News Details

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Newmont to Build First Phase of New Long Canyon Mine, Opening Prospective New Gold District in Nevada

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Higher grade, oxide ore project optimized to maximize profitability

DENVER--(BUSINESS WIRE)-- Newmont Mining Corporation (NYSE: NEM) ("Newmont" or "the Company") announced that it will build the first phase of Long Canyon, an oxide mine with significant upside potential in an emerging gold district located less than 100 miles from its existing Nevada operations.

The first phase of development consists of an open pit mine and heap leach operation with expected gold production of between 100,000 and 150,000 ounces per year over an eight year mine life at an estimated all-in sustaining cost[i] of between $500 and $600 per ounce. At current gold prices, the project is expected to generate around $100 million in EBITDA[ii] annually, beginning in 2017.

"Taking a phased approach to developing Long Canyon gave us the means to lower development capital to between $250 million and $300 million; generate an internal rate of return of about 17 percent at current gold prices; and reduce the payback period to just over four years after first commercial production, which we expect to reach in the first half of 2017. I'm confident that we have the engineering, ore body knowledge and community agreements in place to deliver this project safely, on time and on budget," said Gary Goldberg, President and Chief Executive Officer.

The project will be funded through free cash flow and available cash balances, and leverage Newmont's existing equipment, infrastructure and personnel. Capital expenditures will be allocated roughly equally in 2015 and 2016, with minimal spending in 2017. Project highlights include:

- High grade oxide ore processed by heap leaching
- Gold reserves of 1.2 million ounces at an average grade of 2.29 grams per tonne[iii] and highly prospective mineralization over a three mile strike length
- Estimated annual gold production of between 100,000 and 150,000 ounces over an eight year mine life for the first phase of operation
- Estimated average costs applicable to sales of between $400 and $500 per ounce and all-in sustaining costs of between $500 and $600 over the life of the mine; in the lowest cost quartile for gold production
- Leveraging 50 years' experience operating in Nevada by relying on existing equipment, infrastructure and personnel

Federal and state permits necessary to proceed with development of the project have been secured following a 36-month study and public comment period. Once in operation, Long Canyon Phase 1 is expected to directly employ about 260 people. Newmont will continue to engage and partner with local and regional stakeholders throughout construction, operations and closure.

Newmont strengthened its underlying business in 2014, lowering consolidated gold all-in sustaining costs by approximately 10 percent or $100 per ounce and ending the year with nearly $6 billion in liquidity. The Company also generated $1.4 billion in the sale of non-core assets over the last two years. Continued strong performance is expected to generate positive free cash flow over the next three years, and provide the means to invest in profitable growth, pay down debt and return cash to shareholders.

About Newmont

Newmont is a leading gold and copper producer. The Company employs approximately 28,000 employees and contractors, with the majority working at managed operations in the United States, Australia, New Zealand, Ghana, Peru, Suriname and Indonesia. Newmont is the only gold

Cautionary Statement Regarding Forward-Looking Statements:

This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbor created by such sections and other applicable laws. Such forward-looking statements may include, without limitation: (i) estimates of future production and EBITDA; (ii) estimates of future costs applicable to sales and all-in sustaining costs; (iii) estimates of future capital expenditures; (iv) expectations to reduce costs; (v) expectations regarding the mineralization potential and exploration upside of the project; (vi) estimates of future development capital, internal rate of return, free cash flow and available cash balances; and (vii) expectations regarding the timing of development of the project, including, without limitation, first commercial production and life of mine. Estimates or expectations of future events or results are based upon certain assumptions, which may prove to be incorrect. Such assumptions, include, but are not limited to: (i) there being no significant change to current geotechnical, metallurgical, hydrological and other physical conditions; (ii) development, construction and operation being consistent with current expectations and mine plans; (iii) there being no significant changes to current permitting or approval requirements, and that permits or approvals received to date, including the Record of Decision, remain valid and in effect; (iv) political and community developments being consistent with its current expectations; (v) certain price assumptions for gold, copper, oil and key supplies being approximately consistent with assumed levels; and (vi) the accuracy of our current mineral reserve and mineral resource estimates. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, such statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by the “forward-looking statements”. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, political and operational risks, community relations, appeals or contests to permits and approvals, changes in governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company’s 2014 Annual Report on Form 10-K, filed on February 20, 2015, with the Securities and Exchange Commission (“SEC”), as well as the Company’s other SEC filings. The Company does not undertake any obligation to release publicly revisions to any “forward-looking statement,” including, without limitation, outlook, to reflect events or circumstances after the date of this news release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued “forward-looking statement” constitutes a reaffirmation of that statement. Continued reliance on “forward-looking statements” is at investors' own risk.

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[i] All-in sustaining costs is a non-GAAP metric and is estimated for purposes of this forward-looking statement as the sum of expected cost applicable to sales (including all direct and indirect costs related to gold production incurred to execute on the current mine plan), remediation costs (including operating accretion and amortization of asset retirement costs), G&A, exploration expense, advanced projects and R&D, treatment and refining costs, other expense, net of one-time adjustments and sustaining capital.

[ii] EBITDA is a non-GAAP metric and is estimated for purposes of this forward-looking statement as earnings before interest, taxes, depreciation, and amortization.

[iii] Reserves are presented as of December 31, 2014. See http://www.newmont.com/investor-relations/reserves-and-resources/ for the Company’s 2014 Reserves and Resources and additional information.

Source: Newmont Mining Corporation

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