Market update and impacts of shipping to miners

NOVEMBER 2024

Agenda

- Introduction to Newmont
- Sales distribution
- Copper and Zinc market outlook
- Shipping Challenges

Newmont™

Intro to Newmont

Newmont is the leading gold producer, an important zinc, lead and silver producer and an emerging player in copper

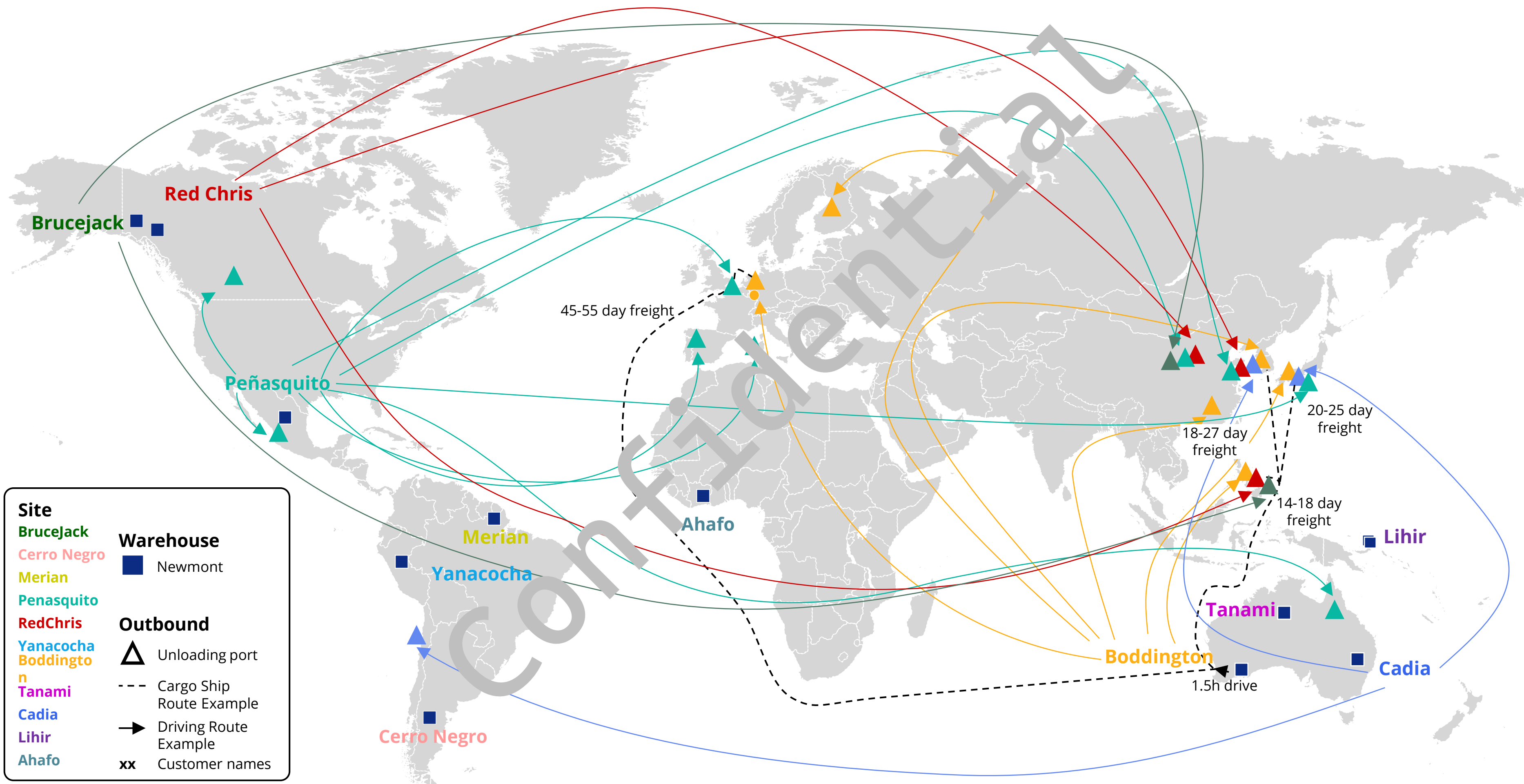
Doré / Concentrate | Concentrate only

	#1 Gold Producer	#37 Copper Producer	#3 Zinc Producer	#5 Lead Producer	#3 Silver Producer
Amounts produced (2024)[1]	**~6.7M oz** (~80% doré, ~20% con.)	**~342M lbs** (100% concentrate)	**~571M lbs** (100% concentrate)	**~208M lbs** (100% concentrate)	**~35M oz**
Share of revenue (2024F)[2]	**~83%**	**~8%**	**~4%**	**~1%**	**~5%**
Example direct customers	**Financial institutions** (store of value)	**Smelters** (industrial facility where metals are extracted from their ores by heating and melting)			
Example end-users and key end markets	**Industrial manufacturers** (electronics, aerospace and medical devices) **Central banks** (hold gold as a reserve asset)	**Electrical manufacturers** (electrical wiring, motors) **Auto manufacturers** (EVs, brake lines) **Construction companies** (plumbing pipes, roofing materials)	**Galvanizing companies** (protective coating to iron or steel) **Chemical companies** (pharmaceuticals, fertilizers, rubber)	**Battery manufacturers** (cars, trucks, other vehicles) **Radiation shielding** (medical and industrial)	**Industrial manufacturers** (electronics, solar panels and medical devices) **Jewelry manufacturers** (silver jewelry, decorative items)

Copper, lead and zinc provide significant value to growing end markets, demonstrating the increasing importance of our concentrate business

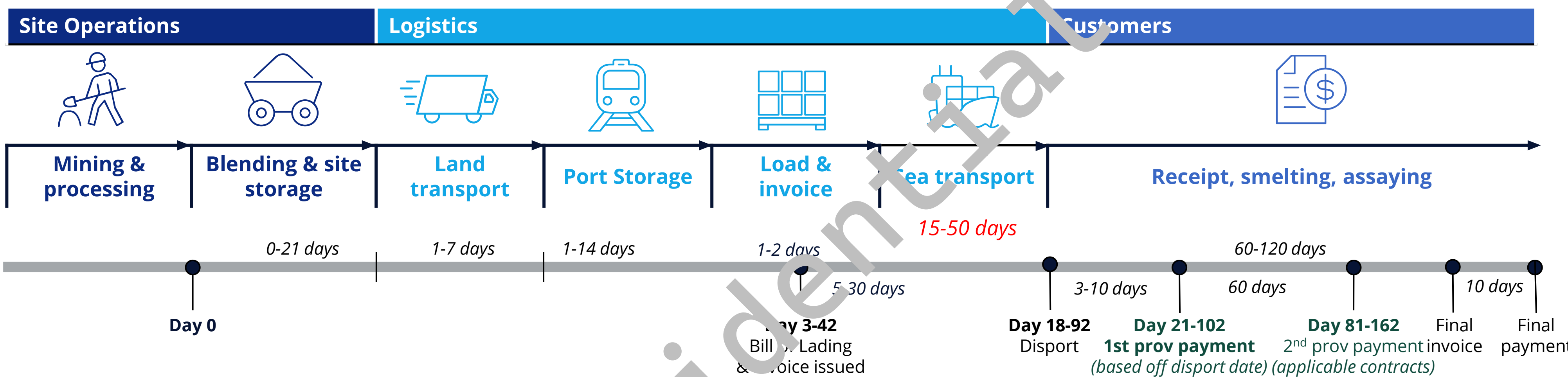
Newmont's customers are worldwide, requiring optimized shipment schedules between our sites and customer destinations

- *Illustrative outbound network flows*



1. Outbound flows mapped for concentrate-producing sites. Excludes dore sites (Yanacocha, Merian, Cerro Negro, Tanami, Lihir, Ahafo) due to relatively small spend on outbound air freight.

Our concentrate's commercial process varies significantly by site – creating further complexity to manage

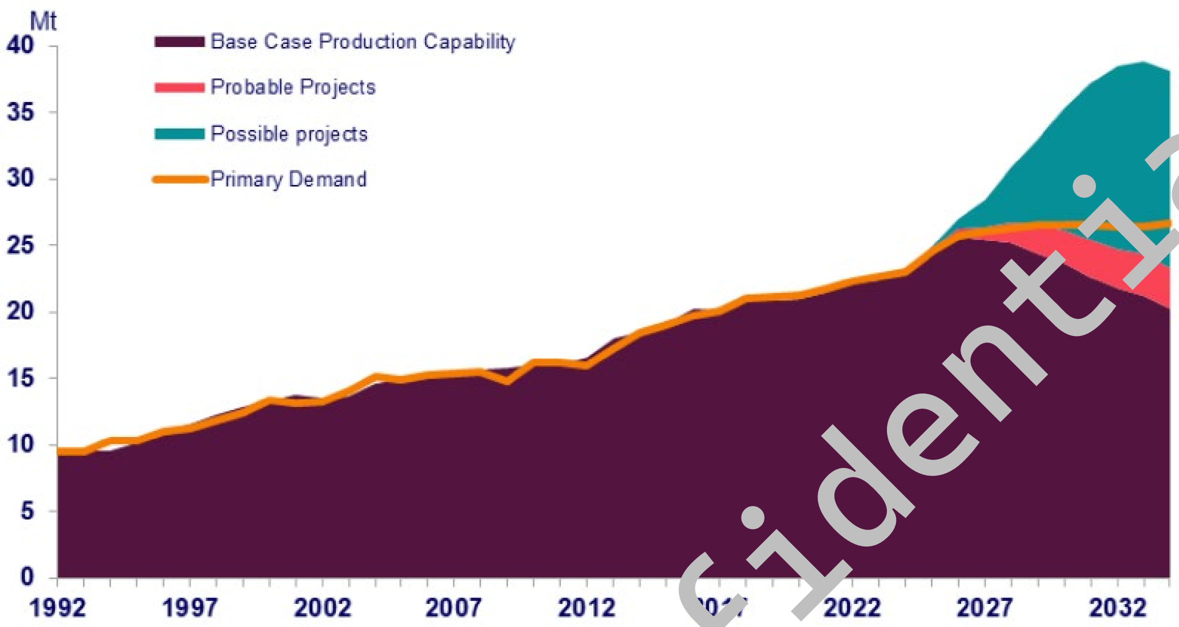


- Approx. 50% of our logistics costs are ocean freight
- Ocean transport represents the majority of the delay in monetization of concentrate sales
- Majority of payments are based on arrival at the discharge port
- With the deviation of vessels: Panama vs. Magellan or Suez vs Cape of Good Hope, not only does this bring additional costs from a shipping POV but also further delays payments

Copper & Zinc Markets

Copper Market

Global copper production and primary demand



Absent new mines coming online in the near term, the market will enter into a structural deficit for the foreseeable future

Factors that can help or hinder copper production and demand:

- Prices
- Policy
- Geopolitical influences
- Inflation
- Recessions
- Debts

Copper smelting capacity projected to increase

Copper smelter production capability (kt Cu)

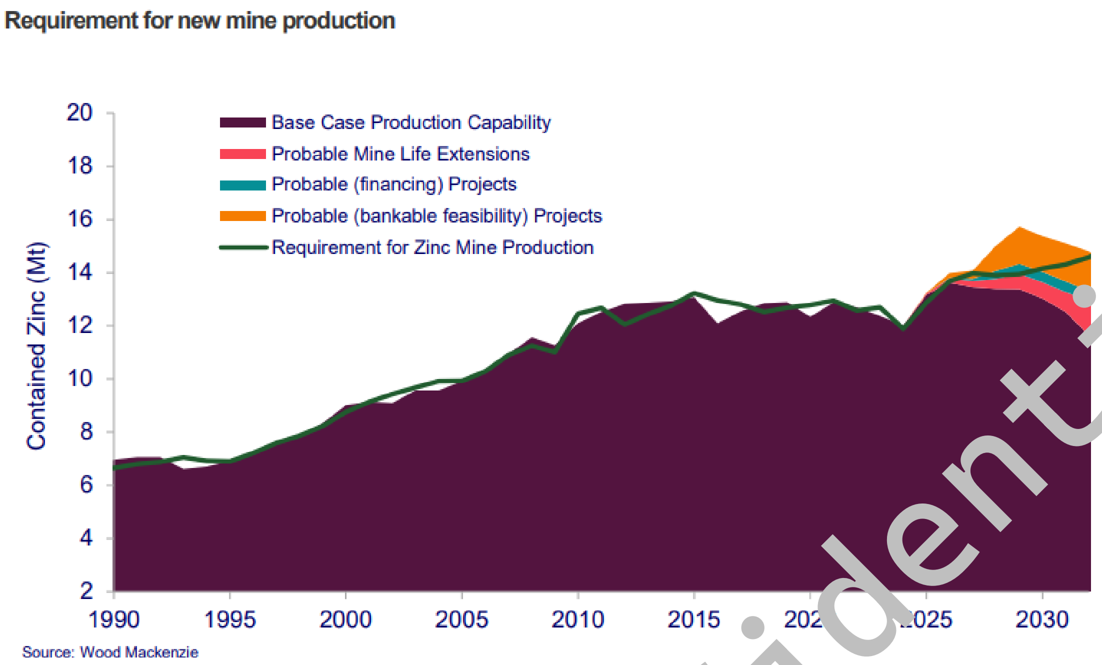
	2024	2025	2026	2027	2028	2029	2030	2034	CAGR 2023 to 2034	Change 2023 to 2034 kt
Africa	1927	2607	3046	3044	3055	3029	3053	2939	5.1%	1247
Asia (excl. China)	3210	4284	4369	4344	4369	4344	4369	4369	3.6%	[illegible]
China	10725	12261	13798	14058	14108	14158	14158	14158	[illegible]	[illegible]
Europe	2661	2902	2912	2952	2943	2949	2949	2949	[illegible]	477
Latin America and the Caribbean	1335	1604	1710	1810	1827	1827	1827	1827	2.6%	445
Middle East	347	378	390	390	390	390	390	390	3.1%	112
North America	870	945	1011	1029	1029	1029	1029	[illegible]	2.1%	210
Oceania	423	425	220	220	220	220	220	[illegible]	-5.5%	-188
Russia and the Caspian	1519	1600	1817	1806	1802	1802	[illegible]	[illegible]	2.1%	362
Global Total	**23017**	**27006**	**29272**	**29652**	**29743**	**29747**	[illegible]	[illegible]	**2.8%**	**7748**
change y-o-y	4.9%	17.3%	8.4%	1.3%	0.3%	0.0%	[illegible]	-0.3%		

Source: Wood Mackenzie 2024

Indonesia, India and China are all bringing new or expanding smelter capacity, absent copper supply to support these operations.

- Competitive landscape for miners – record low treatment and refining charges
- Absent new mines coming online, the copper market is expected to enter into a period of structural deficit.
- Some smelters will be forced to decrease output/ not be able secure supply/ involuntarily shut down is unknown
- Miners need to remain vigilant on counterparties and ensure long-term outlets remain reliable.

Zinc Market



- Zinc has been in a deficit position for many years. Global mine production capability to peak at 14.5t/a in 2026.
- Zinc smelters are vulnerable to energy prices and will adjust output depending on energy price.
- Concerns about the state of the economy weighs on zinc demand
- Chinese smelters have pushed spot treatment charges into negative territory making it hard for the ROW to compete
- Ex-China demand will underpin the strength of demand for zinc – Chinese economy not expected to generate significant demand (particularly real estate sector)
- Global zinc consumption is driven by the urbanisation and industrialisation of the developing world

Shipping Challenges

Sanctions

Context

- Vessel due diligence required on all vessels carrying Newmont's cargo
- The landscape is constantly changing and challenging to keep up with the requirements
- Owner's don't necessarily demonstrate they have satisfied/ aligned with vetting that is required/ no shared vetting
- Vetting can also be duplicative – not clear what owners have done vs what we have to do. Cannot just rely on good faith that vessel will be acceptable

Key areas of concern:

- Vessels and/or owners sanctioned by the United States, UN, Canada, Australia, the EU and other applicable jurisdictions
- Vessels with owners, management, vessel master or 50% crew and/or vessel flag from a sanctioned country
- Vessels with unknown or missing ownership information
- Vessels with port calls in sanctioned countries in the prior 24 months
- AIS gaps near sanctioned or high-risk countries in the last 24 months
- STS transfers near sanctioned or high-risk countries or with vessels flagged in sanctioned or high-risk countries in the last 24 months

New & updated shipping regulation costs

EU ETS	Fuel EU	SECAMED
Carbon tax on vessel CO_2 emissions	Carbon tax on vessel fuel	Sulphur Emission Control Area for the Mediterranean

- ✓ EU ETS + Fuel EU + SECAMED = Increased shipping costs
- ✓ Miners are price takers – the maximum revenue we can generate is the commodity price determined externally
- ✓ Miners typically charter vessels basis CIF FO
- ✓ Costs of shipping borne by seller and generally are not passed onto receiver and directly impacts miners bottom line

General Average – Is it still relevant?

- General Average (GA) is a principle of maritime law that essentially establishes that all sea cargo stakeholders (owner, shipper, etc.) evenly share any damage or losses that may occur as a result of voluntary sacrifice of part of the vessel or cargo to save the whole in an emergency.
- The concept of "general average" in shipping contracts was codified through the York-Antwerp Rules of 1890.
- American companies accepted it in 1949

Question: Is this still relevant?
Should the burden of repair not rest with vessel owner's and their insurance?

Implications for shippers (Newmont)

- Experienced 2 GA's in 2022 and 2024
- Newmont produces some of the most valuable cargo in the world
- Burden of proof sits with cargo carrier to prove that GA applies
- Miners either directly or via insurance are liable for costs to repair vessels of which we have no future ownership or control