NEWMONT USA LTD
Form 424B5
March 06, 2012
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-161915

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
3.500% Senior Notes due 2022	$ 1,500,000,000	99.239%	$ 1,488,585,000	$ 170,591.84
4.875% Senior Notes due 2042	1,000,000,000	99.142%	991,420,000	113,616.73
Guarantees of Senior Notes				(2)
Total			$ 2,480,005,000	$ 284,208.57

(1) Equals the aggregate principal amount of notes being registered. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Pursuant to Rule 457(n), no registration fee is required with respect to the guarantees.

Table of Contents

Prospectus Supplement

March 5, 2012

(To Prospectus Dated September 15, 2009)

$2,500,000,000

NEWMONT MINING CORPORATION

$1,500,000,000 3.500% Senior Notes due 2022

$1,000,000,000 4.875% Senior Notes due 2042

We are offering $1,500,000,000 aggregate principal amount of our 3.500% Senior Notes due 2022 (the 2022 notes) and $1,000,000,000 aggregate principal amount of our 4.875% Senior Notes due 2042 (the 2042 notes and, together with the 2022 notes, the notes). The 2022 notes will bear interest at a rate of 3.500% per year and the 2042 notes will bear interest at a rate of 4.875% per year, in each case payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2012. The 2022 notes will mature on March 15, 2022 and the 2042 notes will mature on March 15, 2042, in each case unless earlier redeemed.

We may redeem some or all of the notes at any time or from time to time. The redemption prices are discussed under Description of Notes Optional Redemption. In addition, upon the occurrence of both (i) a change of control of Newmont and (ii) a downgrade within a specified period of the notes from an investment grade rating to below an investment grade rating by each of Moody s Investors Service, Inc. and Standard & Poor s Ratings Services, unless we have exercised our right to redeem all the notes, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

The notes will rank equally with all our existing and future unsecured senior debt and senior to all our future subordinated debt. The notes will be guaranteed on a senior unsecured basis by our subsidiary Newmont USA Limited. This guarantee will be the unsecured senior obligation of Newmont USA Limited. The guarantee will be released if Newmont USA Limited ceases to guarantee more than $75 million of other debt of Newmont.

The notes are new securities, and currently there is no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. We do not intend to apply for a listing of the notes on any securities exchange.

Investing in the notes involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per 2022 Note	Total(1)	Per 2042 Note	Total(1)
Public offering price	99.239%	$ 1,488,585,000	99.142%	$ 991,420,000
Underwriting discount	0.650%	$ 9,750,000	0.875%	$ 8,750,000
Proceeds to us (before expenses)	98.589%	$ 1,478,835,000	98.267%	$ 982,670,000

(1) Plus accrued interest, if any, from March 8, 2012.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company and its direct participants, including Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme (Clearstream), on or about March 8, 2012.

Joint Book-Running Managers

Citigroup J.P. Morgan

Deutsche Bank Securities HSBC RBS

Senior Co-Managers

BMO Capital Markets BNP PARIBAS Scotiabank SMBC Nikko UBS Investment Bank

Co-Managers

ANZ Securities CIBC Credit Suisse

BofA Merrill Lynch Mitsubishi UFJ Securities Mizuho Securities

RBC Capital Markets SOCIETE GENERALE US Bancorp

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, these notes only in jurisdictions where such offers and sales are permitted. You should not assume that the information provided by this prospectus supplement and the accompanying prospectus or the documents incorporated by reference in this document is accurate as of any date other than their respective dates. Our business, financial condition, results of operations or prospects may have changed since those dates.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes certain matters relating to us and this offering. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to the notes offered by this prospectus supplement and accompanying prospectus. For information about the notes, see Description of Notes in this prospectus supplement. When we refer to this document, we mean this prospectus supplement and the accompanying prospectus, unless the context otherwise requires.

Before you invest in the notes, you should read the registration statement of which this document forms a part and this document, including the documents incorporated by reference herein that are described under the heading Where You Can Find More Information.

If the information set forth in this prospectus supplement varies in any way from the information set forth in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. If the information set forth in this prospectus supplement varies in any way from the information set forth in a document we have incorporated by reference, you should rely on the information in the more recent document.

Unless we have indicated otherwise, or the context otherwise requires, references in this document to Newmont, the Company, we, us, our Company or our refer to Newmont Mining Corporation and its consolidated subsidiaries, except where it is clear that such terms refer to Newmont Mining Corporation only.

References in this document to ounces attributable to Newmont or pounds attributable to Newmont mean that portion of gold or copper produced, sold or included in proven and probable reserves that is attributable to our ownership or economic interest.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement to $ or dollar are to the lawful currency of the United States.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement (including information incorporated by reference herein) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and are intended to be covered by the safe harbor provided for under these sections. Words such as expect(s) , feel(s) , believe(s) , will , may , anticipate(s) , estimate(s) , should , intend(s) and similar expressions are in identify forward-looking statements. Our forward-looking statements may include, without limitation:

- estimates regarding future earnings and the sensitivity of earnings to gold and other metal prices;
- estimates of future mineral production and sales;
- estimates of future production costs, other expenses and taxes for specific operations and on a consolidated basis;
- estimates of future cash flows and the sensitivity of cash flows to gold and other metal prices;
- estimates of future capital expenditures, construction, production or closure activities and other cash needs, for specific operations and on a consolidated basis, and expectations as to the funding or timing thereof;
- estimates as to the projected development of certain ore deposits, including the timing of such development, the costs of such development and other capital costs, financing plans for these deposits and expected production commencement dates;

estimates of reserves and statements regarding future exploration results and reserve replacement and the sensitivity of reserves to metal price changes;

Table of Contents

- statements regarding the availability of, and, terms and costs related to, future borrowing, debt repayment and financing;
- estimates regarding future exploration expenditures, results and reserves;
- statements regarding fluctuations in financial and currency markets;
- estimates regarding potential cost savings, productivity, operating performance, and ownership and cost structures;
- expectations regarding the completion and timing of acquisitions or divestitures and projected synergies and costs associated with acquisitions and related matters;
- expectations regarding the start-up time, design, mine life, production and costs applicable to sales and exploration potential of our projects;
- statements regarding modifications to hedge and derivative positions;
- statements regarding political, economic or governmental conditions and environments;
- statements regarding future transactions;
- statements regarding the impacts of changes in the legal and regulatory environment in which we operate;
- estimates of future costs and other liabilities for certain environmental matters;
- estimates of income taxes; and
- estimates of pension and other post-retirement costs.

Where we express 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, our forward-looking 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 those forward-looking statements. Such risks include, but are not limited to:

- the price of gold, copper and other commodities;
- the cost of operations;

currency fluctuations;

geological and metallurgical assumptions;

operating performance of equipment, processes and facilities;

labor relations;

timing of receipt of necessary governmental permits or approvals;

domestic and foreign laws or regulations, particularly relating to the environment and mining;

changes in tax laws;

domestic and international economic and political conditions;

Table of Contents

- our ability to obtain or maintain necessary financing; and

- other risks and hazards associated with mining operations.

More detailed information regarding these factors is included in the sections titled Business, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in our reports and other documents on file with the SEC. Many of these factors are beyond our ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

All subsequent written and oral forward-looking statements attributable to Newmont or to persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. We disclaim any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Table of Contents

SUMMARY

This summary contains basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing in the notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled Risk Factors, our financial statements and the notes thereto incorporated by reference into this prospectus supplement, and other documents incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision.

Our Company

Newmont Mining Corporation is primarily a gold producer with significant operations and/or assets in the United States, Australia, Peru, Indonesia, Ghana, New Zealand and Mexico. At December 31, 2011, we had proven and probable gold reserves attributable to Newmont of 98.8 million ounces and an aggregate land position of approximately 31,500 square miles (81,500 square kilometers). We are also engaged in the production of copper, principally through our Batu Hijau operation in Indonesia and Boddington operation in Australia.

Products

Gold

We had consolidated production of 5.9 million ounces of gold (5.2 million ounces attributable to Newmont) in 2011, 6.5 million ounces (5.4 million ounces) in 2010 and 6.5 million ounces (5.2 million ounces) in 2009. For 2011, 2010 and 2009, 88%, 81% and 83%, respectively, of our net revenues were attributable to consolidated gold sales. Of our 2011 consolidated gold production, approximately 33% came from North America, 22% from South America, 35% from Asia Pacific and 10% from Africa.

Copper

We had consolidated production of 352 million pounds of copper (206 million pounds attributable to Newmont) in 2011, 600 million pounds (327 million pounds) in 2010 and 504 million pounds (227 million pounds) in 2009. For 2011, 2010 and 2009, 12%, 19% and 17%, respectively, of our net revenues were attributable to consolidated copper sales.

Additional Information

Our principal executive offices are located at 6363 South Fiddlers Green Circle, Greenwood Village, Colorado 80111. Our telephone number is (303) 863-7414. We maintain a website at http://www.newmont.com. Information presented on or accessed through our website is not incorporated into, or made part of, this prospectus supplement or the accompanying prospectus.

Table of Contents

The Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of the notes, you should read the section of this prospectus supplement entitled Description of Notes. For purposes of this summary and the Description of Notes section, references to the Company, Newmont, issuer, we, our and us refer only to Newmont Mining Corporation and not to its subsidiaries.

Issuer	Newmont Mining Corporation, a Delaware corporation.
Notes	$1,500,000,000 principal amount of 3.500% Senior Notes due 2022.
	$1,000,000,000 principal amount of 4.875% Senior Notes due 2042.
Maturity	March 15, 2022, in the case of the 2022 notes, and March 15, 2042, in the case of the 2042 notes, in each case unless earlier redeemed.
Interest	3.500% per year, with respect to the 2022 notes, and 4.875% per year, with respect to the 2042 notes. Interest will accrue from March 8, 2012, and will be payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2012.
Optional Redemption	We may redeem some or all of the notes at any time or from time to time. The redemption prices are discussed under Description of Notes Optional Redemption.
Change of Control Repurchase Event	Upon the occurrence of both (i) a change of control of Newmont and (ii) a downgrade within a specified period of the notes from an investment grade rating to below an investment grade rating by both Moody s Investors Service, Inc. and Standard & Poor s Ratings Services, unless we have exercised our right to redeem all the notes, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.
Covenants	Under the indenture for the notes, we are subject to covenants limiting our ability to issue debt secured by mortgages on our or our restricted subsidiaries principal properties or the stock or debt of our restricted subsidiaries without equally and ratably securing the notes. In addition, under the indenture for the notes, our ability to engage in sale-leaseback transactions on our principal properties is also limited. See Description of Debt Securities Restrictive Covenants Required by the Indenture in the accompanying prospectus. Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture governing the notes. In addition, neither we nor any of our subsidiaries are restricted under the indenture from incurring unsecured debt, paying dividends or issuing or repurchasing our securities.
Events of Default	If there is an event of default under the notes, the principal amount of the notes, plus accrued and unpaid interest, may be declared immediately due and payable. These

amounts automatically become due and payable if an event of default relating to certain events of bankruptcy, insolvency or reorganization occurs.

Ranking

The notes will be our general unsecured obligations that will rank senior in right of payment to any of our future indebtedness that is expressly

Table of Contents

subordinated in right of payment to the notes and equally in right of payment with all of our existing and future unsecured indebtedness and liabilities that are not so subordinated. The notes will effectively rank junior to any secured indebtedness of Newmont to the extent of the value of the assets securing such indebtedness, and will be effectively subordinated to all debt and other liabilities of our non-guarantor subsidiaries.

At December 31, 2011, our total consolidated indebtedness was approximately $4.3 billion. After giving pro forma effect to the sale of the notes and the use of proceeds therefrom, our as adjusted total consolidated indebtedness would have been approximately $6.1 billion. Approximately $55 million of that amount was indebtedness to third parties of our non-guarantor subsidiaries, which is structurally senior to the notes because it consists of obligations at the subsidiary level.

Subsidiary Guarantee

The notes will initially be guaranteed on a senior unsecured basis by our subsidiary Newmont USA Limited. The guarantee will be released if Newmont USA Limited ceases to guarantee more than $75 million of other debt of Newmont. As of December 31, 2011, Newmont USA Limited guaranteed $600 million of other debt of Newmont that did not contain a similar fall-away provision. See Description of Debt Securities Subsidiary Guarantees of Newmont USA Limited in the accompanying prospectus.

The guarantee will be a general unsecured senior obligation of Newmont USA Limited and will rank equal in right of payment to all of Newmont USA Limited s existing and future senior unsecured indebtedness and senior in right of payment to all of Newmont USA Limited s future subordinated indebtedness. The guarantee will effectively rank junior to any secured indebtedness of Newmont USA Limited to the extent of the value of the assets securing such indebtedness.

At December 31, 2011, Newmont USA Limited had approximately $4.3 billion of consolidated indebtedness (including guaranteed debt), which consisted of approximately $4.1 billion of guarantees of indebtedness of Newmont, and approximately $166 million of its own debt, which is secured. Financial information for Newmont USA Limited can be found in the Newmont SEC filings (File No. 001-31240) as listed under Where You Can Find More Information.

Use of Proceeds

We estimate that the net proceeds we will receive from this offering will be approximately $2,460 million, after deducting the underwriting discount and estimated expenses of this offering payable by us. We intend to use the net proceeds of this offering for (i) repayment of the outstanding balance under our senior revolving credit facility (which was drawn upon in January and February 2012 principally to repay our 2012 convertible senior notes and to pay a portion of the payments in connection with the exercise of the early purchase option under the sale-leaseback for our refractory ore treatment plant in Nevada), (ii) settlement of certain forward starting swaps contracts, (iii) remaining payments to be made during 2012 in connection with the exercise of the early purchase option under the sale-leaseback agreement relating to our refractory ore treatment plant in Nevada, and (iv) general corporate purposes (which may include funding associated with exploration,

Table of Contents

	the development of our project pipeline or dividends or other forms of capital return to our shareholders). We intend to place the remaining proceeds in short-term liquid investments. See Use of Proceeds.
Further Issues	Newmont may, without the consent of the then existing holders of the notes of a series, re-open the series and issue additional notes, which additional notes will have the same terms as the notes of the same series offered hereby except for the issue price, issue date and under some circumstances, the first interest payment date. Newmont will not issue any additional notes of a series unless the additional notes will be fungible with the notes of the same series offered hereby for U.S. federal income tax purposes.
Book-Entry Form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC and its participants, including Euroclear and Clearstream, and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a Public Market for the Notes	The notes are new securities, and currently there is no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice.
	We do not intend to apply for a listing of the notes on any securities exchange.
Certain United States Federal Income Tax Considerations	For certain United States federal income tax considerations associated with acquiring, holding and disposing of the notes, see Certain United States Federal Income Tax Considerations.
Trustee and Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Risk Factors	Investing in the notes involves risks. You should carefully consider the information under the section titled Risk Factors in this document and in Newmont s Annual Report on Form 10-K for the year ended December 31, 2011, and all other information included in this document and the documents incorporated by reference before investing in the notes.

Table of Contents

RISK FACTORS

Our business activities are subject to significant risks, including those described below. You should carefully consider the risks described in our Annual Report on Form 10-K for the year ended December 31, 2011, as updated and supplemented by the discussion below, before making an investment decision. If any of the described risks actually occurs, our business, financial position and results of operations could be materially adversely affected. Such risks are not the only ones we face and additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below and elsewhere in this prospectus supplement. See Forward-Looking Statements.

Risks Related to Our Business

A substantial or extended decline in gold or copper prices would have a material adverse effect on Newmont.

Our business is dependent on the prices of gold and copper, which fluctuate on a daily basis and are affected by numerous factors beyond our control. Factors tending to influence prices include:

- gold sales or leasing by governments and central banks or changes in their monetary policy, including gold inventory management and reallocation of reserves;
- speculative short positions taken by significant investors or traders in gold or copper;
- the relative strength of the U.S. dollar;
- expectations of the future rate of inflation;
- interest rates;
- recession or reduced economic activity in the United States, China, India and other industrialized or developing countries;
- decreased industrial, jewelry or investment demand;
- increased supply from production, disinvestment and scrap;
- forward sales by producers in hedging or similar transactions; and
- availability of cheaper substitute materials.

Any decline in our realized gold or copper price adversely impacts our revenues, net income and operating cash flows, particularly in light of our strategy of not engaging in hedging transactions with respect to gold or copper. We have recorded asset write-downs in the past and may experience additional write-downs as a result of lower gold or copper prices in the future.

In addition, sustained lower gold or copper prices can:

- reduce revenues further through production declines due to cessation of the mining of deposits, or portions of deposits, that have become uneconomic at prevailing gold or copper prices;

- reduce or eliminate the profit that we currently expect from ore stockpiles and ore on leach pads;

Table of Contents

- halt or delay the development of new projects;
- reduce funds available for exploration with the result that depleted reserves may not be replaced; and
- reduce existing reserves by removing ores from reserves that can no longer be economically processed at prevailing prices.

Also see the discussion in Item 1, Business, Gold or Copper Price, in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated in this prospectus supplement by reference.

We may be unable to replace gold and copper reserves as they become depleted.

Gold and copper producers must continually replace reserves depleted by production to maintain production levels over the long term and provide a return on invested capital. Depleted reserves can be replaced in several ways, including by expanding known ore bodies, by locating new deposits, or by acquiring interests in reserves from third parties. Exploration is highly speculative in nature, involves many risks and frequently is unproductive. Our current or future exploration programs may not result in new mineral producing operations. Even if significant mineralization is discovered, it will likely take many years from the initial phases of exploration until commencement of production, during which time the economic feasibility of production may change.

We may consider, from time to time, the acquisition of ore reserves related to development properties and operating mines. Such acquisitions are typically based on an analysis of a variety of factors including historical operating results, estimates of and assumptions regarding the extent of ore reserves, the timing of production from such reserves and cash and other operating costs. Other factors that affect our decision to make any such acquisitions may also include our assumptions for future gold or copper prices or other mineral prices and the projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations and projections of how these may change in the future. In addition, in connection with future acquisitions we may rely on data and reports prepared by third parties and which may contain information or data that we are unable to independently verify or confirm. Other than historical operating results, all of these factors are uncertain and may have an impact on our revenue, our cash and other operating issues, as well as contributing to the uncertainties related to the process used to estimate ore reserves. In addition, there may be intense competition for the acquisition of attractive mining properties.

As a result of these uncertainties, our exploration programs and any acquisitions which we may pursue may not result in the expansion or replacement of our current production with new ore reserves or operations, which could have a material adverse effect on our business, prospects, results of operations and financial position.

Estimates of proven and probable reserves and non reserve mineralization are uncertain and the volume and grade of ore actually recovered may vary from our estimates.

The reserves stated in the Annual Report on Form 10-K for the year ended December 31, 2011 represent the amount of gold and copper that we estimated, at December 31, 2011, could be economically and legally extracted or produced at the time of the reserve determination. Estimates of proven and probable reserves are subject to considerable uncertainty. Such estimates are, to a large extent, based on the prices of gold and copper and interpretations of geologic data obtained from drill holes and other exploration techniques. Producers use feasibility studies to derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore body, expected recovery rates of metals from the ore, the costs of comparable facilities, the costs of operating and processing equipment and other factors. Actual operating costs and economic returns on projects may differ significantly from original estimates. Further, it may take many years from the initial phases of exploration until commencement of production, during which time, the economic feasibility of production may change.

In addition, if the price of gold or copper declines from recent levels, if production costs increase or recovery rates decrease, or if applicable laws and regulations are adversely changed, we can offer no assurance that the indicated level of recovery will be realized or that mineral reserves as currently reported can be mined or processed profitably. If we determine that certain of our ore reserves have become uneconomic, this may ultimately lead to a reduction in our aggregate reported reserves. Consequently, if our actual mineral reserves and resources are less than current estimates, our business, prospects, results of operations and financial position may be materially impaired.

Table of Contents

Increased operating costs could affect our profitability.

Costs at any particular mining location are subject to variation due to a number of factors, such as changing ore grade, changing metallurgy and revisions to mine plans in response to the physical shape and location of the ore body. In addition, costs are affected by the price of input commodities, such as fuel, electricity, labor, chemical reagents, explosives, steel and concrete. Commodity costs are, at times, subject to volatile price movements, including increases that could make production at certain operations less profitable. Further, changes in laws and regulations can affect commodity prices, uses and transport. Reported costs may also be affected by changes in accounting standards. A material increase in costs at any significant location could have a significant effect on our profitability and operating cash flow.

We could have significant increases in capital and operating costs over the next several years in connection with the development of new projects in challenging jurisdictions and in sustaining existing operations. Costs associated with capital expenditures have escalated on an industry-wide basis over the last several years, as a result of factors beyond our control, including the prices of oil, steel and other commodities and labor. Increased costs for capital expenditures may have an adverse effect on the profitability of existing operations and economic returns anticipated from new projects.

Estimates relating to new development projects are uncertain and we may incur higher costs and lower economic returns than estimated.

Mine development projects typically require a number of years and significant expenditures during the development phase before production is possible. Such projects could experience unexpected problems and delays during development, construction and mine start-up.

Our decision to develop a project is typically based on the results of feasibility studies, which estimate the anticipated economic returns of a project. The actual project profitability or economic feasibility may differ from such estimates as a result of any of the following factors, among others:

- changes in tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- higher input commodity and labor costs;
- the quality of the data on which engineering assumptions were made;
- adverse geotechnical conditions;
- availability of adequate and skilled labor force and supply and cost of water and power;
- fluctuations in inflation and currency exchange rates;
- availability and terms of financing;
- delays in obtaining environmental or other government permits or approvals or changes in the laws and regulations related to our operations or project development;
- changes in tax laws;

- weather or severe climate impacts; and

- potential delays relating to social and community issues, including, without limitation, issues resulting in protests, road blockages or work stoppages.

Our future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all, any of which could have a material adverse effect on our results of operations and financial position.

Table of Contents

We may experience increased costs or losses resulting from the hazards and uncertainties associated with mining.

The exploration for natural resources and the development and production of mining operations are activities that involve a high level of uncertainty. These can be difficult to predict and are often affected by risks and hazards outside of our control. These factors include, but are not limited to:

- environmental hazards, including discharge of metals, pollutants or hazardous chemicals;
- industrial accidents, including in connection with the operation of mining transportation equipment and accidents associated with the preparation and ignition of large-scale blasting operations, milling equipment and conveyor systems;
- underground fires or floods;
- unexpected geological formations or conditions (whether in mineral or gaseous form);
- ground and water conditions;