

Newmont Australia Group Tax Transparency Report

A report prepared in accordance with Australia's Voluntary Tax Transparency Code for the year ended 31 December 2018

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. As this report relates to the year ended 31 December 2018, it relates to the pre-merger period with Goldcorp Corporation. However, we are using current names for the entities for the purposes of this report.

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 2018/19 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 report, this second 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://www.newmont.com/sustainability/newmonts-archive-sustainability-reports/default.aspx

The Australia specific version of this report is available at:

https://s24.q4cdn.com/382246808/files/doc_downloads/sustainability/8129_Newmont_2018_Australia_Summary_Report_V5.pdf

Felicity Hughes
Chief Financial Officer
Newmont Australia Group

1. INTRODUCTION

In the year ended 31 December 2018, the Newmont Australia Group achieved an accounting net profit of $690.3 million and contributed tax payments in Australia of $485.0 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 2018 and reconciles this to the Australian company tax payable as reflected in the company tax returns and the income tax expense in the 2018 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.

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 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 / Chief Financial Officer reports 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. 2018 TAX PAYMENTS

The following table represents net direct taxation payments made to governments by the Newmont Australia Group in 2018, after the offset of any 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	325,540
State and Territory royalties (including withholding taxes)	126,512
Interest withholding taxes	7,090
Employer taxes (fringe benefits and payroll taxes)	25,834
Total tax payments to Australian Federal and State Governments	**484,976**

4. FINANCIAL STATEMENT DISCLOSURES

Income tax expense and effective tax rates

The following table extracts the 2018 accounting profit before income tax, income tax expense and effective tax rate from the 2018 annual financial statements.

Description	**Australia ($'000)**	**Global ($'000)**
Accounting profit/(loss) before tax	690,272	941,807
Income tax expense/(benefit)	249,304	492,598
Effective tax rate	36.12%	52.30%

The Newmont Australia Group's 2018 Australian income tax rate is 36.12%. This includes the payment of Royalties in the Northern Territory (NT), which are treated as an income tax under applicable Accounting Standards.

Reconciliation of Australian accounting profit to tax expense

Description	2018 General Purpose Financial Statements ($'000)
Australian profit before tax	690,272
Tax at the rate of 30%	207,082
NT royalty	62,581
Income tax deduction for NT royalty	(18,774)
Under/(over) provision in prior years	4,446
Tax effect of other amounts which are not taxable in calculating taxable income	(6,031)
Australian Income tax expense	**249,304**
Movement in temporary differences	
Trading stock / consumables	12,023
Fixed assets	72,693
Foreign exchange	(6,378)
Provisions	7,084
Other	17,242
Deferred Income tax expense	**102,664**
Current Income tax expense	**146,640**

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 2018 is set out below.

Description	$'000
2018 current tax expense	146,640
2018 NT Royalty included in current tax expense	(62,581)
Under provision of income tax reflected in 2018 financial statements	(4,446)
Other/Foreign exchange	20,189
Excess tax payments made in 2018 that were refunded in 2019	43,435
Tax payments for prior periods made in 2018	189,136
Tax refunds for prior periods received in 2018	(6,833)
Total income tax paid in 2018 (refer to section 3 above)	325,540

6. 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 2018 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	2,545,973,060	475,638,596
Taxable income	355,769,235	0
Income tax payable	106,730,770	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.

7. 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 • Business planning • Health, safety and security • Human resources • Internal audit • Legal • Risk management • 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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