NEWMONT MINING CORP /DE/
Form 10-Q
July 20, 2016
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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 June 30, 2016

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

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

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

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

There were 530,594,563 shares of common stock outstanding on July 13, 2016.

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PART I—FINANCIAL INFORMATION

ITEM 1.FINANCIAL STATEMENTS.

NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited, in millions except per share)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Sales	$ 2,038	$ 1,908	$ 4,070	$ 3,880
Costs and expenses				
Costs applicable to sales (1)	1,059	1,027	2,140	2,054
Depreciation and amortization	314	276	636	565
Reclamation and remediation (Note 5)	25	26	50	49
Exploration	38	48	68	81
Advanced projects, research and development	44	33	72	61
General and administrative	64	68	121	126
Other expense, net	19	27	37	44
	1,563	1,505	3,124	2,980
Other income (expense)				
Other income, net	—	(23)	98	(12)
Interest expense, net	(71)	(82)	(150)	(167)
	(71)	(105)	(52)	(179)
Income (loss) before income and mining tax and other items	404	298	894	721
Income and mining tax benefit (expense) (Note 6)	(310)	(152)	(634)	(345)
Equity income (loss) of affiliates	(5)	(7)	(10)	(16)
Income (loss) from continuing operations	89	139	250	360
Income (loss) from discontinued operations	(27)	9	(53)	17
Net income (loss)	62	148	197	377
Net loss (income) attributable to noncontrolling interests (Note 7)	(39)	(76)	(122)	(122)
Net income (loss) attributable to Newmont stockholders	$ 23	$ 72	$ 75	$ 255

Net income (loss) attributable to Newmont stockholders:				
Continuing operations	$ 50	$ 63	$ 128	$ 238
Discontinued operations	(27)	9	(53)	17
	$ 23	$ 72	$ 75	$ 255
Income (loss) per common share (Note 8)				
Basic:				
Continuing operations	$ 0.09	$ 0.13	$ 0.24	$ 0.48
Discontinued operations	(0.05)	0.01	(0.10)	0.03
	$ 0.04	$ 0.14	$ 0.14	$ 0.51
Diluted:				
Continuing operations	$ 0.09	$ 0.13	$ 0.24	$ 0.48
Discontinued operations	(0.05)	0.01	(0.10)	0.03
	$ 0.04	$ 0.14	$ 0.14	$ 0.51
Cash dividends declared per common share	$ 0.025	$ 0.025	$ 0.050	$ 0.050

(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

(unaudited, in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	$ 62	$ 148	$ 197	$ 377
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities, net of $nil, $nil, $nil and $nil tax benefit (expense), respectively	21	(8)	(56)	(7)
Foreign currency translation adjustments	4	5	7	(5)
Change in pension and other post-retirement benefits, net of $nil, $(20), $(2) and $(22) tax benefit (expense), respectively	4	39	7	44
Change in fair value of cash flow hedge instruments, net of $(7), $(7), $(15) and $(3) tax benefit (expense), respectively	16	16	35	6
Other comprehensive income (loss)	45	52	(7)	38
Comprehensive income (loss)	$ 107	$ 200	$ 190	$ 415
Comprehensive income (loss) attributable to:				
Newmont stockholders	$ 68	$ 124	$ 68	$ 293
Noncontrolling interests	39	76	122	122
	$ 107	$ 200	$ 190	$ 415

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)

	Six Months Ended June 30,	
	2016	2015
Operating activities:		
Net income (loss)	$ 197	$ 377
Adjustments:		
Depreciation and amortization	636	565
Stock-based compensation	37	40
Reclamation and remediation	48	47
Loss (income) from discontinued operations	53	(17)
Impairment of investments	—	73
Deferred income taxes	441	130
Gain on asset and investment sales, net	(104)	(43)
Other operating adjustments and impairments	181	165
Net change in operating assets and liabilities (Note 20)	(185)	(268)
Net cash provided by continuing operating activities	1,304	1,069
Net cash used in discontinued operations	(5)	(6)
Net cash provided by operating activities	1,299	1,063
Investing activities:		
Additions to property, plant and mine development	(591)	(606)
Proceeds from sales of investments	184	29
Proceeds from sales of other assets	8	44
Other	(6)	(6)
Net cash used in investing activities	(405)	(539)
Financing activities:		
Repayment of debt	(641)	(281)
Proceeds from stock issuance, net	—	675
Proceeds from sale of noncontrolling interests	—	37
Funding from noncontrolling interests	50	62
Dividends paid to noncontrolling interests	(146)	(3)
Dividends paid to common stockholders	(27)	(23)
Increase in restricted cash, net	(13)	(59)
Other	(1)	(8)
Net cash (used in) provided by financing activities	(778)	400
Effect of exchange rate changes on cash	4	(19)
Net change in cash and cash equivalents	120	905
Cash and cash equivalents at beginning of period	2,782	2,403
Cash and cash equivalents at end of period	$ 2,902	$ 3,308

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

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NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions)

	At June 30, 2016	At December 31, 2015
ASSETS		
Cash and cash equivalents	$ 2,902	$ 2,782
Trade receivables	315	260
Other accounts receivables	194	185
Investments (Note 13)	46	19
Inventories (Note 14)	728	710
Stockpiles and ore on leach pads (Note 15)	953	896
Other current assets	156	131
Current assets	5,294	4,983
Property, plant and mine development, net	14,234	14,303
Investments (Note 13)	237	402
Stockpiles and ore on leach pads (Note 15)	2,956	3,000
Deferred income tax assets	1,264	1,718
Other non-current assets	718	730
Total assets	$ 24,703	$ 25,136
LIABILITIES		
Debt (Note 16)	$ 196	$ 149
Accounts payable	348	396
Employee-related benefits	211	293
Income and mining taxes payable	126	38
Other current liabilities (Note 17)	479	540
Current liabilities	1,360	1,416
Debt (Note 16)	5,375	6,041
Reclamation and remediation liabilities (Note 5)	1,835	1,800
Deferred income tax liabilities	926	840
Employee-related benefits	463	437
Other non-current liabilities (Note 17)	361	310
Total liabilities	10,320	10,844
EQUITY		
Common stock	849	847
Additional paid-in capital	9,457	9,427
Accumulated other comprehensive income (loss) (Note 19)	(341)	(334)
Retained earnings	1,458	1,410

Newmont stockholders' equity	11,423	11,350
Noncontrolling interests	2,960	2,942
Total equity (Note 18)	14,383	14,292
Total liabilities and equity	$ 24,703	$ 25,136

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, 2015 filed on February 17, 2016 on Form 10-K. The year-end balance sheet data was derived from the audited financial statements and, in accordance with the instructions to Form 10-Q, certain information and footnote disclosures required by United States (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.

On June 30, 2016, Nusa Tenggara Partnership B.V. (owned 56.25% by the Company and 43.75% by Nusa Tenggara Mining Corporation, majority owned by Sumitomo Corporation) entered into a binding share sale and purchase agreement with PT Amman Mineral Internasional ("PTAMI") to sell its 56% ownership interest in PT Newmont Nusa Tenggara ("PTNNT"), which operates the Batu Hijau copper and gold mine ("Batu Hijau") in Indonesia. In addition, NVL (USA) Limited ("NVL"), a wholly owned subsidiary of the Company, (i) entered into a binding agreement to sell a loan made to PT Pukuafu Indah ("PTPI"), secured by PTPI's 17.8% interest in PTNNT, to PTAMI, and (ii) consented to PT Indonesia Masabaga Investama ("PTIMI") selling its 2.2% interest in PTNNT to PTAMI with sale proceeds applied toward repayment of an NVL loan to PTIMI. Through these transactions, Newmont will effectively sell its 48.5% economic interest in PTNNT to PTAMI and will have no remaining interest.

The sales proceeds to be received by the Company for its 48.5% economic interest in PTNNT includes $920 in cash to be received at closing, as well as contingent payments totaling up to $403. The contingent payments of up to $403 include (i) a Metal Price Upside deferred payment of up to $133, (ii) an Elang Development deferred payment totaling $118 and (iii) a Contingent Payment of up to $152. The contingent payment amounts are determined based on certain metal price, shipment or project development criteria, as described below.

The Metal Price Upside contingent payment of up to $133 is payable for any quarter in which the London Metal Exchange ("LME") quarterly average copper price exceeds $3.75 per pound. It is calculated as 30% of the product of (i) the difference between the LME quarterly average copper price and $3.75 and (ii) 96.5% of the total pounds of copper contained in shipments of mineral products mined or produced from Batu Hijau that arrived in buyers' or customers' designated port for delivery during the previous quarter. The Elang Development contingent payment totaling $118 is payable no later than the first anniversary of the first shipment of any form of saleable copper, gold or silver product produced from the Elang development area. The Contingent Payment of up to $152 is payable (i) as a payment of $76 if in any year after 2022 in which there is production from Phase 7 of the Batu Hijau mine and the LME annual average copper price is $2.75 or more per pound and (ii) if the full Contingent Payment amount has not already been paid, a payment of $76 in any year after both the second anniversary of the first shipment of concentrate produced from the Elang development area and December 31, 2023 in which the LME annual average copper price in respect to such year is $3.25 or more per pound.

The sale of the Company’s economic interest in PTNNT is subject to customary representations, warranties and covenants by the parties, and is subject to various closing conditions, including (i) obtaining approval of the Indonesian Ministry of Energy and Mineral Resources and the Indonesian Investment Coordinating Board in respect of the transfer of shares to PTAMI, and other required governmental consents and approvals; (ii) PTNNT holding a valid export license at closing; (iii) concurrent closing of PT Multi Daerah Bersaing’s (“PTMDB”) sale of its approximately 24% stake in PTNNT to PTAMI; (iv) obtaining approval of the shareholders of PTNNT for the transfer of shares in PTNNT to PTAMI and the appointment of directors nominated by PTAMI; (v) no material adverse events having occurred, including (a) an event that causes significant interruption of mining or milling operations of PTNNT for three months or longer, (b) laws or regulations that prevent PTNNT from exporting its production outside of Indonesia for three months or longer, (c) the revocation or termination of PTNNT's mineral rights and mining concessions with the Republic of Indonesia, and (d) any revocation, termination or suspension of PTNNT's export license; and (vi) the satisfaction or waiver of the conditions precedent in other transaction and finance-related agreements, including the resolution of certain tax matters pertaining to PTNNT shareholder PTPI.

The completion of the sale is subject to the closing conditions noted above, some of which are outside the control of the Company. Assuming the resolution of the closing conditions, the transaction is anticipated to close in the third quarter of 2016.

Based on the agreement to sell the economic interest in PTNNT, the Company evaluated the criteria under ASC 360 for classifying an asset as held for sale and concluded that as of June 30, 2016, PTNNT does not meet the criteria to be treated as an asset held for sale and will not be presented as a discontinued operation.

The Batu Hijau mine, which constitutes 15% of the Company's total assets at June 30, 2016, is included in the Asia Pacific segment in the condensed consolidated financial statements. Refer to Note 7 for details on Batu Hijau's financial position. The Company expects to record a loss on the sale of its economic interest in PTNNT of approximately $500 upon closing of the transaction. The expected loss does not currently include the $403 of contingent consideration described above due to the uncertainty in valuing the amounts.

As part of the Company's asset impairment evaluation procedures at June 30, 2016, and in accordance with ASC 360, the Company has determined that the agreement to sell the economic interest in PTNNT was a triggering event that required the Company to evaluate the recoverability of the long-lived assets of PTNNT. Based on the evaluation of the probability weighted cash flows of either selling the economic interest in PTNNT or continuing to operate PTNNT as an asset held for use, the Company determined that no impairment was required at June 30, 2016.

The Company has reclassified certain prior period amounts to conform to the 2016 presentation including the following items:

The Company retrospectively adopted Accounting Standards Update (“ASU”) 2015-03, which requires debt issuance costs to be presented as a deduction from the corresponding debt liability. Refer to Note 2 for further details.

The Company reclassified regional administrative and community development costs of $17 and $8 from Other expense, net to General and administrative and Costs applicable to sales, respectively, for the three months ended June 30, 2015, and $31 and $16, respectively, for the six months ended June 30, 2015.

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, copper and, to a lesser extent, silver. Historically, the commodity markets have been very volatile and there can be no assurance that commodity prices will not be subject to wide fluctuations in the future. A substantial or extended decline in commodity prices could have a material adverse effect on the Company’s financial position, results of operations, cash flows, access to capital and 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 sensitive to the outlook for commodity prices. A

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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)

decline in the Company's long-term price outlook from current levels could result in material impairment charges related to these assets.

On June 30, 2016, the Company, through its subsidiaries, entered into agreements to sell its 48.5% economic interest in PTNNT, which operates the Batu Hijau copper and gold mine in Indonesia. The closing of the sale is subject to various closing conditions, some of which are outside the control of the Company, and if not satisfied could result in the sale of PTNNT not being completed. See Note 1 above for a detailed description of the closing conditions specified in the share sale and purchase agreement.

In September 2014, PTNNT and the Government of Indonesia signed a Memorandum of Understanding ("MoU") that resulted in the government agreeing to issue permits to allow PTNNT to export and sell copper concentrates from the Batu Hijau mine. The government then issued several six-month export permits since then, with the most recent permit renewal expected to expire in November 2016. Additionally, negotiations between PTNNT and the Government of Indonesia to amend the Contract of Work (the investment agreement entered into by PTNNT and the Indonesian government in 1986, which includes the right to export copper concentrates and a prohibition against new taxes, duties, and levies) remained on-going at the time that the Company entered into the agreement to sell its interest in PTNNT. In the event that the sale of the Company's interest does not close prior to November 2016 or does not close at all, no assurances can be made with respect to the outcome of the Contract of Work negotiations and the renewal of the export permit. The failure to receive a timely renewal may negatively impact future operations and financial results at Batu Hijau. As a result of the on-going Contract of Work renegotiations at Batu Hijau, the need for asset impairments, inventory write-downs, tax valuation allowances and other applicable accounting charges will continue to be evaluated. At this time, the Company expects operations to continue into the future until the previously announced sale closes. The total assets at Batu Hijau as of June 30, 2016 and December 31, 2015 were $3,746 and $3,483, respectively.

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

Recently Adopted Accounting Pronouncements

Employee benefit plan accounting

In July 2015, the Financial Accounting Standards Board issued ASU No. 2015-12 related to defined benefit pension plans, defined contribution pension plans and health and welfare benefit plans. This update designates contract value as the only required measure for fully benefit-responsive investment contracts, simplifies and makes more effective the investment disclosure requirements for employee benefit plans and provides a simplified method for determining the measurement date for employee benefit plans. The update is effective in fiscal years, including interim periods, beginning after December 15, 2015. Adoption of this guidance, effective January 1, 2016, had no impact on the Consolidated Financial Statements or disclosures.

Fair value measurement

In May 2015, ASU No. 2015-07 was issued related to investments for which fair value is measured, or is eligible to be measured, using the net asset value per share practical expedient. This update removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also removes certain disclosure requirements for these investments. This update will impact the annual disclosure related to pension plan assets measured at fair value. This update is effective in

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

fiscal years, including interim periods, beginning after December 15, 2015. Adoption of this guidance, effective January 1, 2016, had no impact on the Consolidated Financial Statements.

Debt issuance costs

In April 2015, ASU No. 2015-03 was issued related to debt issuance costs. This update simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability. The update is effective in fiscal years, including interim periods, beginning after December 15, 2015. The Company retrospectively adopted this guidance as of March 31, 2016. The Company reclassified $46 of debt issuance costs from Other non-current assets to Debt as of December 31, 2015. The December 31, 2015, balance sheet was adjusted as a result of the adoption of ASU 2015-03 as follows:

	At December 31, 2015	
	As Reported	As Adjusted
Other non-current assets	$ 776	$ 730
Debt (non-current)	$ 6,087	$ 6,041

ASU No. 2015-03 does not specifically address the accounting for deferred financing costs related to line-of-credit arrangements. In August 2015, ASU No. 2015-15 was issued allowing for debt issuance costs associated with line-of-credit arrangements to continue to be presented as assets. The Company will treat all debt issuance costs as a reduction to the carrying value of debt.

Consolidations

In February 2015, ASU No. 2015-02 was issued related to consolidations. This update makes some targeted changes to current consolidation guidance and impacts both the voting and the variable interest consolidation models. In particular, the update changes how companies determine whether limited partnerships or similar entities are variable interest entities. The update is effective in fiscal years, including interim periods, beginning after December 15, 2015. The Company currently consolidates certain variable interest entities. Adoption of this guidance, effective January 1, 2016, had no impact on the Consolidated Financial Statements or disclosures.

Recently Issued Accounting Pronouncements

Stock-based compensation

In March 2016, ASU No. 2016-09 was issued related to stock-based compensation. The new guidance simplifies the accounting for stock-based compensation transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This update is effective in fiscal years, including interim periods, beginning after December 15, 2016, and early adoption is permitted. The Company is currently evaluating this guidance and expects an insignificant impact on the Consolidated Financial Statements and disclosures.

Leases

In February 2016, ASU No. 2016-02 was issued related to leases. The new guidance modifies the classification criteria and requires lessees to recognize the assets and liabilities arising from most leases on the balance sheet. This update is effective in fiscal years, including interim periods, beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating this guidance and the impact it will have on the Consolidated Financial Statements and disclosures.

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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)

Investments

In January 2016, ASU No. 2016-01 was issued related to financial instruments. 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 early adoption is not permitted. The Company is currently evaluating this guidance and the impact it will have on the Consolidated Financial Statements and disclosures.

Inventory

In July 2015, ASU No. 2015-11 was issued related to inventory, simplifying the subsequent measurement of inventories by replacing the lower of cost or market test with a lower of cost and net realizable value test. The update is effective in fiscal years, including interim periods, beginning after December 15, 2016, and early adoption is permitted. The Company does not expect the updated guidance to have an impact on the Consolidated Financial Statements or disclosures.

Revenue recognition

In May 2014, ASU No. 2014-09 was issued related to revenue from contracts with customers. This ASU was further amended in August 2015, March 2016, April 2016 and May 2016 by ASU No. 2015-14, No. 2016-08, No. 2016-10 and No. 2016-12, 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. In August 2015, the effective date was deferred to reporting periods, including interim periods, beginning after December 15, 2017, and will be applied retrospectively. Early adoption is not permitted. The Company is currently evaluating this guidance and the impact it will have on the Consolidated Financial Statements and disclosures.

NOTE 3   BUSINESS ACQUISITION

On June 8, 2015, the Company announced an agreement with AngloGold Ashanti Limited to acquire 100% ownership in the Cripple Creek & Victor ("CC&V") gold mining business in Colorado. CC&V is a surface mine with heap leach operations that provides ore to a crusher and a leach facility. During 2015, the Company received $675 in net proceeds from a common stock issuance. Newmont used the proceeds, supplemented with cash from the Company's balance sheet, to fund the acquisition. On August 3, 2015, the Company completed the acquisition of CC&V for $821, plus a 2.5% net smelter return royalty on future gold production from underground ore which had no fair value at the acquisition date. In connection with the acquisition, the Company incurred acquisition costs of $3, for the three and six months ended June 30, 2016, which were recorded in Other expense, net. The acquisition is not material to the Company's results of operations, individually or in the aggregate; as a result, no pro forma financial information is provided.

During the second quarter of 2016, the final valuation of acquired assets and liabilities assumed was completed. There were no adjustments to the purchase price allocation since December 31, 2015. For further discussion of the CC&V acquisition, refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2015 filed February 17, 2016 on Form 10-K.

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NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

NOTE 4 SEGMENT INFORMATION

The Company has organized its operations into four geographic regions. The geographic regions include North America, South America, Asia Pacific 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 have 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 (except for equity investments). 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. In the first quarter of 2016, Merian was moved from Corporate and Other to the South America reportable segment as a result of the mine being included in the operating results and resource allocation of the South America segment. In the second quarter of 2016, Long Canyon was moved from Other North America to its own line item to reflect how the project is being reported internally. Segment results for prior periods have been retrospectively revised to reflect these changes. The financial information relating to the Company's segments is as follows:

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Sales	Costs Applicable to Sales	Depreciation and Amortization	Advanced Projects, Research and Development and Exploration	Income (Loss) before Income and Mining Tax and Other Items	Capital Expenditures(1)
Three Months Ended June 30, 2016						
Carlin	$ 256	$ 184	$ 43	$ 4	$ 22	$ 43
Phoenix:						
Gold	62	39	12			
Copper	22	22	7			
Total Phoenix	84	61	19	1	3	3
Twin Creeks	144	58	13	2	70	14
Long Canyon	—	—	—	7	(7)	37
CC&V (2)	144	58	28	1	55	15
Other North America	—	—	—	5	(6)	2
North America	628	361	103	20	137	114
Yanacocha	194	120	59	11	(19)	24
Merian	—	—	—	11	(10)	60
Other South America	—	—	4	10	(14)	—
South America	194	120	63	32	(43)	84
Boddington:						
Gold	250	141	29			
Copper	35	33	6			
Total Boddington	285	174	35	—	75	12
Tanami	179	64	23	3	89	33
Kalgoorlie	122	67	4	2	49	5
Batu Hijau:						
Gold	191	65	14			
Copper	178	92	19			
Total Batu Hijau (3)	369	157	33	—	163	10
Other Asia Pacific	—	—	2	2	(10)	—
Asia Pacific	955	462	97	7	366	60
Ahafo	115	60	17	7	30	22

Akyem	146	56	32	3	55	3
Other Africa	—	—	—	—	(2)	—
Africa	261	116	49	10	83	25
Corporate and Other	—	—	2	13	(139)	2
Consolidated	$ 2,038	$ 1,059	$ 314	$ 82	$ 404	$ 285

(1) Includes a decrease in accrued capital expenditures of $9; consolidated capital expenditures on a cash basis were $294.

(2) The Company acquired the CC&V gold mining business on August 3, 2015.

(3) On June 30, 2016, the Company announced the anticipated sale of Batu Hijau. Refer to Note 1 for additional information.

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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)

	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 June 30, 2015						
Carlin	$ 243	$ 187	$ 46	$ 4	$ 3	$ 58
Phoenix:						
Gold	50	32	8			
Copper	24	17	3			
Total Phoenix	74	49	11	1	9	8
Twin Creeks	150	65	12	3	68	12
Long Canyon	—	—	—	3	(3)	19
Other North America	—	—	—	4	(3)	1
North America	467	301	69	15	74	98
Yanacocha	242	130	66	8	20	19
Merian	—	—	—	3	(4)	78
Other South America	—	—	2	12	(16)	—
South America	242	130	68	23	—	97
Boddington:						
Gold	202	122	24			
Copper	41	29	5			
Total Boddington	243	151	29	—	51	18
Tanami	138	59	22	2	53	30
Waihi (2)	39	18	3	1	14	4
Kalgoorlie	100	78	6	1	13	4
Batu Hijau:						
Gold	178	73	14			
Copper	269	123	21			
Total Batu Hijau (3)	447	196	35	4	202	20
Other Asia Pacific	—	—	4	1	(12)	2
Asia Pacific	967	502	99	9	321	78
Ahafo	87	43	13	5	22	24

Akyem	145	51	24	4	63	8
Other Africa	—	—	—	1	—	—
Africa	232	94	37	10	85	32
Corporate and Other	—	—	3	24	(182)	24
Consolidated	$ 1,908	$ 1,027	$ 276	$ 81	$ 298	$ 329

(1) Includes an increase in accrued capital expenditures of $7; consolidated capital expenditures on a cash basis were $322.

(2) On October 29, 2015, the Company sold the Waihi mine.

(3) On June 30, 2016, the Company announced the anticipated sale of Batu Hijau. Refer to Note 1 for additional information.

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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)

	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)
Six Months Ended June 30, 2016						
Carlin	$ 502	$ 373	$ 92	$ 7	$ 24	$ 79
Phoenix:						
Gold	126	88	27			
Copper	43	44	12			
Total Phoenix	169	132	39	1	(8)	7
Twin Creeks	303	118	26	4	153	20
Long Canyon	—	—	—	13	(13)	73
CC&V (2)	209	91	46	4	65	36
Other North America	—	—	—	6	(9)	2
North America	1,183	714	203	35	212	217
Yanacocha	405	248	128	20	(30)	38
Merian	—	—	1	14	(14)	142
Other South America	—	—	7	16	(25)	—
South America	405	248	136	50	(69)	180
Boddington:						
Gold	454	252	52			
Copper	65	56	11			
Total Boddington	519	308	63	—	139	23
Tanami	299	123	42	6	127	57
Kalgoorlie	228	132	9	3	82	8
Batu Hijau:						
Gold	474	165	34			
Copper	465	222	45			
Total Batu Hijau (3)	939	387	79	1	445	20
Other Asia Pacific	—	—	6	3	(15)	—
Asia Pacific	1,985	950	199	13	778	108
Ahafo	216	117	32	12	50	39

Akyem	281	111	61	4	102	10
Other Africa	—	—	—	1	(4)	—
Africa	497	228	93	17	148	49
Corporate and Other	—	—	5	25	(175)	4
Consolidated	$ 4,070	$ 2,140	$ 636	$ 140	$ 894	$ 558

(1) Includes a decrease in accrued capital expenditures of $33; consolidated capital expenditures on a cash basis were $591.

(2) The Company acquired the CC&V gold mining business on August 3, 2015.

(3) On June 30, 2016, the Company announced the anticipated sale of Batu Hijau. Refer to Note 1 for additional information.

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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)

	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)
Six Months Ended June 30, 2015						
Carlin	$ 519	$ 365	$ 91	$ 7	$ 50	$ 115
Phoenix:						
Gold	111	73	18			
Copper	58	42	9			
Total Phoenix	169	115	27	2	17	15
Twin Creeks	299	124	25	5	142	31
Long Canyon	—	—	—	6	(6)	24
Other North America	—	—	—	6	(1)	2
North America	987	604	143	26	202	187
Yanacocha	543	245	137	13	114	34
Merian	—	—	—	5	(6)	164
Other South America	—	—	5	22	(29)	—
South America	543	245	142	40	79	198
Boddington:						
Gold	441	279	54			
Copper	88	68	12			
Total Boddington	529	347	66	1	109	29
Tanami	258	117	41	3	98	46
Waihi (2)	89	37	8	2	39	10
Kalgoorlie	174	138	11	1	24	11
Batu Hijau:						
Gold	292	124	23			
Copper	515	246	42			
Total Batu Hijau (3)	807	370	65	5	337	40
Other Asia Pacific	—	—	8	2	(21)	2
Asia Pacific	1,857	1,009	199	14	586	138
Ahafo	208	99	28	11	66	45

Akyem	285	97	46	4	134	19
Other Africa	—	—	—	2	(3)	—
Africa	493	196	74	17	197	64
Corporate and Other	—	—	7	45	(343)	30
Consolidated	$ 3,880	$ 2,054	$ 565	$ 142	$ 721	$ 617

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

(2) On October 29, 2015, the Company sold the Waihi mine.

(3) On June 30, 2016, the Company announced the anticipated sale of Batu Hijau. Refer to Note 1 for additional information.

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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 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 June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Reclamation Accretion	$ 23	$ 21	$ 46	$ 42
Remediation	1	4	2	5
Remediation Accretion	1	1	2	2
	2	5	4	7
	$ 25	$ 26	$ 50	$ 49

The following are reconciliations of Reclamation and remediation liabilities:

	2016	2015
Reclamation balance at January 1,	$ 1,553	$ 1,497
Additions, changes in estimates and other	2	21
Payments and other	(8)	(13)
Accretion expense	46	42
Reclamation balance at June 30,	$ 1,593	$ 1,547

	2016	2015
Remediation balance at January 1,	$ 318	$ 192
Additions, changes in estimates and other	1	1
Payments and other	(10)	(25)
Accretion expense	2	2
Remediation balance at June 30,	$ 311	$ 170

The current portion of reclamation liabilities included in Other current liabilities was $35 and $37 at June 30, 2016 and December 31, 2015, respectively. The current portion of remediation liabilities included in Other current liabilities was $34 at June 30, 2016 and December 31, 2015. At June 30, 2016 and December 31, 2015, $1,593 and $1,553, respectively, were accrued for reclamation obligations relating to operating properties. In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites involved. At June 30, 2016 and December 31, 2015, $311 and $318, respectively, were accrued for such environmental remediation obligations.

There was $17 and $15 in current restricted assets for settling reclamation and remediation obligations at June 30, 2016 and December 31, 2015, respectively, related to the Batu Hijau mine in Asia Pacific. Current restricted assets are included in Other current assets. Non-current restricted assets held for purposes of settling reclamation and