

Newmont Australia Group Tax Transparency Report

A report prepared in accordance with Australia's Voluntary Tax Transparency Code for the year ended 31 December 2019

Newmont™

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MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Newmont Corporation (Newmont) 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. Newmont also owned 50 per cent of Kalgoorlie Consolidated Gold Mines (KCGM) in Western Australia until the sale of this interest on January 2, 2020.

In April 2019, Newmont Mining Corporation concluded a transaction with Goldcorp Corporation to combine both companies to become Newmont Corporation.

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 2019/20 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 third 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.

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 "Beyond the Mine" publication available at**:**

https://s24.g4cdn.com/382246808/files/doc_downloads/2019/sustainability/Newmont-2019-sustainability-report.pdf

The Australia specific version of this report is available at:

https://s24.q4cdn.com/382246808/files/doc_downloads/sustainability/regional/2019BeyondtheMine.AustraliaOperations.pdf

Felicity Hughes
Chief Financial Officer
Newmont Australia Group

1. INTRODUCTION

In the year ended 31 December 2019, the Newmont Australia Group achieved an accounting net profit of $1,276 million and contributed net tax payments (after the offset of refunds received in the year) in Australia of $295.8 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 2019 and reconciles this to the Australian company tax payable as reflected in the company tax returns and the income tax expense in the 2019 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 Governments.

2. TAX GOVERNANCE, TAX STRATEGY AND DEALINGS WITH 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.

The tax strategy is reviewed and approved formally by the Board on an annual basis.

The Chief Financial Officer of Newmont Corporation has oversight responsibility for tax strategy and management of tax risk. The operational responsibility for the execution of tax policy resides with the Vice President of Tax. The Vice President of Tax and Chief Financial Officer of Newmont Corporation report to the Board's Audit Committee on tax matters on a regular basis. The day to day tax functions for the Newmont Australia Group are managed by the Newmont Australia tax department.

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 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. 2019 TAX PAYMENTS

The following table represents net direct taxation payments made to governments by the Newmont Australia Group in 2019, after the offset of refunds received.

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.

Newmont Australia Group	**($'000)**
Company income tax	105,957
State and Territory royalties (and related payments)	153,968
Interest withholding taxes	7,626
Employer taxes (fringe benefits and payroll taxes)	28,300
Total tax payments to Australian Federal and State Governments	**295,851**

4. FINANCIAL STATEMENT DISCLOSURES

Income tax expense and effective tax rates

The following table extracts the 2019 accounting profit before income tax, income tax expense and effective tax rate from the 2019 annual financial statements.

Description	**Australia ($'000)**	**Global ($'000)**
Accounting profit/(loss) before tax	1,275,704	5,069,321
Income tax expense/(benefit)	450,738	1,142,073
Effective tax rate	35.33%	22.53%

The Newmont Australia Group's 2019 Australian income tax rate is 35.33%. This includes the payment of Royalties in the Northern Territory (NT), which are treated as an income tax under applicable Accounting Standards, but excludes the payment of ad valorem royalties to Western Australia.

Reconciliation of Australian accounting profit to tax expense

Description	2019 General Purpose Financial Statements ($'000)
Australian profit before tax	1,275,704
Tax at the rate of 30%	382,711
NT royalty	93,248
Income tax deduction for NT royalty	(27,974)
Under/(over) provision in prior years	3,441
Tax effect of other amounts which are not taxable in calculating taxable income	(689)
Australian Income tax expense	**450,738**
Movement in temporary differences	
Trading stock / consumables	17,387
Fixed assets	(385,554)
Foreign exchange	126,915
Provisions	19,125
Other	37,040
Deferred Income tax expense	**(185,088)**
Current Income tax expense	**265,650**

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 2019 is set out below.

Description	$'000
2019 current tax expense	265,650
2019 NT Royalty included in current tax expense	(93,248)
Under provision of income tax reflected in 2019 financial statements	(3,441)
Other/Foreign exchange	(5,100)
Australian Income Tax Payable for the Year Ended 31 December 2019	**163,860**
Excess tax payments made in 2019 that are refunded in subsequent periods	19,021
Tax payments for 2019 made in subsequent periods	(24,811)
Tax refunds for prior periods received in 2019	(43,435)
Foreign Exchange on income tax payments during 2019	(8,678)
Total income tax paid in 2019 (refer to section 3 above)	**105,957**

6. ROYALTIES PAID

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 2019 is set out below.

Royalties (and related amounts) Paid – As Represented by State Jurisdiction	($'000)
Northern Territory	
NT Royalties Expense per the accounts	93,248
Prior Year over/under provision	-1,434
Other Adjustments	-54
NT Royalty Payable for the Year Ended 31 December 2019	**91,761**
Royalty Payments for 2019 made in subsequent periods	-49,140
Royalty Payments for prior periods paid in 2019	40,150
Royalty Refunds for prior periods received in 2019	-5,478
Total 2019 NT Royalty Paid	**77,293**
Total 2019 Central Land Council payments	**22,993**
Total Western Australia Mining Production Royalties Paid in 2019	**53,682**
Total Royalties (and related amounts) Paid in 2019	**153,968**

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 2019 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	2,682,762,689	850,114,641
Taxable income	546,202,110	0
Income tax payable	163,860,633	0

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 amount 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 $Nil following the recoupment of tax losses generated in prior years.

8. INTERNATIONAL RELATED PARTY DEALINGS

Newmont Corporation is based in the United States and is the world's largest gold producer. The group has significant operations in North America, South America, Australia and Africa. Some functions of the group are centralised in order to take advantage of standardisation, centres of excellence and scale. This also allows for the operating companies, such as the Newmont Australia Group, to focus on their core gold producing, development and exploration activities.

Key functions are summarised below:

Financing

Newmont Corporation has a centralised treasury function, which manages risks including those relating to interest rate and foreign exchange. The Newmont Australia Group has been and is planned to be in significant investment phases. The Newmont Australia Group therefore at times is required to receive funds from Newmont Corporation.

Gold Sales

Newmont Corporation acts as agent for the Newmont Australia Group in selling gold to third parties. Newmont Corporation does not retain any profit on the transaction (apart from their service fee as noted below)

Centralised Functions and Technical Support

The Newmont Australia Group receives the following services from Newmont Corporation:

Service type	**Description**
Administrative and management services	Services were received in the following areas / departments: • Accounting/Controlling • Business planning • Health, safety and security • Human resources • Internal audit • Information Technology • Legal • Risk management • Tax • Supply chain management • Treasury
Environmental services	• Technical oversight and consultation with respect to environmental matters
Technical services	• Project development and execution • Mine engineering • Technical expertise • Laboratory services

The Newmont Australia Group's 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. Further, the Newmont Australia Group has transfer pricing documentation prepared by external advisers to support the arm's length nature of the charges and arrangements.

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