

A decorative horizontal band with a textured, abstract pattern in shades of gold, brown, and white, resembling a microscopic view of a mineral or a traditional Aboriginal dot painting.

Newmont Australia Group Tax Transparency Report

A report prepared in accordance with Australia's
Voluntary Tax Transparency Code for the year ended
31 December 2017

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Message from the Chief Financial Officer

Newmont Mining Corporation (Newmont or NMC) is primarily a gold producer with significant operations and/or assets in Australia, Ghana, Peru, Suriname and the United States. Newmont is also engaged in the production of copper, principally through the Boddington mine site in Australia and the Phoenix mine site in Nevada, USA.

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 Holdings Pty Limited (NAHPL) 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 2017/18 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 has prepared this first tax transparency report for the year ended 31 December 2017. This 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 company operates. The company 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 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://sustainabilityreport.newmont.com/2017/>

The Australia specific version of this report is available at:

https://sustainabilityreport.newmont.com/2017/img/downloads/Newmont_2017_Australia_Summary_Report.pdf



Felicity Hughes
Chief Financial Officer
Newmont Australia Group



1. Introduction

In the year ended 31 December 2017, the Newmont Australia Group achieved an accounting net profit of \$800.7 million and contributed tax payments in Australia of \$308.6 million. The Company's Australian effective tax rate was 25.53%.

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 2017 and reconciles this to the Australian company tax payable as reflected in the company tax returns and the income tax expense in the 2017 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.

2. Tax governance, tax strategy and dealings with authorities

The U.S. Board of Directors of Newmont is ultimately responsible for setting tax policy and tax governance. Newmont's tax strategy is reviewed by the Board as needed. 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 attempts to balance the impacts of its tax strategy on all stakeholders, including shareholders and governments. We seek 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 aim for 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. We will only utilize them to the extent that they are consistent with our business objectives.

The Newmont Australia Group has co-operative compliance 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 enters into such discussions with the tax authorities in a respectful manner, with a view to bringing matters to a close as quickly as possible.

3. 2017 tax payments

The following table represents direct taxation payments made to governments by the Newmont Australia Group in 2017.

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	149,940
State and Territory royalties (including withholding taxes)	129,209
Employer taxes (fringe benefits and payroll taxes)	29,418
Total tax payments to Australian Federal and State Governments	308,567

4. Financial statement disclosures

Income tax expense and effective tax rates

The following table extracts the 2017 accounting profit before income tax expense and effective tax rate from the 2017 annual financial statements. This information allows for the reconciliation of the Australian income taxes paid to the income tax expense in the financial statements.

Description	Australia (\$'000)	Global (\$'000)
Accounting profit/(loss) before tax	800,673	1,335,493
Income tax expense/(benefit)	204,391	1,404,011
Effective tax rate	25.53%	105.13%
<i>Income tax expense / benefit - adjustment for extraordinary events</i>		
- Impact of Objection decision from the ATO	59,522	-
- Tax Cuts and (U.S.) Jobs Act	-	(879,532)
Effective tax rate - normalised	32.96%	39.27%

The Newmont Australia Group's 2017 Australian income tax rate is 25.53%. This rate is below the standard income tax rate of 30% due to the once-off impact of an Objection decision from the Australian Taxation Office which favorably impacted the tax cost of depreciable and other assets acquired in a prior year. This was partially offset by the impact of 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	2017 General Purpose Financial Statements (\$'000)
Australian profit before tax	800,673
Tax at the rate of 30%	240,202
Impact of Objection decision from the ATO	(59,522)
NT royalty	47,061
Federal deduction for NT royalty	(14,118)
Under/(over) provision in prior years	(8,224)
Tax effect of other amounts which are not taxable in calculating taxable income	(1,008)
Australian Income tax expense	204,391
Movement in temporary differences	
Trading stock / consumables	(96,233)
Fixed assets	37,132
Foreign exchange	39,109
Provisions	(45,018)
Other	(21,515)
Deferred Income tax expense	(86,526)
Current Income tax expense	290,917

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 2017 is set out below.

Description	\$'000
2017 current tax expense	290,917
2017 NT Royalty included in current tax expense	(47,061)
Under provision of income tax to be reflected in 2018 financial statements	8,224
Other	(3,520)
Tax payments for 2017 made in subsequent periods	(24,283)
Tax payments for prior periods made in 2017	(74,337)
Total income tax paid in 2017 (refer to section 3 above)	149,940

6. Information published by the Australian Taxation Office (ATO)

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 2017 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	\$2,399,681,101	\$531,418,180
Taxable income	\$901,850,858	\$3,926,766
Income tax payable	\$266,474,855	Nil

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; and

- Eligible tax deductions (e.g. NT royalty payments, tax depreciation, and recouplement of prior year tax losses) were then claimed in the tax returns to reduce the Accounting Profit to the Taxable Income.

7. International Related Party Dealings

NMC is based in the United States. NMC and its subsidiaries (the Newmont Group) is one of the world's largest gold producers. 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 summarized below:

Financing

Newmont 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 NMC.

Gold Sales

NMC acts as agent for the Newmont Australia Group in selling gold to third parties. NMC 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 NMC:

Service type	Description
Administrative and management services	Services were received in the following areas / departments: <ul style="list-style-type: none"> • Accounting • Business planning • Health, safety and security • Human resources • Internal audit • Legal • Risk management • Supply chain management • Treasury
Environmental services	<ul style="list-style-type: none"> • Technical oversight and consultation with respect to environmental matters
Technical services	<ul style="list-style-type: none"> • 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.