NEWMONT MINING CORP /DE/
Form 10-Q
April 24, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2017

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, 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	(Do not check if a smaller reporting company.)	Smaller reporting company
		Emerging growth company

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

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

There were 533,233,294 shares of common stock outstanding on April 17, 2017.

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NEWMONT MINING CORPORATION

FIRST QUARTER 2017 RESULTS AND HIGHLIGHTS

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

	Three Months Ended March 31,	
	2017	2016
Financial Results:		
Sales:	$ 1,659	$ 1,462
Gold	$ 1,588	$ 1,411
Copper	$ 71	$ 51
Costs applicable to sales: (1)	$ 933	$ 851
Gold	$ 894	$ 806
Copper	$ 39	$ 45
Net income (loss) from continuing operations	$ 81	$ (24)
Net income (loss)	$ 58	$ 135
Net income (loss) from continuing operations attributable to Newmont stockholders	$ 69	$ (12)
Per common share, diluted:		
Net income (loss) from continuing operations attributable to Newmont stockholders	$ 0.13	$ (0.02)
Net income (loss) attributable to Newmont stockholders	$ 0.09	$ 0.10
Adjusted net income (loss) (2)	$ 133	$ 129
Adjusted net income (loss) per share, diluted (2)	$ 0.25	$ 0.24
Earnings before interest, taxes and depreciation and amortization (2)	$ 553	$ 558
Adjusted earnings before interest, taxes and depreciation and amortization (2)	$ 566	$ 470
Net cash provided by (used in) operating activities of continuing operations	$ 379	$ 157
Free Cash Flow (2)	$ 199	$ (123)
Cash dividends declared per common share	$ 0.050	$ 0.025
Operating Results:		
Consolidated gold ounces (thousands):		
Produced	1,327	1,224
Sold	1,301	1,185
Attributable gold ounces (thousands):		
Produced	1,234	1,136
Sold	1,202	1,098
Consolidated and attributable copper pounds (millions):		
Produced	29	28
Sold	26	25
Average realized price:		

Gold (per ounce)	$ 1,221	$ 1,192
Copper (per pound)	$ 2.68	$ 2.03
Consolidated costs applicable to sales: (1)(2)		
Gold (per ounce)	$ 687	$ 680
Copper (per pound)	$ 1.50	$ 1.80
All-in sustaining costs: (2)		
Gold (per ounce)	$ 900	$ 889
Copper (per pound)	$ 1.77	$ 2.12

[1] Excludes Depreciation and amortization and Reclamation and remediation.

[2] See “Non-GAAP Financial Measures” beginning on page 60.

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First Quarter 2017 Highlights

- Portfolio improvements: Approved the Subika Underground and Ahafo Mill Expansion projects in Africa, announced agreement to secure the rights to develop a prospective new gold district in the Yukon and remained on track for commercial production at the Tanami Expansion Project in mid-2017;

- Attributable gold production: Increased 9% to 1.23 million ounces as new production from Merian and Long Canyon more than offset geotechnical issues at Carlin and adverse weather conditions in Australia and South America;

- Net income (loss): Delivered Net income (loss) from continuing operations attributable to Newmont stockholders of $69 million or $0.13 per diluted share, an increase of $81 from the prior-year quarter primarily due to higher gold production, favorable pricing and lower income and mining taxes, partially offset by higher Costs applicable to sales and a prior-year gain from the sale of the Company’s investment in Regis Resources Ltd.;

- Adjusted net income (loss): Delivered Adjusted net income (loss) of $133 million or $0.25 per diluted share, a 4% increase from the prior-year quarter (See “Non-GAAP Financial Measures” beginning on page 60); and

- Adjusted EBITDA: Generated $566 million in adjusted EBITDA, a 20% increase from the prior-year quarter (See “Non-GAAP Financial Measures” beginning on page 60).

Our global project pipeline

Projects included in our global pipeline comprise an important part of the Company’s growth strategy and reflect opportunities throughout the development cycle. The most advanced projects, including early stage development and projects in or near the execution phase are described below. The exploration, construction and execution of these projects may require significant funding to complete.

Tanami Expansion, Australia. The scope for this project includes a second decline in the mine and incremental capacity in the plant to increase profitable production and serve as a platform for future growth. The project is on track to reach commercial production mid-2017 and will maintain Tanami’s annual gold production at 425,000 to 475,000 ounces for the first five years. Development capital costs (excluding capitalized interest) since approval were $87, of which $13 were related to the first quarter of 2017.

Subika Underground, Africa. The Board of Directors approved full funding of the Subika Underground Project in April 2017. This project leverages existing infrastructure and an optimized approach to develop Ahafo’s most promising underground resource. First production is expected in the second half of 2017 with commercial production beginning in the second half of 2018. The project is expected to increase average annual gold production by 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.

Ahafo Mill Expansion, Africa. The Board of Directors approved full funding of the Ahafo Mill Expansion Project in April 2017. 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 resource. The expansion is expected to increase average annual gold production by between 75,000 and 100,000 ounces per year for the first five years beginning in 2020.

Quecher Main, South America. Quecher Main is a potential brownfield development within the existing footprint of Yanacocha that will add oxide production and serve as a bridge to development of Yanacocha's considerable sulfide deposits. Quecher Main extends the life of the Yanacocha operation to 2025, with average annual gold production of about 200,000 ounces (on a consolidated basis) between 2020 and 2025. An investment decision is expected in the second half of 2017.

Twin Underground, North America. Twin Underground is a portal mine beneath Twin Creek's Vista surface mine with similar mineralization. The expansion would add about 30,000 ounces of gold per year for the first five years. An investment decision is expected in the second half of 2017 with first production in 2018.

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 March 31, 2017	2016
Sales	$ 1,659	$ 1,462
Costs and expenses		
Costs applicable to sales (1)	933	851
Depreciation and amortization	293	276
Reclamation and remediation (Note 5)	30	21
Exploration	36	30
Advanced projects, research and development	26	27
General and administrative	55	53
Other expense, net (Note 6)	17	18
	1,390	1,276
Other income (expense)		
Other income, net (Note 7)	(9)	96
Interest expense, net	(67)	(74)
	(76)	22
Income (loss) before income and mining tax and other items	193	208
Income and mining tax benefit (expense) (Note 8)	(110)	(227)
Equity income (loss) of affiliates	(2)	(5)
Net income (loss) from continuing operations	81	(24)
Net income (loss) from discontinued operations (Note 3)	(23)	159
Net income (loss)	58	135
Net loss (income) attributable to noncontrolling interests		
Continuing operations (Note 9)	(12)	12
Discontinued operations (Note 3)	—	(95)
	(12)	(83)
Net income (loss) attributable to Newmont stockholders	$ 46	$ 52

Net income (loss) attributable to Newmont stockholders:		
Continuing operations	$ 69	$ (12)
Discontinued operations	(23)	64
	$ 46	$ 52
Net income (loss) per common share (Note 10)		
Basic:		
Continuing operations	$ 0.13	$ (0.02)
Discontinued operations	(0.04)	0.12
	$ 0.09	$ 0.10
Diluted:		
Continuing operations	$ 0.13	$ (0.02)
Discontinued operations	(0.04)	0.12
	$ 0.09	$ 0.10
Cash dividends declared per common share	$ 0.050	$ 0.025

(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 March 31,	
	2017	2016
Net income (loss)	$ 58	$ 135
Other comprehensive income (loss):		
Change in marketable securities, net of $- and $- tax benefit (expense), respectively	(7)	(77)
Foreign currency translation adjustments	4	3
Change in pension and other post-retirement benefits, net of $(4) and $(2), tax benefit (expense), respectively	6	3
Change in fair value of cash flow hedge instruments, net of $(4) and $(8) tax benefit (expense), respectively	9	19
Other comprehensive income (loss)	12	(52)
Comprehensive income (loss)	$ 70	$ 83
Comprehensive income (loss) attributable to:		
Newmont stockholders	$ 58	$ —
Noncontrolling interests	12	83
	$ 70	$ 83

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

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NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions)

	Three Months Ended March 31,	
	2017	2016
Operating activities:		
Net income (loss)	$ 58	$ 135
Adjustments:		
Depreciation and amortization	293	276
Stock-based compensation (Note 12)	16	16
Reclamation and remediation	29	20
Loss (income) from discontinued operations (Note 3)	23	(159)
Deferred income taxes	56	138
Gain on asset and investment sales, net	(2)	(104)
Other operating adjustments and inventory write-downs	81	92
Net change in operating assets and liabilities (Note 22)	(175)	(257)
Net cash provided by (used in) operating activities of continuing operations	379	157
Net cash provided by (used in) operating activities of discontinued operations (1)	(6)	369
Net cash provided by (used in) operating activities	373	526
Investing activities:		
Additions to property, plant and mine development	(180)	(280)
Proceeds from sales of investments	19	184
Proceeds from sales of other assets	2	6
Acquisitions, net	(2)	—
Other	1	(4)
Net cash provided by (used in) investing activities of continuing operations	(160)	(94)
Net cash provided by (used in) investing activities of discontinued operations	—	(17)
Net cash provided by (used in) investing activities	(160)	(111)
Financing activities:		
Dividends paid to common stockholders	(27)	(13)
Distributions to noncontrolling interests	(32)	—
Funding from noncontrolling interests	21	12
Payments for withholding of employee taxes related to stock-based compensation	(13)	(4)
Repayment of debt	(1)	(499)
Dividends paid to noncontrolling interests	—	(146)
Other	—	1
Net cash provided by (used in) financing activities of continuing operations	(52)	(649)
Net cash provided by (used in) financing activities of discontinued operations	—	(93)
Net cash provided by (used in) financing activities	(52)	(742)

Effect of exchange rate changes on cash	2	6
Net change in cash and cash equivalents	163	(321)
Less net cash provided by (used in) Batu Hijau discontinued operations	—	261
	163	(582)
Cash and cash equivalents at beginning of period	2,756	2,363
Cash and cash equivalents at end of period	$ 2,919	$ 1,781

(1) Net cash provided by (used in) operating activities of discontinued operations includes $(3) related to closing costs for the sale of Batu Hijau that were paid in 2017 and $(3) and $(2) related to the Holt royalty obligation, all of which were paid out of cash and cash equivalents held for use for the three months ended March 31, 2017 and 2016, respectively. For additional information regarding our discontinued operations, including cash flows from Batu Hijau, see Note 3.

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

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NEWMONT MINING CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions)

	At March 31, 2017	At December 31, 2016
ASSETS		
Cash and cash equivalents	$ 2,919	$ 2,756
Trade receivables	102	127
Other accounts receivables	183	216
Investments (Note 15)	51	56
Inventories (Note 16)	666	617
Stockpiles and ore on leach pads (Note 17)	772	763
Other current assets	145	142
Current assets	4,838	4,677
Property, plant and mine development, net	12,378	12,485
Investments (Note 15)	208	227
Stockpiles and ore on leach pads (Note 17)	1,817	1,864
Deferred income tax assets	1,285	1,331
Other non-current assets	443	447
Total assets	$ 20,969	$ 21,031
LIABILITIES		
Debt (Note 18)	$ 572	$ 566
Accounts payable	305	320
Employee-related benefits	194	304
Income and mining taxes payable	162	153
Other current liabilities (Note 19)	332	407
Current liabilities	1,565	1,750
Debt (Note 18)	4,049	4,049
Reclamation and remediation liabilities (Note 5)	2,044	2,029
Deferred income tax liabilities	607	592
Employee-related benefits	427	411
Other non-current liabilities (Note 19)	361	326
Total liabilities	9,053	9,157
EQUITY		
Common stock	853	849
Additional paid-in capital	9,489	9,490
Accumulated other comprehensive income (loss) (Note 21)	(322)	(334)
Retained earnings	735	716
Newmont stockholders' equity	10,755	10,721

Noncontrolling interests	1,161	1,153
Total equity	11,916	11,874
Total liabilities and equity	$ 20,969	$ 21,031

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

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, 2016 filed on February 21, 2017 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 November 2, 2016, Newmont completed the sale of its 48.5% economic interest in PT Newmont Nusa Tenggara ("PTNNT"), which operated the Batu Hijau copper and gold mine ("Batu Hijau") in Indonesia (the "Batu Hijau Transaction"). As a result, Newmont presents Batu Hijau as a discontinued operation for all periods presented. Accordingly, (i) our Condensed Consolidated Statements of Operations and Cash Flows have been reclassified to present Batu Hijau as a discontinued operation for all periods presented and (ii) the amounts presented in these notes relate only to our continuing operations, unless otherwise noted. For additional information regarding our discontinued operations, see Note 3.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

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

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

Recently Adopted 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 of cash payments related to tax withholdings on behalf of employees on the Consolidated Statements of Cash Flows. This update is effective in fiscal years, including interim periods, beginning after December 15, 2016. The Company adopted this guidance as of January 1, 2017 and reclassified $(4) from Net cash

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

provided by (used in) operating activities of continuing operations to Net cash provided by (used in) financing activities of continuing operations for the quarter ended March 31, 2016. Adoption of this guidance had no other impact on the Consolidated Financial Statements or 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. The Company records inventory at the lower of cost or net realizable value and the adoption of this guidance effective January 1, 2017 had no impact on the Consolidated Financial Statements or disclosures.

Recently Issued Accounting Pronouncements

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 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. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017. The Company anticipates adopting this new guidance effective January 1, 2018. The adoption of this guidance will result in the reclassification of other components of net benefit costs from Costs and expenses to Other income, net and will no longer be included in costs that benefit the inventory/production process. The adoption of this guidance is not expected to have a material impact on the Consolidated Financial Statements and disclosures.

Goodwill

In January 2017, ASU No. 2017-04 was issued which removes step two from the goodwill impairment test. As a result, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019 and early adoption is permitted. The Company has adopted this new guidance effective April 1, 2017; however it will not have a material impact on the Consolidated Financial Statements or disclosures.

Business Combinations

In January 2017, ASU No. 2017-01 was issued clarifying the definition of a business and providing additional guidance for determining whether transactions should be accounted for as acquisitions of assets or businesses. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017 and early adoption is permitted. The new guidance is required to be applied on a prospective basis. The Company has adopted this new guidance effective April 1, 2017.

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 explain 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.

NEWMONT MINING CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

The adoption of this guidance will result in the inclusion of the restricted cash balances within the overall cash balance and removal of the changes in restricted cash activity, which is currently recognized in Other financing activities, on the Statements of Consolidated Cash Flows. Furthermore, the Company will be required to reconcile Cash and cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the total shown in the Statements of Consolidated Cash Flows. The Company anticipates adopting this new guidance effective January 1, 2018 and does not expect it to have a material impact on the Consolidated Financial Statements or disclosures.

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 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.

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 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.

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. The Company anticipates adopting the new standard effective January 1, 2019.

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 expects the updated guidance to have a material impact on the Consolidated Balance Sheets upon adoption. The impact on the Consolidated Statement of Operations will depend on the Company's investments and future changes in fair value, but is not expected to be material. The Company does not expect a material impact on the Consolidated Statements of Cash Flows.

Revenue recognition

In May 2014, ASU No. 2014-09 was issued related to revenue from contracts with customers. This ASU was further amended in August 2015, March 2016, April 2016, May 2016 and December 2016 by ASU No. 2015-14, No. 2016-08, No. 2016-10, No. 2016-12 and No. 2016-20, 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

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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)

2015, the effective date was deferred to reporting periods, including interim periods, beginning after December 15, 2017 and will be applied retrospectively.

The Company is currently performing an assessment of the revised standard and impacts on the Company's Consolidated Financial Statements and disclosures. To date, the Company has reviewed a sample of contracts that are representative of the current types of product sold. Management is still in the process of completing their assessment of the impacts; however, based on the sample reviewed, the Company anticipates the standard having a potential impact to the timing of revenue recognition due to a potential change in timing of when control is transferred to the customer. The Company continues to evaluate the potential impacts due to timing of revenue recognition, but does not expect it to have a material impact on the Consolidated Financial Statements. Additionally, the Company continues to assess the potential impacts on insurance payments, variable consideration on concentrate sales, and refining fee classifications under the new standard. Based on preliminary findings, the Company does not expect these areas to have a significant impact on revenue recognition. The Company expects to have an update to the impacts of the standard in the second quarter of 2017.

The Company anticipates adopting the new standard effective January 1, 2018. The guidance may be applied retrospectively for all periods presented or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application. The Company currently anticipates adopting the standard retrospectively with the cumulative effect of initially applying the amended guidance recognized at January 1, 2018.

NOTE 3 DISCONTINUED OPERATIONS

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

	Three Months Ended March 31,	
	2017	2016
Holt royalty obligation	$ (23)	$ (26)
Batu Hijau operations	—	185
Net income (loss) from discontinued operations	$ (23)	$ 159

The Batu Hijau Transaction

On November 2, 2016, Newmont completed the sale of its 48.5% economic interest in PTNNT, which operated the Batu Hijau copper and gold mine, previously reported in the Asia Pacific segment (renamed as the Australia segment during the first quarter of 2017).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Net income (loss) from discontinued operations in the Condensed Consolidated Statements of Operations that relates to Batu Hijau consists of the following:

	Three Months Ended March 31, 2016
Sales	$ 570
Costs and expenses	
Costs applicable to sales (1)	230
Depreciation and amortization	46
Reclamation and remediation	4
Advanced projects, research and development	1
General and administrative	4
Other expense (income), net	(2)
	283
Interest expense, net	(5)
Income (loss) before income and mining tax and other items	282
Income and mining tax benefit (expense)	(97)
Net income (loss) from discontinued operations	185
Net loss (income) attributable to noncontrolling interests	(95)
Net income (loss) from discontinued operations attributable to Newmont stockholders	$ 90

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

The condensed consolidated statements of comprehensive income (loss) were not impacted by discontinued operations as PTNNT did not have any other comprehensive income (loss).

Cash flows from Batu Hijau consist of the following:

	Three Months Ended March 31, 2016
Net cash provided by (used in) operating activities	$ 371

Net cash provided by (used in) investing activities		(17)
Net cash provided by (used in) financing activities		(93)
Net cash provided by (used in) Batu Hijau discontinued operations	$	261

The Holt Royalty Obligation

Discontinued operations include a retained royalty obligation to Holloway Mining Company. Holloway Mining Company, which owned the Holt-McDermott property (“Holt”), was sold to St. Andrew Goldfields Ltd. (“St. Andrew”) in 2006. In January 2016, St. Andrew was acquired by Kirkland Lake Gold Ltd.

At March 31, 2017 and December 31, 2016, the estimated fair value of the Holt royalty obligation was $220 and $187, respectively. Changes to the estimated fair value resulting from periodic revaluations are recorded to Net income (loss) from discontinued operations. During the three months ended March 31, 2017 and 2016, the Company recorded a gain (loss) of $(23) and $(26), net of tax benefit (expense) of $13 and $11, respectively, related to the Holt royalty obligation.

During the three months ended March 31, 2017 and 2016, the Company paid $3 and $2, respectively, related to the Holt royalty obligation. Refer to Note 13 for additional information on the Holt royalty obligation.

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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, 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.

Segment results for the prior period have been retrospectively revised to reflect the following changes:

- In the second quarter of 2016, Long Canyon was moved from Other North America to its own line item to reflect progression of the project and how it is being reported internally. In November 2016, Long Canyon reached commercial production.

- On November 2, 2016, the Company sold the Batu Hijau mine that was previously included in Asia Pacific and presented Batu Hijau as a discontinued operation in the Company’s Condensed Consolidated Financial Statements. For additional information regarding our discontinued operations, see Note 3.

- In the first quarter of 2017, the Company renamed its Asia Pacific reporting segment to Australia.

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

Unless otherwise noted, the Company presents only the reportable segments of our 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 March 31, 2017						
Carlin	$ 253	$ 193	$ 50	$ 3	$ 5	$ 48
Phoenix:						
Gold	53	43	11			
Copper	26	18	5			
Total Phoenix	79	61	16	1	(2)	6
Twin Creeks	93	47	13	2	31	8
Long Canyon	39	12	13	5	9	4
CC&V	146	70	29	4	43	4
Other North America	—	—	—	3	(5)	2
North America	610	383	121	18	81	72
Yanacocha	179	119	36	4	8	11
Merian	133	48	21	4	60	16
Other South America	—	—	4	10	(19)	—
South America	312	167	61	18	49	27
Boddington:						
Gold	228	122	26			
Copper	45	21	4			
Total Boddington	273	143	30	—	86	15
Tanami	92	50	16	3	20	24
Kalgoorlie	104	52	4	2	43	4
Other Australia	—	—	2	1	(15)	1
Australia	469	245	52	6	134	44
Ahafo	114	76	23	6	9	17
Akyem	154	62	34	1	55	6
Other Africa	—	—	—	1	(1)	—
Africa						