Agenda

• Brief Bio
• Newmont Mining Overview
• CRIRSCO Terminology
• Exploration to Reserves (a High-Level example at Newmont)
• Modifying Factors (Mineral Reserves ↔ Mineral Resources)
Tom Brady

*Brief Bio*

- 1996 PhD in Mineral Economics from Colorado School of Mines
- JPM Commodity Research Desk
- **1996 – 1998: Mining**
  - Newmont Mining – Corporate Development analyst
- **1998 – 2007: Energy / Oil & Gas**
  - Risk Capital Advisors
  - Arthur Andersen
- **2007 – Present: Mining**
  - Newmont Mining –
    - Treasury: Financial Risk Management
    - Investor Relations
    - Strategic Planning
    - Chief Economist
Newmont Overview

- Founded in 1921
- Second largest gold mining company
- ~ 27,000 employees and contractors (was ~ 45,000)
- Only gold company included in the S&P 500 Index and Fortune 500
- Publically traded on the New York Stock Exchange since 1940 - NYSE: NEM
CRIRSCO Terminology:
Exploration to Reserves (High-Level Example)
CRIRSCO
Committee for Mineral Reserves International Reporting Standards

General Relationship Between Exploration, Mineral Resources and Reserves
Exploration: The search for an ore deposit

Aerial Geophysical Surveys

Geochemical Surveys
Initial Exploration Drilling

"…50 meters @ 2 grams/tonne Au…"
“…from Discovery to 1st production can take 10 to 15 years…”
Geologic Modeling & Resource Estimation
Open Pit Inventory definition

MINERAL RESOURCES
- Inferred
- Indicated
- Measured

MINERAL RESERVES
- Probable
- Proved

Exploration Results

Open Pit Inventory

Blue Sky

Underground Discovery

October 2015
Newmont Mining Corporation
Mine Planning

“Floating the Cone”

Schedule and sequence drive pit and value optimization
Resource classification is the process by which block model estimates are assigned as “Measured”, “Indicated” or “Inferred” by estimation confidence.

**Inferred Resource:** has a lower level of confidence. Continuity of mineralization cannot be assumed.

**Indicated Resource:** Quantity and grade are estimated with enough confidence to assume continuity of the mineralization.

- At Newmont: estimation error within +/- 15% at 90% confidence over an annual mining period.

**Measured Resource:** At Newmont, estimation error within +/- 15% at 90% confidence over a quarterly mining period.

More drilling and resource modeling = reducing uncertainty.
Indicated Mineral Resource

Underground Inferred Resource

Exploration Results

MINERAL RESOURCES

- Inferred
- Measured

MINERAL RESERVES

- Probable
- Proved

October 2015  Newmont Mining Corporation
Mineral Reserve Classification

2 categories

**Reserves:** Consider relevant “Modifying Factors” including mining, processing, metallurgical, economic, marketing, legal, environmental, socio-economic and government factors.

- Economic viability is demonstrated by Prefeasibility and Feasibility Studies
- Does not signify that extractive facilities are in place (and/or governmental approvals in place) but there is reasonable expectations these will be obtained

**Probable:** The economically minable part of an Indicated, and in cases, a Measured mineral resource.

**Proven:** The economically minable part of a Measured mineral resource.

- At Newmont, we typically do not declare Proven Reserves until a mine has been operating as designed for 12 months
Reserves
at various assumed gold prices
Short-term “Modifying Factors”
Modifying Factors: Gold Prices
1971 - Present

Nominal gold prices

Peak: Sept. 5 2011
- Comex: $1,901/oz.
- LME: $1,895/oz.

Current:
- ~ $1,130/oz.
Newmont Reserve Sensitivity

Gold Reserves

Gold reserve sensitivities (Moz.)

Gold Price (US$/oz.)

$1,100  $1,200  $1,300  $1,400  $1,500

~65   ~72   ~82   ~86   ~90

1 All reserves noted in the this presentation are as of December 31, 2014. See 2014 Reserve report at www.newmont.com.
Newmont Reserve Sensitivity

Copper Reserves

Copper reserve sensitivities (Blbs.)¹

<table>
<thead>
<tr>
<th>Copper Price (US$/lb.)</th>
<th>~5.5</th>
<th>~7.3</th>
<th>~7.9</th>
<th>~8.0</th>
<th>~8.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ All reserves noted in this presentation are as of December 31, 2014. See 2014 Reserve report at www.newmont.com.
Gold Supply Trends
2004 - Present

Global Gold mine & scrap supply (Moz.)

- Gold mine supply has continued to increase
  - 2008 – 2012: 5% annual growth rate
  - 2013 – 2014: growth rate slowed (2%) however still increasing
- Scrap supply down ~35% since 2012 (supply typically trends with prices)
Exploration budgets typically follow gold price trends

Global exploration spending down ~45% since 2011 (over 50% at Newmont)
Modifying Factors: Geopolitical Risk

**Mine supply**

Distribution of mine supply by region (start of decade)

- Mine supply concentration has undergone dramatic change
- Dominated by S. Africa (*1970s & 1980s*)
- Currently China is the largest source of mine supply, Australia (#2), U.S. (3rd)

Source: GFMS, Thomson Reuters, World Gold Council
Modifying Factors: Social Acceptance

Conga gold/copper project in northern Peru

- Social conflicts interrupted construction of Newmont’s Conga project in Peru in 2011
- Social issues centered on water
- Newmont built 4 reservoirs to address issues, however, social license to continue construction has yet to be received
- As of Dec. 31\textsuperscript{st}, 2014, proven and probable reserves included: 6.5Mozs. of gold and 1.7Blbs. of copper
Modifying Factors: Drilling & Geologic Model Uncertainty

- Drilling does not provide unequivocal results
- Interpolation is required
Open Pit Inventory definition: increasing confidence
Price trends are not an indication of depletion

Inflation adjusted WTI prices

Competition to dominate market pricing

- Oil markets have migrated between periods of competition and where OPEC flexed power:
  - **Competition**: prices heavily influenced by marginal costs within industry
  - **OPEC Monopolistic**: Saudi Arabia primarily restricting output
  - Prices to be heavily influenced by the marginal costs U.S. shale producers (or ~$50 - $70/barrel)

---

1Source: Gavekal, Macrobond, Forecast from EIA, April 2015
Gold Prices Influenced by Macroeconomic Factors

*Price Behavior & U.S. Dollar*

**Gold Price and U.S. Dollar**

- Typically, a strengthening U.S. dollar, generally puts downward pressure on gold prices
  - U.S. dollar is up ~15% since July 2014
- Negative correlation ("currency hedge")
- Gold does not provide any yield
Gold Prices Influenced by Macroeconomic Factors

*Price Behavior & Inflation*

- Gold is a hedge against inflation and inflationary concerns
- Safe haven investing
- Example: U.S. inflationary spike (late 1970s & early 1980s)

### Gold Price and Inflation (example)

<table>
<thead>
<tr>
<th>U.S. Inflation (CPI %)</th>
<th>Gold Price ($/oz.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-76</td>
<td>$0</td>
</tr>
<tr>
<td>Sep-76</td>
<td>$100</td>
</tr>
<tr>
<td>Mar-77</td>
<td>$200</td>
</tr>
<tr>
<td>Sep-77</td>
<td>$300</td>
</tr>
<tr>
<td>Mar-78</td>
<td>$400</td>
</tr>
<tr>
<td>Sep-78</td>
<td>$500</td>
</tr>
<tr>
<td>Mar-79</td>
<td>$600</td>
</tr>
<tr>
<td>Sep-79</td>
<td>$700</td>
</tr>
<tr>
<td>Mar-80</td>
<td>$0</td>
</tr>
<tr>
<td>Sep-80</td>
<td>$100</td>
</tr>
<tr>
<td>Mar-81</td>
<td>$200</td>
</tr>
<tr>
<td>Sep-81</td>
<td>$300</td>
</tr>
<tr>
<td>Mar-82</td>
<td>$400</td>
</tr>
<tr>
<td>Sep-82</td>
<td>$500</td>
</tr>
<tr>
<td>Mar-83</td>
<td>$600</td>
</tr>
<tr>
<td>Sep-83</td>
<td>$700</td>
</tr>
<tr>
<td>Mar-84</td>
<td>$0</td>
</tr>
</tbody>
</table>

- U.S. CPI (%)
- Gold Price ($/oz.)
Gold Prices Influenced by Macroeconomic Factors

Price Behavior & Geo-political Tensions

Gold price and 2013/2014 “crises”

August 2013
Gold up ~11% during Syria chemical attack crisis…but drops back over 6% in following 2 weeks

October 2013
Gold up ~5% during U.S. budget negotiations and shutdown…prices decrease ~12% to a low of $1,195/oz. in December

Feb & Mar 2014
Ukraine/Russia crisis gold up ~ 5%

July 2014
Israel – Gaza conflict escalates

Geopolitical & Financial Crisis (last 12 Months)

- Gold price “bumps” are only temporary
- Prices have decreased as news is subsequently digested by market
Gold Mining Company – “All-In Costs”

“All-In Costs” =

Production costs + Exploration + Corporate overhead + Taxes + Royalties + Interest on debt + Sustaining Capital + Development Capital + Dividends

= very thin margins

Source: Scotia, Gold Quarterly Review, July 2015
Mining 101 – Exploration

Drilling in Nevada

Sept-24-2009