NEWMONT GOLDCORP CORP /DE/
Form 10-Q
April 25, 2019
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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, 2019

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 GOLDCORP 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 every Interactive Data File required to be submitted 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 819,633,497 shares of common stock outstanding on April 18, 2019.

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NEWMONT GOLDCORP CORPORATION

FIRST QUARTER 2019 RESULTS AND HIGHLIGHTS

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

	Three Months Ended March 31, 2019	2018
Financial Results:		
Sales	$ 1,803	$ 1,817
Gold	$ 1,739	$ 1,739
Copper	$ 64	$ 78
Costs applicable to sales (1)	$ 978	$ 1,029
Gold	$ 935	$ 982
Copper	$ 43	$ 47
Net income (loss) from continuing operations	$ 145	$ 169
Net income (loss)	$ 119	$ 191
Net income (loss) from continuing operations attributable to Newmont stockholders	$ 113	$ 170
Per common share, diluted:		
Net income (loss) from continuing operations attributable to Newmont stockholders	$ 0.21	$ 0.32
Net income (loss) attributable to Newmont stockholders	$ 0.16	$ 0.36
Adjusted net income (loss) (2)	$ 176	$ 185
Adjusted net income (loss) per share, diluted (2)	$ 0.33	$ 0.35
Earnings before interest, taxes and depreciation and amortization (2)	$ 645	$ 637
Adjusted earnings before interest, taxes and depreciation and amortization (2)	$ 687	$ 644
Net cash provided by (used in) operating activities of continuing operations	$ 574	$ 266
Free Cash Flow (2)	$ 349	$ 35
Cash dividends declared per common share	$ 0.14	$ 0.14
Operating Results:		
Consolidated gold ounces (thousands):		
Produced	1,337	1,286
Sold	1,338	1,312
Attributable gold ounces (thousands):		
Produced	1,230	1,209
Sold	1,234	1,231
Consolidated and attributable copper pounds (millions):		
Produced	21	26
Sold	22	27
Average realized price:		
Gold (per ounce)	$ 1,300	$ 1,326
Copper (per pound)	$ 2.89	$ 2.88
Consolidated costs applicable to sales: (1)(2)		
Gold (per ounce)	$ 701	$ 748
Copper (per pound)	$ 1.94	$ 1.74
All-in sustaining costs: (2)		

Gold (per ounce)	$ 907	$ 943
Copper (per pound)	$ 2.26	$ 2.07

(1) Excludes Depreciation and amortization and Reclamation and remediation.
(2) See "Non-GAAP Financial Measures" beginning on page 56.

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First Quarter 2019 Highlights

- Newmont Goldcorp update: On January 14, 2019, the Company entered into a definitive agreement to acquire all outstanding common shares of Goldcorp Inc. (Goldcorp) in a primarily stock transaction. On April 18, 2019, Newmont closed its acquisition of Goldcorp following receipt of all regulatory approvals and approval by Newmont's and Goldcorp's shareholders of the resolutions at the shareholder meetings on April 11 and April 4, 2019, respectively. As of the closing date, the combined company is known as Newmont Goldcorp Corporation, continuing to be traded on the New York Stock Exchange under the ticker NEM and listed on the Toronto Stock Exchange under the ticker NGT. The financial information included in this report represents results of Newmont Mining Corporation prior to the acquisition of Goldcorp. Results for the second quarter 2019 will reflect the financial performance of the combined company from the closing date of the Newmont Goldcorp transaction.
- Net income (loss): Delivered Net income (loss) from continuing operations attributable to Newmont stockholders of $113 million or $0.21 per diluted share, a decrease of $57 million from the prior-year quarter primarily due to integration and transaction costs associated with the Newmont Goldcorp transaction and Nevada JV Agreement and lower average realized gold prices, partially offset by higher gold production.
- Adjusted net income (loss): Delivered Adjusted net income (loss) of $176 million or $0.33 per diluted share, a 6% decrease from the prior-year quarter (See "Non-GAAP Financial Measures" beginning on page 56).
- Adjusted EBITDA: Generated $687 million in Adjusted EBITDA, a 7% increase from the prior-year quarter (See "Non-GAAP Financial Measures" beginning on page 56).
- Cash Flow: Reported Net cash provided by operating activities of continuing operations of $574 million, a 116% increase from the prior-year quarter, and free cash flow of $349 million (See "Non-GAAP Financial Measures" beginning on page 56).
- Attributable gold production: Increased 2% to 1.23 million ounces primarily due to a full quarter of mining at Subika Underground and higher grade at Merian and Yanacocha, partially offset by reduced mining and lower grade at Kalgoorlie.
- Portfolio improvements: Forged strategic joint venture agreement with Barrick to create the world's largest gold producing complex by combining the companies' respective mining operations, assets, reserves, and talent in Nevada; completed Tanami Power Project in Australia safely and on schedule, lowering power costs and carbon emissions by 20 percent.
- Financial Strength: Ended the quarter with net debt of $0.8 billion and $3.5 billion cash on hand supporting an investment-grade credit profile; declared a first quarter dividend of $0.14 per share; declared a one-time special dividend of $0.88 per share to be paid on May 1, 2019, to Newmont shareholders of record based on outstanding shares as of April 17, 2019, and not including any shares issued in connection with the recently completed Newmont Goldcorp transaction.

Our global project pipeline

Newmont's capital-efficient project pipeline supports stable production with improving margins and mine life. Near-term development capital projects are presented below. Funding for Ahafo Mill Expansion and Quecher Main have been approved and these projects are in execution.

Ahafo Mill Expansion, Africa. 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 resources. The expansion is expected to have an average annual gold production of between 75,000 and 100,000 ounces per year for the first five years beginning in 2020. Development capital costs (excluding capitalized interest) since approval were $133, of which $14 related to the first quarter 2019. Both first production and commercial production are expected in the fourth quarter of 2019.

Quecher Main, South America. This project will add oxide production at Yanacocha, leverage existing infrastructure and enable potential future growth at Yanacocha. First production was achieved in late 2018 with commercial production expected in the fourth quarter of 2019. Quecher Main extends the life of the Yanacocha operation to 2027 with average annual gold production of about 200,000 ounces per year (on a consolidated basis) between 2020 and 2025. Development capital costs (excluding capitalized interest) since approval were $126, of which $25 related to the first quarter 2019.

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 GOLDCORP CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in millions except per share)

	Three Months Ended March 31,	
	2019	2018
Sales (Note 4)	$ 1,803	$ 1,817
Costs and expenses:		
Costs applicable to sales (1)	978	1,029
Depreciation and amortization	312	301
Reclamation and remediation (Note 5)	30	28
Exploration	41	40
Advanced projects, research and development	27	34
General and administrative	59	59
Other expense, net (Note 6)	68	11
	1,515	1,502
Other income (expense):		
Other income, net (Note 7)	45	21
Interest expense, net of capitalized interest	(58)	(53)
	(13)	(32)
Income (loss) before income and mining tax and other items	275	283
Income and mining tax benefit (expense) (Note 8)	(125)	(105)
Equity income (loss) of affiliates	(5)	(9)
Net income (loss) from continuing operations	145	169
Net income (loss) from discontinued operations (Note 9)	(26)	22
Net income (loss)	119	191
Net loss (income) attributable to noncontrolling interests (Note 10)	(32)	1
Net income (loss) attributable to Newmont stockholders	$ 87	$ 192
Net income (loss) attributable to Newmont stockholders:		
Continuing operations	$ 113	$ 170
Discontinued operations	(26)	22
	$ 87	$ 192
Net income (loss) per common share (Note 11):		
Basic:		
Continuing operations	$ 0.21	$ 0.32
Discontinued operations	(0.05)	0.04
	$ 0.16	$ 0.36
Diluted:		
Continuing operations	$ 0.21	$ 0.32
Discontinued operations	(0.05)	0.04

	$ 0.16	$ 0.36

(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 GOLDCORP CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in millions)

	Three Months Ended March 31,	
	2019	2018
Net income (loss)	$ 119	$ 191
Other comprehensive income (loss):		
Change in marketable securities, net of tax of $- and $-, respectively	—	2
Foreign currency translation adjustments	3	(3)
Change in pension and other post-retirement benefits, net of tax of $- and $(1), respectively	4	5
Change in fair value of cash flow hedge instruments, net of tax of $- and $(1), respectively	8	4
Other comprehensive income (loss)	15	8
Comprehensive income (loss)	$ 134	$ 199
Comprehensive income (loss) attributable to:		
Newmont stockholders	$ 102	$ 200
Noncontrolling interests	32	(1)
	$ 134	$ 199

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

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NEWMONT GOLDCORP CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions)

	Three Months Ended March 31,	
	2019	2018
Operating activities:		
Net income (loss)	$ 119	$ 191
Adjustments:		
Depreciation and amortization	312	301
Stock-based compensation (Note 13)	19	19
Reclamation and remediation	27	26
Loss (income) from discontinued operations (Note 9)	26	(22)
Deferred income taxes	21	10
Write-downs of inventory and stockpiles and ore on leach pads	44	82
Other operating adjustments	(4)	10
Net change in operating assets and liabilities (Note 23)	10	(351)
Net cash provided by (used in) operating activities of continuing operations	574	266
Net cash provided by (used in) operating activities of discontinued operations (Note 9)	(3)	(3)
Net cash provided by (used in) operating activities	571	263
Investing activities:		
Additions to property, plant and mine development	(225)	(231)
Purchases of investments	(53)	(6)
Other	3	1
Net cash provided by (used in) investing activities	(275)	(236)
Financing activities:		
Dividends paid to common stockholders	(76)	(76)
Distributions to noncontrolling interests	(44)	(31)
Payments for withholding of employee taxes related to stock-based compensation	(39)	(39)
Funding from noncontrolling interests	26	32
Payments on lease and other financing obligations	(10)	(1)
Repurchases of common stock	—	(64)
Net cash provided by (used in) financing activities	(143)	(179)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	—
Net change in cash, cash equivalents and restricted cash	150	(152)
Cash, cash equivalents and restricted cash at beginning of period	3,489	3,298
Cash, cash equivalents and restricted cash at end of period	$ 3,639	$ 3,146
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 3,545	$ 3,111
Restricted cash included in Other current assets	2	1
Restricted cash included in Other noncurrent assets	92	34

Total cash, cash equivalents and restricted cash	$ 3,639	$ 3,146

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

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NEWMONT GOLDCORP CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions)

	At March 31, 2019	At December 31, 2018
ASSETS		
Cash and cash equivalents	$ 3,545	$ 3,397
Trade receivables (Note 4)	209	254
Other accounts receivables	80	92
Investments (Note 16)	56	48
Inventories (Note 17)	634	630
Stockpiles and ore on leach pads (Note 18)	739	697
Other current assets	134	159
Current assets	5,397	5,277
Property, plant and mine development, net	12,264	12,258
Investments (Note 16)	336	271
Stockpiles and ore on leach pads (Note 18)	1,835	1,866
Deferred income tax assets	378	401
Other non-current assets	670	642
Total assets	$ 20,880	$ 20,715
LIABILITIES		
Accounts payable	$ 287	$ 303
Employee-related benefits	230	305
Income and mining taxes payable	96	71
Debt (Note 19)	626	626
Lease and other financing obligations (Note 20)	59	27
Other current liabilities (Note 21)	517	455
Current liabilities	1,815	1,787
Debt (Note 19)	3,420	3,418
Lease and other financing obligations (Note 20)	268	190
Reclamation and remediation liabilities (Note 5)	2,499	2,481
Deferred income tax liabilities	614	612
Employee-related benefits	415	401
Other non-current liabilities (Note 21)	330	314
Total liabilities	9,361	9,203
Contingently redeemable noncontrolling interest (Note 10)	48	47
EQUITY		
Common stock	860	855
Treasury Stock	(109)	(70)
Additional paid-in capital	9,632	9,618
Accumulated other comprehensive income (loss) (Note 22)	(269)	(284)
Retained earnings	385	383

Newmont stockholders' equity	10,499	10,502
Noncontrolling interests	972	963
Total equity	11,471	11,465
Total liabilities and equity	$ 20,880	$ 20,715

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

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NEWMONT GOLDCORP CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, in millions)

	Common Stock Shares (in millions)	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total Equity	C R N In
Balance at December 31, 2018	535	$ 855	(2)	$ (70)	$ 9,618	$ (284)	$ 383	$ 963	$ 11,465	$
Cumulative-effect adjustment of adopting ASU No. 2016-02	—	—	—	—	—	—	(9)	—	(9)	
Net income (loss)	—	—	—	—	—	—	87	31	118	
Other comprehensive income (loss)	—	—	—	—	—	15	—	—	15	
Dividends declared (1)	—	—	—	—	—	—	(76)	—	(76)	
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(44)	(44)	
Cash calls requested from noncontrolling interests (2)	—	—	—	—	—	—	—	22	22	
Withholding of employee taxes related to stock-based compensation	—	—	(1)	(39)	—	—	—	—	(39)	
Stock-based awards and related share issuances	2	5	—	—	14	—	—	—	19	
Balance at March 31, 2019	537	$ 860	(3)	$ (109)	$ 9,632	$ (269)	$ 385	$ 972	$ 11,471	$

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Noncontrolling	Total

	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Earnings	Interests	Equity
	(in millions)								
Balance at December 31, 2017	534	$ 855	(1)	$ (30)	$ 9,592	$ (292)	$ 410	$ 984	$ 11,519
Cumulative-effect adjustment of adopting ASU No. 2016-01	—	—	—	—	—	115	(115)	—	—
Net income (loss)	—	—	—	—	—	—	192	(1)	191
Other comprehensive income (loss)	—	—	—	—	—	8	—	—	8
Dividends declared (1)	—	—	—	—	—	—	(76)	—	(76)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(31)	(31)
Cash calls requested from noncontrolling interests (3)	—	—	—	—	—	—	—	28	28
Repurchase and retirement of common stock	(2)	(3)	—	—	(30)	—	(31)	—	(64)
Withholding of employee taxes related to stock-based compensation	—	—	(1)	(39)	—	—	—	—	(39)
Stock-based awards and related share issuances	3	5	—	—	14	—	—	—	19
Balance at March 31, 2018	535	$ 857	(2)	$ (69)	$ 9,576	$ (169)	$ 380	$ 980	$ 11,555

(1) Cash dividends declared per common share was $0.14 for the three months ended March 31, 2019 and 2018.

(2) Cash calls requested from noncontrolling interests of $22 for the three months ended March 31, 2019, represent cash calls requested from Staatsolie for the Merian mine. Staatsolie paid an additional $4 related to prior periods during the three months ended March 31, 2019.

(3) Cash calls requested from noncontrolling interests of $28 for the three months ended March 31, 2018 represent cash calls requested from Staatsolie for the Merian mine. Staatsolie paid an additional $4 related to prior periods during the three months ended March 31, 2018.

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

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NEWMONT GOLDCORP 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 Goldcorp Corporation, a Delaware corporation, formerly 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 and represent the results of Newmont prior to the acquisition of Goldcorp, Inc. ("Goldcorp"). These interim statements should be read in conjunction with Newmont's Consolidated Financial Statements for the year ended December 31, 2018, filed on February 21, 2019 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 January 14, 2019, the Company entered into a definitive agreement (as amended by the first amendment to the arrangement agreement, dated as of February 19, 2019, the "Arrangement Agreement"), which closed on April 18, 2019. Under the terms of the Arrangement Agreement, the Company acquired all outstanding common shares of Goldcorp in a primarily stock transaction (the "Newmont Goldcorp transaction"). Goldcorp shareholders received 0.3280 shares of Newmont's common stock and $0.02 in cash for each Goldcorp common share they owned, valued at $9.4 billion and $17, respectively. At the closing date, the combined company is now known as Newmont Goldcorp Corporation. For further information regarding subsequent events that occurred as a result of closing of the Newmont Goldcorp transaction, see Note 26.

On March 10, 2019, the Company entered into an implementation agreement with Barrick Gold Corporation ("Barrick") to establish a joint venture that will combine certain mining operations and assets located in Nevada and historically included in the Company's North America reportable segment and certain of Barrick's Nevada mining operations and assets (the "Nevada JV Agreement"). Pursuant to the terms of the Nevada JV Agreement, Barrick and the Company will hold economic interests in the joint venture equal to 61.5% and 38.5%, respectively. Barrick will operate the joint venture with overall management responsibility and will be subject to the supervision and direction of the joint venture's Board of Managers, which will be comprised of three managers appointed by Barrick and two managers appointed by Newmont. The Company and Barrick will have an equal number of representatives on the joint venture's technical, finance and exploration advisory committees. Establishment of the joint venture is subject to the usual conditions, including regulatory approvals, and is expected to be completed in the coming months.

In connection with entering into the Nevada JV Agreement, Newmont entered into a mutual two-year standstill agreement with Barrick (the “standstill agreement”). Accordingly, Barrick withdrew its previously announced acquisition proposal for an all-stock acquisition of Newmont and the notice of intent received from a Barrick subsidiary to propose stockholder business at the 2019 annual meeting of stockholders of Newmont. The standstill agreement will terminate two years from the date the joint venture is consummated, or sooner under certain circumstances involving the termination of the Nevada JV Agreement.

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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.

NEWMONT GOLDCORP CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

In addition to changes in commodity prices, other factors such as changes in mine plans, increases in costs, geotechnical failures, and changes in social, environmental or regulatory requirements can adversely affect the Company's ability to recover its investment in certain assets and result in impairment charges.

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.

Leases

The Company adopted Accounting Standards Codification ("ASC") 842, Leases, on January 1, 2019. Changes to the Company's accounting policy as a result of adoption are discussed below.

The Company determines if a contractual arrangement represents or contains a lease at inception. Operating leases are included in Other non-current assets and Other current and non-current liabilities in the Consolidated Balance Sheets. Finance leases are included in Property, plant and mine development, net and current and non-current Lease and other financing obligations in the Consolidated Balance Sheets.

Operating and finance lease right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term. When the rate implicit to the lease cannot be readily determined, the Company utilizes its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The ROU asset includes any lease payments made and lease incentives received prior to the commencement date. Operating lease ROU assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The ROU assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company has lease arrangements that include both lease and non-lease components. The Company accounts for each separate lease component and its associated non-lease components as a single lease component for the majority of its asset classes. Additionally, for certain lease arrangements that involve leases of similar assets, the Company applies a portfolio approach to effectively account for the underlying ROU assets and lease liabilities.

Recently Adopted Accounting Pronouncements

Leases

In February 2016, ASU No. 2016-02 was issued which, together with subsequent amendments, is included in ASC 842, Leases. The standard was issued to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet for all leases with an initial term greater than one year. Certain qualitative and quantitative disclosures are also required.

The Company adopted this standard as of January 1, 2019 using the modified retrospective approach. Upon adoption, the Company recognized a cumulative-effect adjustment of $9 to the opening balance of retained earnings. The comparative information has not been adjusted and continues to be reported under the accounting standard in effect for those periods.

The new standard offers a number of optional practical expedients of which the Company elected the following:

NEWMONT GOLDCORP CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Transition elections: The Company elected the land easements practical expedient whereby existing land easements were not reassessed under the new standard.

Ongoing accounting policy elections: The Company elected the short-term lease recognition exemption whereby ROU assets and lease liabilities will not be recognized for leasing arrangements with terms less than one year. The Company elected the practical expedient to not separate lease and non-lease components for the majority of its underlying asset classes.

Based on contracts outstanding at January 1, 2019, the adoption of the new standard resulted in the recognition of additional operating lease ROU assets and lease liabilities of $46 and $47, respectively, and finance lease ROU assets and lease liabilities of $85 and $93, respectively. Additionally, the Company reclassified $19 from Other non-current Assets, $3 from Other current liabilities and $28 from Other non-current liabilities into Property, plant and mine development, net, current Lease and other financing obligations and non-current Lease and other financing obligations, respectively. Adoption of this standard did not have a material impact to the Consolidated Statements of Operations or the Consolidated Statements of Cash Flows. For required qualitative and quantitative disclosures related to leasing arrangements beginning in the period of adoption, see Note 20.

Recently Issued Accounting Pronouncements

Fair Value Disclosure Requirements

In August 2018, ASU No. 2018-13 was issued to modify and enhance the disclosure requirements for fair value measurements. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019, and early adoption is permitted. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

Defined Benefit Plan Disclosure Requirements

In August 2018, ASU No. 2018-14 was issued to modify and enhance the required disclosures for defined benefit plans. This update is effective in fiscal years, including interim periods, ending after December 15, 2020, and early adoption is permitted. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

Capitalization of Certain Cloud Computing Implementation Costs

In August 2018, ASU No. 2018-15 was issued which allows for the capitalization for certain implementation costs incurred in a cloud computing arrangement that is considered a service contract. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019, and early adoption is permitted. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

NOTE 3 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 in 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.

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NEWMONT GOLDCORP CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Unless otherwise noted, the Company presents only the reportable segments of its 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, 2019						
Carlin	$ 279	$ 184	$ 55	$ 8	$ 28	$ 29
Phoenix:						
Gold	66	48	13			
Copper	21	13	4			
Total Phoenix	87	61	17	—	8	7
Twin Creeks	100	51	13	2	36	16
Long Canyon	66	20	20	5	21	5
CC&V	97	66	23	3	4	2
Other North America	—	—	—	5	(5)	1
North America	629	382	128	23	92	60
Yanacocha	180	93	25	4	43	45
Merian	191	71	23	1	94	11
Other South America	—	—	4	9	(16)	—
South America	371	164	52	14	121	56
Boddington:						
Gold	218	146	26			
Copper	43	30	6			
Total Boddington	261	176	32	—	48	14
Tanami	171	69	20	5	76	27
Kalgoorlie	71	50	6	1	13	7
Other Australia	—	—	2	2	(5)	1
Australia	503	295	60	8	132	49

Ahafo	177	86	34	5	47	48
Akyem	123	51	34	3	34	11
Other Africa	—	—	—	1	(3)	—
Africa	300	137	68	9	78	59
Corporate and Other	—	—	4	14	(148)	1
Consolidated	$ 1,803	$ 978	$ 312	$ 68	$ 275	$ 225

(1) Consolidated capital expenditures on a cash basis were $225.

NEWMONT GOLDCORP CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	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, 2018						
Carlin	$ 304	$ 199	$ 52	$ 7	$ 42	$ 30
Phoenix:						
Gold	100	62	15			
Copper	26	16	4			
Total Phoenix	126	78	19	1	26	7
Twin Creeks	110	64	15	2	31	18
Long Canyon	59	16	19	6	19	3
CC&V	83	39	15	2	26	9
Other North America	—	—	—	4	(6)	2
North America	682	396	120	22	138	69
Yanacocha	143	114	30	10	(28)	16
Merian	166	67	22	3	74	22
Other South America	—	—	3	7	(16)	—
South America	309	181	55	20	30	38
Boddington:						
Gold	210	128	23			
Copper	52	31	6			
Total Boddington	262	159	29	—	74	16
Tanami	167	76	19	6	67	21
Kalgoorlie	117	60	6	3	48	8
Other Australia	—	—	1	2	(2)	1
Australia	546	295	55			