

Newmont Australia Group Tax Transparency Report

A report prepared in accordance with Australia's Voluntary Tax Transparency Code for the year ended 31 December 2020

Newmont™

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MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Newmont Corporation (Newmont or the Group) is the world's leading gold company and a producer of copper, silver, zinc and lead. The Group's world-class portfolio of assets, prospects and talent is anchored in favorable mining jurisdictions in North America, South America, Australia and Africa. Newmont is the only gold producer listed in the S&P 500 Index and is widely recognized for its principled environmental, social and governance practices. The Group is an industry leader in value creation, supported by robust safety standards, superior execution and technical proficiency. Newmont was founded in 1921 and has been publicly traded since 1925.

Newmont Australia's 100 per cent-owned operating assets include Boddington in Western Australia and Tanami in the Northern Territory.

In this report, the Newmont Australia Group is the group of Australian companies that are controlled directly or indirectly by Newmont. The Newmont Australia Group is comprised of one income tax consolidated group headed by Newmont Australia Pty Limited (NAPL) and a standalone entity, Saddleback Investments Pty Limited (SIPL). Both entities are "early balancers" which means the period covered by this report is equivalent to the 2020 / 21 income tax year.

Newmont is committed to the transparency of its tax obligations. The Newmont Australia Group is a signatory to Australia's Voluntary Tax Transparency Code developed by the Board of Taxation and prepared its first tax transparency report for the year ended 31 December 2017. As with the previous reports, this fourth report contains the recommended disclosures from the Board of Taxation's Voluntary Tax Transparency Code.

Newmont is committed to high standards of corporate accountability and governance. The disclosure of our tax contributions is an important component of our corporate accountability. Tax governance is an essential part of our ability to create value for our various stakeholders. It is also an important component in our overall risk management strategy.

Newmont is committed to complying with all tax laws in all jurisdictions where the Group operates. The Group strives to pay the right amount of tax, at the right time, in the jurisdictions where we create value.

Newmont is actively involved in the efforts of Extractive Industries Transparency Initiative (EITI) to promote revenue transparency and accountability in the extractive industry, and we support the initiative by reporting our tax and royalty payments annually. Newmont Corporation is also a founding member of the International Council on Mining and Metals (ICMM), and supports its goals of sustainability, transparency and strong governance.

Newmont is committed to the communities and countries where we do business. Our contributions include more than taxes. They include capital investments, employment, and the purchase of goods and services from local businesses. For example, Newmont Australia provided the following assistance as part of our COVID Community Support Fund during the 2020 year:

- In partnership with Foodbank Western Australia, Foodbank Northern Territory and Foodbank South Australia, funded food security initiatives that provide low-cost, quality food to those most at risk (including a $250,000 seed funding grant to help establish a food distribution hub in Alice Springs);

- Donated and provided in-kind support to the South West Aboriginal Medical Service's vaccination clinics in the Gnaala Karla Booja Region surrounding Boddington; and

- Contributed to the Stopping Family Violence organisation in Western Australia to support the training and development of staff who are responding to a changing community risk profile driven by the COVID-19 pandemic.

The Newmont Australia Group is committed to publishing Australia specific annual tax transparency reports. This is in addition to the global tax transparency information available in Newmont's global annual "Sustainability Report" publication available at: Newmont-2020-sustainability-report.pdf (q4cdn.com)

Felicity Hughes
Chief Financial Officer
Newmont Australia Group

1. INTRODUCTION

In the year ended 31 December 2020, the Newmont Australia Group achieved an accounting net profit of $1,791 million and contributed net tax payments (after the offset of refunds received in the year) in Australia of $364.7 million.

This report details the contribution the Newmont Australia Group makes through taxes and royalties levied by the various levels of government in Australia. Specifically, the report provides details of Australian cash taxes paid in 2020 and reconciles this to the Australian company tax payable as reflected in the company tax returns and the income tax expense in the 2020 annual financial statements.

The report also provides information on the company's approach to tax governance.

All figures disclosed in the report are in Australian dollars (AUD). The Newmont Australia Group has a United States dollar (USD) functional currency for Australian tax purposes, and therefore prepares its income tax returns in USD. The returns are then converted to the AUD equivalent using the average rate for the year as advised by the Australian Taxation Office (ATO). Consequently, this causes translation discrepancies between the AUD equivalent tax amounts disclosed in this report and the AUD amounts actually received by the ATO.

Similarly, royalty payments made in AUD are disclosed in the statutory financial reports in USD. For the purposes of this report, the royalty amounts disclosed in the financial reports have been converted to AUD using the average rate for the year as advised by the ATO. There will therefore be differences between these amounts and the AUD amounts actually received by State / Territory Governments.

2. TAX GOVERNANCE, TAX STRATEGY AND ENGAGING WITH TAX AUTHORITIES

At a global level the Board of Directors of Newmont Corporation is ultimately responsible for setting tax policy and tax governance. Newmont's global tax strategy can be summarised as follows:

- Ensure that all tax filings and payments are met;
- Manage tax affairs in a manner consistent with commercial objectives and in full compliance with the law and / or applicable investment and / or stability agreements in effect;
- Maintain an open, collaborative and ethical relationship with tax authorities;
- Take an overall conservative approach to tax risk; and
- Follow the arms' length principle for all material intercompany transactions in accordance with transfer pricing principles.

Newmont's tax governance is aligned to the governance hierarchy of the broader business and tiers down from the Board to the Group's global team of tax professionals. The following diagram depicts each level and their core responsibilities:



The Newmont Australia Group seeks to balance the impacts of its tax strategy on all stakeholders, including shareholders and governments. We work to align our tax strategy with our code of conduct. We comply with the tax laws in the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value.

We also seek certainty on our tax positions. When tax laws are unclear, we seek external guidance to ensure that our positions are more likely than not to be upheld. All transactions have commercial and economic substance. We do not engage in tax planning that is contrived or artificial. Tax havens are not used for tax planning purposes. Our operations in low tax jurisdictions have genuine substance. We price transactions between companies in the Newmont group on an arm's length basis in accordance with Organisation for Economic Co-Operation and Development (OECD) guidelines.

When tax incentives are offered by governments, we seek to implement them in the manner intended and only utilise them to the extent they are consistent with our business objectives.

The Newmont Australia Group seeks to maintain open, constructive and ethical relationships with tax authorities. Due to the complexity of both existing tax law and the nature of the company's business, matters will be in dispute. However, the Newmont Australia Group seeks to work collaboratively with tax authorities in a respectful manner, to resolve disputes where tax laws are unclear in a timely manner.

3. TAX AND ROYALTY PAYMENTS

The following table represents net direct taxation payments made to governments by the Newmont Australia Group in 2020, after the offset of refunds received.

Newmont Australia Group	($'000)
Company income tax	134,760
State and Territory royalties (and related payments)	191,155
Interest withholding taxes	8,031
Employer taxes (fringe benefits and payroll taxes)	30,774
Total tax payments to Australian Federal and State Governments	**364,720**

It excludes taxes collected by the Newmont Australia Group and passed onto revenue authorities such as goods and services tax and pay-as-you-go withholding on employee salary and wages.

4. FINANCIAL STATEMENT DISCLOSURES

The following table extracts the 2020 accounting profit before income tax, income tax expense and effective tax rate (ETR) from the 2020 annual financial statements.

Income tax expense and effective tax rates	Australia ($'000)	Global ($'000)
Accounting profit / (loss) before tax	1,790,831	4,551,115
Income tax expense / (benefit)	459,836	1,019,403
Effective tax rate	25.68%	22.40%

The Newmont Australia Group's 2020 effective income tax rate is 25.68%. This includes the payment of Royalties in the Northern Territory (NT), but excludes the payment of ad valorem royalties to the Western Australia State Government.

Reconciliation of Australian accounting profit to tax expense	2020 General Purpose Financial Statements ($'000)
Australian profit before tax	1,790,831
Tax at the rate of 30%	537,249
NT royalty	150,099
Income tax deduction for NT royalty	(45,030)
Under / (over) provision in prior years	(265)
Tax effect of other amounts not taxable in calculating taxable income	6,586
Tax effect of AIFRS adjustments not taxable in calculating taxable income	25,266
Tax effect of amounts attributable to the sale of Kalgoorlie Lake View Pty Ltd	(214,069)
Australian income tax expense	**459,836**
Movement in temporary differences	
Trading stock / consumables	(9,737)
Fixed assets	52,863
Foreign exchange	(56,167)
Provisions	(25,894)
Other	10,471
Current income tax expense	**431,371**

As noted above, the ETR for the Newmont Australia Group was 25.68%, which is below Australia's statutory tax rate of 30%. This is primarily as a result of the sale of Kalgoorlie Lake View Pty Ltd (Newmont Australia's equity in the KCGM Joint Venture) , which completed during 2020. This transaction gave rise to an accounting gain, but crystallised a capital loss for tax purposes associated with the mineral interest at our Kalgoorlie mine being recognized for tax purposes on disposal, rather than depreciable over the life of mine as for accounting purposes.

In the absence of this transaction, the effective tax rate of the Newmont Australia Group would have been 39.59%. This rate is in excess of Australia's statutory income tax rate of 30% due to the royalties payable to the NT Government with respect to the Tanami mine, which are treated as an income tax under applicable Accounting Standards.

5. INCOME TAX PAID

A reconciliation of the Australian income tax expense per the audited statutory accounts to the Australian income tax paid in the year ended 31 December 2020 is set out below.

e	**$'000**
2020 current tax expense	431,371
2019 NT royalty included in current tax expense	(150,099)
Under provision of income tax reflected in 2019 financial statements	(265)
Other / foreign exchange	11,532
Australian income tax payable for the year ended 31 December 2020	**292,540**
Excess tax payments made in 2020 that are refunded in subsequent periods	4,674
Tax payments for 2020 made in subsequent periods	(170,947)
Tax refunds for prior periods received in 2020	(20,342)
Tax payment (PAYG) for prior periods made in 2020	26,188
Foreign exchange on income tax payments during 2020	2,647
Total income tax paid in 2020 (refer to section 3 above)	**134,760**

The total income tax paid in 2020 was significantly below the current tax expense for the year. This is due to Australia's PAYG instalment regime, under which the final balancing tax payment for 2020 was not due for payment until 1 June 2021. This payment will therefore be reported in our 2021 Voluntary Tax Transparency Report.

6. ROYALTIES PAID

As noted in section 3 above, the Newmont Australia Group paid a significant amount of royalties during the year. A reconciliation of the NT Royalty expense per the audited statutory accounts to the total royalties (and related amounts) paid in all jurisdictions during the year ended 31 December 2020 is set out below:

Royalties (and related amounts) Paid – As Represented by State Jurisdiction	($'000)
Northern Territory	
NT royalty expense per the accounts	150,099
Prior year over / under provision	546
Other / foreign exchange	(4,090)
NT Royalty Payable for the Year Ended 31 December 2020	**146,555**
Royalty Payments for 2020 made in subsequent periods	(87,209)
Royalty Payments for prior periods paid in 2020	51,837
Royalty Refunds for prior periods received in 2020	(14,452)
Other / Foreign Exchange	12,500
Total 2020 NT Royalty Paid	**109,232**
Total 2020 Central Land Council payments	**29,544**
Total Western Australia Mining Production Royalties Paid in 2020	**52,379**
Total Royalties (and related amounts) Paid in 2020	**191,155**

7. INFORMATION PUBLISHED BY THE AUSTRALIAN TAXATION OFFICE

Each December the ATO publicly discloses certain details from the income tax return lodged for Australian companies with a total income of $100 million or more. The following details are those expected to be published by the ATO in respect of the tax year ended 31 December 2020 for the Newmont Australia Group.

	Newmont Australia Holdings Pty Limited	Saddleback Investments Pty Limited
ABN	95 099 040 507	96 134 978 224
Total income	$3,378,934,534	$756,013,697
Taxable income	$805,022,455	$178,480,535
Income tax payable	$238,996,039	$53,544,160

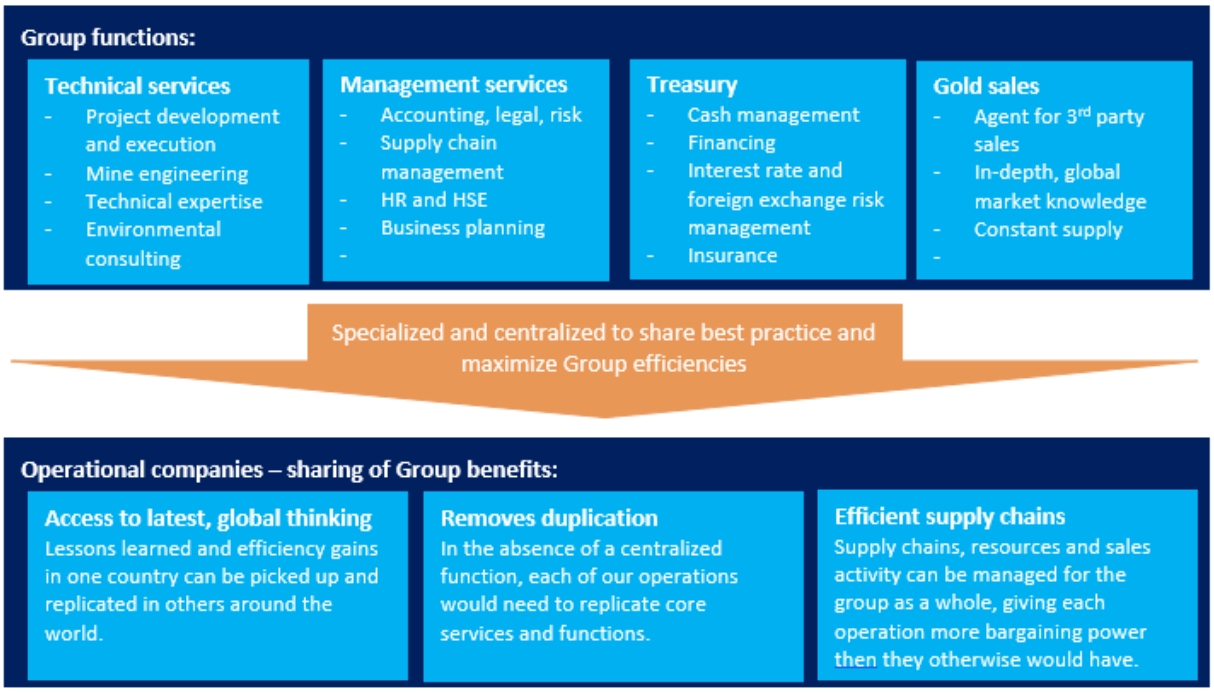
The following is additional information that will assist readers of this report in interpreting the information to be published by the ATO:

- The Total income disclosed above actually relates to Total Revenue and not Accounting Profit;
- To arrive at the Newmont Australia Group's Accounting Profit, major items of expenditure such as costs applicable to sales, and depreciation and amortisation are offset against the Total Income;
- Eligible tax deductions (e.g. NT royalty payments, tax depreciation, and recoupment of prior year tax losses) were then claimed in the tax returns to reduce the Accounting Profit to the Taxable Income; and
- Saddleback Investments Pty Ltd recorded a Taxable Income of $178.4m following the recoupment of tax losses of $29.5m, generated in prior years.

8. INTERNATIONAL RELATED PARTY DEALINGS

Newmont's operations span across North and Central America, South America, Australia and Africa. The group's head office is located in the United States, with many functions of the group being centralised in order to take advantage of standardisation, centres of excellence and scale. This allows for the operating companies around the world to focus on their core gold producing, development and exploration activities rather than duplicating services and functions across each mine or country.

The following table depicts the interrelationship between the mines located around the world with those centralized and group functions.



The above model has been a crucial lever in Newmont's 'Full Potential' continuous improvement program. The Full Potential program is focused on value and viability, grounded in technical fundamentals, with clear accountability and ownership of target setting and delivery at the site level. The central co-ordination and investment in this program allow the Group to rapidly replicate improvements from site to site, and also apply lessons learned to the Group's strategic digital and technological initiatives. By way of example, during 2020, Boddington delivered a single year record for mill performance reaching 40.5 million tonnes processed, against a nameplate capacity of 35 million tonnes per annum. Achieving this level of performance is a testament to the successful implementation and consistent delivery of our proven Full Potential program.

All international related party dealings are undertaken in accordance with the 'arm's length principle', which means the terms and conditions of the dealings are consistent with what would be available between unrelated parties. The tax authorities in many countries have the power to adjust the pricing of these transactions if they believe they do not reflect the arm's length price, so to support our pricing we prepare transfer pricing documentation that is shared with revenue authorities around the world as required.