes, see Results of Consolidated Operations below.

The following analysis summarizes consolidated copper sales:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Consolidated copper sales:				
Gross before provisional pricing	$ 78	$ 77	$ 246	$ 228
Provisional pricing mark-to-market	(4)	6	(7)	9
Gross after provisional pricing	74	83	239	237
Treatment and refining charges	(4)	(3)	(10)	(10)
Net	$ 70	$ 80	$ 229	$ 227
Consolidated copper pounds sold (millions)	28	26	82	84
Average realized copper price (per pound)(1):				
Gross before provisional pricing	$ 2.77	$ 2.98	$ 3.00	$ 2.73
Provisional pricing mark-to-market	(0.14)	0.20	(0.08)	0.10
Gross after provisional pricing	2.63	3.18	2.92	2.83
Treatment and refining charges	(0.13)	(0.12)	(0.13)	(0.12)
Net	$ 2.50	$ 3.06	$ 2.79	$ 2.71

(1) Per pound measures may not recalculate due to rounding.

The change in consolidated copper sales is due to:

	Three Months Ended September 30, 2018 vs. 2017	Nine Months Ended September 30, 2018 vs. 2017
Change in consolidated pounds sold	$ 6	$ (5)
Change in average realized copper price	(15)	7
Change in treatment and refining charges	(1)	—
	$ (10)	$ 2

The decrease in copper sales during the three months ended September 30, 2018, compared to the same period in 2017, is primarily due to lower average realized copper prices. Copper sales remained relatively flat during the nine months ended September 30, 2018, compared to the same period in 2017, as production volumes and average realized copper prices were in line with the prior year. 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 September 30, 2018	2017	Increase (decrease)	Percent Change
Gold	$ 952	$ 1,017	$ (65)	(6) %
Copper	43	36	7	19
	$ 995	$ 1,053	$ (58)	(6) %

	Nine Months Ended September 30, 2018	2017	Increase (decrease)	Percent Change
Gold	$ 2,853	$ 2,890	$ (37)	(1) %
Copper	136	119	17	14
	$ 2,989	$ 3,009	$ (20)	(1) %

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The decrease in Costs applicable to sales for gold during the three months ended September 30, 2018, compared to the same period in 2017, is primarily due to lower production at various sites and a favorable Australian dollar foreign currency exchange rate, partially offset by higher oil prices. Costs applicable to sales for gold during the nine months ended September 30, 2018, remained relatively flat, compared to the same period in 2017, as lower production at various sites was largely offset by higher stockpile and leach pad inventory adjustments and higher oil prices.

The increases in Costs applicable to sales for copper during the three and nine months ended September 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 September 30,		Increase	Percent
	2018	2017	(decrease)	Change
Gold	$ 283	$ 311	$ (28)	(9) %
Copper	9	8	1	13
Other	7	9	(2)	(22)
	$ 299	$ 328	$ (29)	(9) %

	Nine Months Ended September 30,		Increase	Percent
	2018	2017	(decrease)	Change
Gold	$ 827	$ 886	$ (59)	(7) %
Copper	29	27	2	7
Other	23	25	(2)	(8)
	$ 879	$ 938	$ (59)	(6) %

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

The increases in Depreciation and amortization for copper during the three and nine months ended September 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.

Reclamation and remediation increased by $5 during the three months ended September 30, 2018, compared to the same period in 2017, primarily due to increased accretion. Reclamation and remediation decreased by $2 during the nine months ended September 30, 2018, compared to the same period in 2017, primarily due to updated reclamation liability assumptions at Minera Yanacocha S.R.L. ("Yanacocha") regarding water treatment costs on non-operating leach pads in 2017, partially offset by updated assumptions at a historic mine site for future water management costs along with increased accretion in 2018.

Exploration remained relatively flat during the three months ended September 30, 2018, compared to the same period in 2017, as expenditures were in line with the prior year. Exploration increased by $7 during the nine months ended September 30, 2018, compared to the same period in 2017, primarily due to increased expenditures at various projects in North America and Australia as we continue to focus on developing future reserves.

Advanced projects, research and development decreased by $4 during the three months ended September 30, 2018, compared to the same period in 2017, primarily due to lower consulting costs associated with full potential opportunities in North America and prior-year costs associated with the Tanami Expansion 2 project. Advanced projects, research and development increased by $8 during the nine months ended September 30, 2018, compared to the same period in 2017, primarily due to on-going study costs associated with the Long Canyon Phase 2 project in North America and the Yanacocha Sulfides and Chaquicocha Oxides projects in South America.

General and administrative remained relatively flat during the three months ended September 30, 2018, compared to the same period in 2017, as expenditures were in line with the prior year. General and administrative increased by $10 during the nine months ended September 30, 2018, compared to the same periods in 2017, primarily due to higher IT project and services costs.

Impairment of long-lived assets increased by $366 and $363 during the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017, primarily due to the impairment of long-lived assets at certain exploration properties and the Emigrant operation in North America, due to the Company's decision to focus on advancing other projects and a change in mine plan resulting in a significant decrease in mine life at Emigrant, respectively. For additional information regarding these impairments, see Note 6 and 15 to our Condensed Consolidated Financial Statements. The 2017 impairments were primarily related to non-cash write-downs of obsolete assets at Yanacocha and Australia.

Other expense, net increased by $4 during the three months ended September 30, 2018, compared to the same period 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 in addition to increased other expenses in Africa and South America in 2018. Other expense, net remained consistent during the nine months ended September 30, 2018, compared to the same period in 2017.

Other income, net increased by $27 and $165 during the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. For the three month comparison, the increase is primarily due to business interruption insurance proceeds of $25 recorded in September 2018 associated with the East wall slips at Kalgoorlie in the first half of 2018 and decreases in Australia-denominated liabilities from a weaker Australian dollar, partially offset by unrealized holding losses on marketable equity securities related primarily to Continental Gold Inc. For the nine month comparison, the increase is 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, decreases in Australia-denominated liabilities from a weaker Australian dollar, an increase in interest income, and an increase in business interruption insurance proceeds, partially offset by unrealized holding losses on marketable equity securities related primarily to Continental Gold Inc.

Interest expense, net decreased by $5 and $34 during the three and nine months ended September 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 $3 and $126, and $73 and $350 during the three and nine months ended September 30, 2018 and September 30, 2017, 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

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fluctuate, sometimes significantly, year to year. This trend is expected to continue in future periods. See Note 9 for further discussion of income taxes.

	Three months ended September 30, 2018(1)				Nine months ended September 30, 2018(1)			
	Income (Loss)(2)	Effective Tax Rate	Income Tax Expense (Benefit)		Income (Loss)(2)	Effective Tax Rate	Income Tax Benefit (Provision)	
Nevada	$ (342)	26 %	$ (90)	(3)	$ (172)	37 %	$ (63)	(3)
CC&V	4	25	1	(4)	54	11	6	(4)
Corporate & Other	(102)	5	(5)	(5)	(178)	19	(34)	(5)
Total US	(440)	21	(94)		(296)	31	(91)	
Australia	172	41	71	(6)	516	28	147	(6)
Ghana	82	32	26		138	33	45	
Suriname	46	26	12		137	26	36	
Peru	14	0	—	(7)	(33)	(9)	3	(7)
Other Foreign	(2)	0	—		(2)	—	—	
Rate adjustments	—	N/A	(12)	(8)	—	N/A	(14)	(8)
Consolidated	$ (128)	(2) %	$ 3		$ 460	27 %	$ 126	

(1) The September 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 $(7) and $(26) and mining taxes of $(11) and $(1), respectively.

(4) Includes deduction for percentage depletion of $(1) and $(7), respectively.

(5) Includes valuation allowance of $13 and $2, respectively.

(6) Includes mining taxes of $24 and $44 and valuation allowance of $- and $(46), respectively.

(7) Includes valuation allowance of $(2) and $8 and mining taxes of $- and $3, respectively.

(8) In accordance with applicable accounting rules, the interim provision for income taxes is adjusted to equal the consolidated tax rate.

We expect to record additional updates to the provisional amounts for the impacts of US tax reform during the fourth quarter 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. There are no new estimates associated with US tax reform in the income tax expense for the three months ended September 30, 2018.

Equity income (loss) of affiliates decreased by $10 and $21 during the three and nine months ended September 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 $23 and $101 during the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017, primarily due to the impacts on the Holt royalty obligation from an increase in discount rate and a decrease in gold price. The nine-month period was also impacted by a decrease in expected production from prior periods. For additional information regarding our discontinued operations, see Note 10 to our Condensed Consolidated Financial Statements.

Net loss (income) attributable to noncontrolling interests from continuing operations changed from a loss of $7 to income of $21 during the three months ended September 30, 2018, compared to the same period of 2017, primarily due to income at Yanacocha in the third quarter of 2018 compared to losses in the third quarter of 2017. Net loss (income) attributable to noncontrolling interests from continuing operations changed from a loss of $20 to income of $26 during the nine months ended September 30, 2018, compared to the same period 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 September 30,								
Gold	(ounces in thousands)		($ per ounce sold)		($ per ounce sold)		($ per ounce sold)	
North America	511	573	$ 803	$ 742	$ 254	$ 265	$ 998	$ 912
South America	286	271	636	806	193	240	879	1,049
Australia	385	406	691	670	134	128	819	821
Africa	212	191	505	646	259	281	713	802
Total/Weighted-Average	1,394	1,441	$ 691	$ 721	$ 210	$ 226	$ 927	$ 941
Attributable to Newmont	1,286	1,339						
Copper	(pounds in millions)		($ per pound sold)		($ per pound sold)		($ per pound sold)	
North America	8	7	$ 1.86	$ 1.57	$ 0.50	$ 0.43	$ 2.41	$ 1.71
Australia	18	20	1.46	1.32	0.27	0.26	1.73	1.63
Total/Weighted-Average	26	27	$ 1.54	$ 1.38	$ 0.32	$ 0.30	$ 1.87	$ 1.65
Copper	(tonnes in thousands)							
North America	3	3						
Australia	9	9						
Total/Weighted-Average	12	12						

	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
Nine Months Ended September 30,								
Gold	(ounces in thousands)		($ per ounce sold)		($ per ounce sold)		($ per ounce sold)	
North America	1,431	1,655	$ 789	$ 710	$ 242	$ 241	$ 997	$ 884
South America	728	755	704	760	212	246	953	989
Australia	1,142	1,167	703	658	131	132	841	794
Africa	621	631	670	624	310	262	852	782
Total/Weighted-Average	3,922	4,208	$ 729	$ 692	$ 217	$ 218	$ 973	$ 908
Attributable to Newmont	3,657	3,925						
Copper	(pounds in millions)		($ per pound sold)		($ per pound sold)		($ per pound sold)	
North America	22	26	$ 1.91	$ 1.67	$ 0.51	$ 0.44	$ 2.37	$ 1.96
Australia	61	61	1.57	1.30	0.29	0.26	1.87	1.58
Total/Weighted-Average	83	87	$ 1.66	$ 1.42	$ 0.35	$ 0.32	$ 2.00	$ 1.70
Copper	(tonnes in thousands)							
North America	10	12						
Australia	28	28						
Total/Weighted-Average	38	40						

(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 70.

Three months ended September 30, 2018 compared to 2017

Consolidated gold production decreased 3% primarily due to lower production at Carlin due to lower mill throughput, lower leach production at CC&V in North America and lower ore grade milled at Kalgoorlie in Australia, partially offset by higher ore grade milled at Ahafo in Africa and Yanacocha in South America.

Consolidated copper production decreased 4% primarily due to lower ore grade milled at Boddington in Australia.

Costs applicable to sales per consolidated gold ounce decreased 4% primarily due to a lower co-product allocation of costs to gold based on a lower relative gold sales value and a favorable Australian dollar foreign currency exchange rate, partially offset by lower ounces sold, higher oil prices and higher costs at Phoenix. Costs applicable to sales per consolidated copper pound increased 12% 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 decreased 7% primarily due to lower amortization rates. Depreciation and amortization per consolidated copper pound increased 7% primarily due to a higher co-product allocation of costs to copper based on a higher relative copper sales value.

All-in sustaining costs per consolidated gold ounce were in line with the prior year as lower costs applicable to sales per ounce were offset by higher sustaining capital spend. All-in sustaining costs per consolidated copper pound increased 13% primarily due to higher costs applicable to sales per pound.

Nine months ended September 30, 2018 compared to 2017

Consolidated gold production decreased 7% primarily due to lower ore grade milled and recovery at CC&V and Carlin in North America, in addition to a build up of concentrate inventory at CC&V, lower ore grade milled and recovery at Boddington in Australia and lower mill throughput and ore grade at Akyem in Africa, partially offset by higher mill throughput and ore grade milled at Tanami in Australia and higher ore grade milled at Ahafo in Africa.

Consolidated copper production decreased 5% primarily due to lower ore grade milled at Phoenix in North America.

Costs applicable to sales per consolidated gold ounce increased 5% 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 17% primarily due to a higher co-product allocation of costs to copper.

Depreciation and amortization per consolidated gold ounce was in line with the prior year. Depreciation and amortization per consolidated copper pound increased 9% primarily due to a higher co-product allocation of costs to copper and lower copper pounds sold.

All-in sustaining costs per consolidated gold ounce increased 7% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend. All-in sustaining costs per consolidated copper pound increased 18% primarily due to higher costs applicable to sales per pound.

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 September 30,								
Gold	(ounces in thousands)		($ per ounce sold)		($ per ounce sold)		($ per ounce sold)	
Carlin	237	268	$ 892	$ 834	$ 254	$ 232	$ 1,042	$ 992
Phoenix	55	58	1,010	889	226	241	1,306	1,037
Twin Creeks	93	82	620	728	154	198	794	926
Long Canyon	44	56	485	309	473	436	584	327
CC&V	82	109	825	682	261	318	952	791
Total/Weighted-Average (3)	511	573	$ 803	$ 742	$ 254	$ 265	$ 998	$ 912
Copper	(pounds in millions)		($ per pound sold)		($ per pound sold)		($ per pound sold)	
Phoenix	8	7	$ 1.86	$ 1.57	$ 0.50	$ 0.43	$ 2.41	$ 1.71
Copper	(tonnes in thousands)							

Phoenix	3	3

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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
Nine Months Ended September 30,								
Gold	(ounces in thousands)		($ per ounce sold)		($ per ounce sold)		($ per ounce sold)	
Carlin	651	700	$ 901	$ 851	$ 238	$ 228	$ 1,092	$ 1,063
Phoenix	171	169	855	879	200	229	1,058	1,051
Twin Creeks	261	287	716	588	172	163	851	727
Long Canyon	131	133	420	318	447	417	504	341
CC&V	217	366	710	605	241	268	878	686
Total/Weighted-Average (3)	1,431	1,655	$ 789	$ 710	$ 242	$ 241	$ 997	$ 884
Copper	(pounds in millions)		($ per pound sold)		($ per pound sold)		($ per pound sold)	
Phoenix	22	26	$ 1.91	$ 1.67	$ 0.51	$ 0.44	$ 2.37	$ 1.96
Copper	(tonnes in thousands)							
Phoenix	10	12						

(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 70.
(3) All-In Sustaining Costs and Depreciation and amortization include expense for other regional projects.

Three months ended September 30, 2018 compared to 2017

Carlin, USA. Gold production decreased 12% primarily due to lower mill throughput at Mill 6 from unscheduled downtime and ore chemistry, as well as lower leach tons placed. Costs applicable to sales per ounce increased 7% primarily due to lower ounces sold and higher stockpile and leach-pad inventory adjustments. Total stockpile and leach pad inventory adjustments at Carlin include $22 related to a write-down at Emigrant from a change in mine plan, resulting in a significant decrease in mine life in the third quarter of 2018. Depreciation and amortization per ounce increased 9% primarily due to higher stockpile and leach-pad inventory adjustments mainly at Emigrant and lower ounces sold. All-in sustaining costs per ounce increased 5% primarily due to higher sustaining capital spend.

Phoenix, USA. Gold production decreased 5% primarily due to lower leach production from reduced ore placement and lower grade at Lone Tree, as well as lower mill recovery, partially offset by higher mill throughput. Copper production increased 14% primarily due to higher ore grade milled and throughput. Costs applicable to sales per ounce increased 14% primarily due to lower ounces sold and higher maintenance costs. Costs applicable to sales per pound increased 18% primarily due to a higher co-product allocation of costs to copper. Depreciation and amortization per ounce decreased 6% primarily due to lower amortization rates. Depreciation and amortization per pound increased 16% primarily due to a higher co-product allocation of costs to copper. All-in sustaining costs per ounce increased 26% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend. All-in sustaining costs per pound increased 41% primarily due to higher costs applicable to sales per pound and higher sustaining capital spend.

Twin Creeks, USA. Gold production increased 13% primarily due to higher mill throughput and leach tons placed, in addition to a draw down of in-circuit inventory as compared to a build up in the prior year. Costs applicable to sales per ounce decreased 15% primarily due to higher ounces sold and lower stockpile and leach pad inventory adjustments. Depreciation and amortization per ounce decreased 22% primarily due to higher ounces sold and lower stockpile and leach pad inventory adjustments. All-in sustaining costs per ounce decreased 14% primarily due to lower costs applicable to sales per ounce.

Long Canyon, USA. Gold production decreased 21% primarily due to lower ore grade mined. Costs applicable to sales per ounce increased 57% primarily due to lower ounces sold and an unfavorable strip ratio. Depreciation and amortization per ounce increased 8% primarily due to lower ounces sold and higher amortization rates. All-in sustaining costs per ounce increased 79% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend.

CC&V, USA. Gold production decreased 25% primarily due to lower ore grade mined resulting in lower leach production. Costs applicable to sales per ounce increased 21% primarily due to lower ounces sold. Depreciation and amortization per ounce decreased

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18% primarily due to lower amortization rates, driven by reserve life additions, partially offset by lower ounces sold. All-in sustaining costs per ounce increased 20% primarily due to higher costs applicable to sales per ounce.

Nine months ended September 30, 2018 compared to 2017

Carlin, USA. Gold production decreased 7% primarily due to lower leach tons placed and lower leach recovery, as well as lower ore grade milled. Costs applicable to sales per ounce increased 6% primarily due to higher stockpile and leach pad inventory adjustments and lower ounces sold. Total stockpile and leach pad inventory adjustments at Carlin include $22 related to a write-down at Emigrant from a change in mine plan, resulting in a significant decrease in mine life in the third quarter of 2018. Depreciation and amortization per ounce increased 4% due to higher stockpile and leach pad inventory adjustments related to the write-down at Emigrant and lower ounces sold. All-in sustaining costs per ounce was in line with the prior year.

Phoenix, USA. Gold production was in line with the prior year. Copper production decreased 15% primarily due to lower ore grade milled. Costs applicable to sales per ounce were in line with the prior year as higher maintenance costs were offset by higher ounces sold. Costs applicable to sales per pound increased 14% primarily due to lower copper pounds sold. Depreciation and amortization per ounce decreased 13% primarily due to higher ounces sold and lower amortization rates. Depreciation and amortization per pound increased 16% primarily due to lower copper pounds sold. All-in sustaining costs per ounce were in line with the prior year. All-in sustaining costs per pound increased 21% primarily due to the higher costs applicable to sales per pound and higher sustaining capital spend.

Twin Creeks, USA. Gold production decreased 9% primarily due to lower ore grades mined and milled as a result of mine sequencing. Costs applicable to sales per ounce increased 22% primarily due to lower ounces sold and higher stockpile and leach pad inventory adjustments. Depreciation and amortization per ounce increased 6% primarily due to lower ounces sold. All-in sustaining costs per ounce increased 17% primarily due to higher costs applicable to sales per ounce, partially offset by lower sustaining capital spend.

Long Canyon, USA. Gold production was in line with the prior year as lower ore grade mined were offset by higher leach tons placed. Costs applicable to sales per ounce increased 32% primarily due to lower ore grade mined. Depreciation and amortization per ounce increased 7% primarily due to higher amortization rates. All-in sustaining costs per ounce increased 48% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend.

CC&V, USA. Gold production decreased 41% primarily due to lower ore grade mined, a build up of concentrate inventory to be shipped and processed in Nevada and lower leach tons placed 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 10% primarily due to lower amortization rates driven by reserve life additions. All-in sustaining costs per ounce increased 28% primarily due to higher costs applicable to sales per ounce and higher sustaining capital spend.

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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 September 30,	(ounces in thousands)		($ per ounce sold)		($ per ounce sold)		($ per ounce sold)	
Yanacocha	153	142	$ 740	$ 1,087	$ 192	$ 275	$ 945	$ 1,312
Merian	133	129	513	496	169	176	651	608
Total / Weighted Average (3)	286	271	$ 636	$ 806	$ 193	$ 240	$ 879	$ 1,049
Yanacocha (48.65%) (4)	(75)	(69)						
Merian (25.00%)	(33)	(33)						
Attributable to Newmont	178	169						

Gold or Copper Produced	Costs Applicable to Sales (1)	Depreciation and Amortization	All-In Sustaining Costs (2)