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MAGGIE CREEK

# NEWMONT MINING CORPORATION

Fourth-Quarter Report

December 31, 1980

## TO THE STOCKHOLDERS:

Newmont Mining Corporation's net income in the fourth quarter of 1980 was \$36,337,000, compared to \$63,912,000 in the fourth quarter of 1979. After provision for dividends on the preferred stock, net income per share of common stock was \$1.41, compared to \$2.51 a year ago. For the year 1980, net income was \$198,978,000 or \$7.71 per share, compared to \$178,763,000, or \$7.05 per share, in 1979. Results of both 1980 periods are subject to final audit.

Earnings for 1980 reflect the second consecutive year of record revenues and income. This result was achieved in spite of a depressed U.S. economy and an industry-wide copper strike which halted production at Newmont's largest subsidiary, Magma Copper Company, for approximately four months. Earnings for 1980 reflect the diversity of Newmont's operations, including the worldwide distribution of its copper production, strong precious metals prices throughout the year and sustained favorable operating earnings from Newmont Oil Company.

## DIVIDENDS

On January 21, 1981, the Board of Directors declared a regular quarterly dividend of \$0.375 per share of common stock. No extra dividend was declared. The dividend is payable March 10, 1981, and represents an increase of \$0.025 per share over the regular dividend paid in the last three quarters. In addition to the regular quarterly dividends, extras of \$0.15 in the second and third quarters were paid and \$0.35 per share was paid in the fourth quarter. The regular quarterly dividend of \$1.125 per share was declared on the Series A \$4.50 cumulative convertible preferred stock, payable March 15, 1981. Both common and preferred dividends are payable to stockholders of record on February 23, 1981.

## COPPER

Magma Copper Company resumed operations on November 3, 1980, after ratification of a three-year labor contract which ended a strike that began on July 1, 1980. Normal production was not achieved until December. The loss of production throughout the strike period, together with the costs associated with resumption of operations, severely affected the earnings performance at Magma during the third and fourth quarters and the full year of 1980, along with a softening of copper prices late in the year.

### Magma Copper Company

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Copper Sales (000 tons) .....	18	109	38	157
Average price per pound .....	\$0.91	\$1.05	\$1.04	\$0.94
Net Income (loss) (\$000) .....	\$(12,130)	\$11,522	\$19,964	\$67,252

Copper sales from Newmont's foreign subsidiaries and affiliates were not affected by the U.S. strike. During periods unaffected by work stoppage, foreign copper operations provide about 40 percent of Newmont's total equity in copper sales.

#### Newmont's Equity in Foreign Copper Sales

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Copper Sales (000 tons) .....	26	113	28	110
Average price per pound .....	\$0.92	\$0.99	\$0.93	\$0.88

## GOLD

Earnings from the wholly owned Carlin Gold Mining Company in Nevada and Newmont's 70 percent share of the Telfer gold mine in Western Australia continued at record levels. Earnings were bolstered by continued high gold prices during most of the year, although gold prices softened late in the year.

#### Carlin and Newmont's Share of Telfer

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Gold Sales (000 troy ozs.) .....	45	202	60	255
Average price per troy oz. ....	\$634	\$613	\$447	\$316
Net Income (\$000) .....	\$14,364	\$61,226	\$11,900	\$32,319

During the quarter, Newmont announced that drilling at the Gold Quarry prospect in Nevada, adjacent to the previously reported Maggie Creek orebody, indicated an open pit orebody containing approximately one million ounces of gold. The ore reserve delineated to date consists of 2,500,000 tons of higher grade milling ore and 10,000,000 tons of lower grade ore amenable to heap leaching. Drilling of the Gold Quarry orebody will be continued in 1981. Until drilling is completed, no production plans for the recoverable portion of the gold can be made.

By-product gold production from Magma during the fourth quarter and for the year was reduced due to the strike.

## ENERGY

Newmont Oil Company continued to report favorable earnings due principally to continuing higher oil and gas prices and increasing levels of gas production. Newmont Oil closed the year with an improved gas reserve position and oil reserves were maintained.

### Newmont Oil Company

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Oil Sales (000 barrels) .....	354	1,486	335	1,405
Gas Sales (mcf) .....	2,456	12,030	2,981	12,161
Average price:				
Oil per barrel .....	\$ 25.03	\$ 21.42	\$ 18.36	\$ 14.51
Gas per mcf .....	\$1.94	\$1.89	\$1.90	\$1.55
Net Income (\$000) .....	\$ 2,982	\$19,713	\$ 3,782	\$12,483

Earnings of Peabody Holding Company, Inc. (PHCI), 27½ percent owned, reflected continued softness in markets for steam coal. Reported earnings in 1980 include a capital gain net of tax of \$52,700,000 (\$14,500,000, Newmont's share) from the sale of undeveloped coal reserves in Wyoming.

### Peabody Holding Company, Inc.

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Coal Sales (000 tons) .....	13,581	55,346	16,013	60,671
Average price per ton .....	\$ 20.65	\$ 20.50	\$ 19.63	\$ 18.66
Operating Income* .....	\$20,225	\$58,300	\$15,450	\$13,200
Charges to reserve (\$000) .....	\$ 5,456	\$18,193	\$ 1,413	\$28,369
Net Income (\$000) .....	\$63,037	\$90,090	\$16,583	\$12,008
Net Income (Newmont's 27½% share) ...	\$17,335	\$24,775	\$ 4,560	\$ 3,302

\*Of Peabody Coal Company, the wholly owned subsidiary of Peabody Holding Company, Inc.

## OTHER INTERESTS

Atlantic Cement Company, Inc., reported a lower net income in the fourth quarter due to continued sluggishness in housing and commercial construction and the normal winter curtailment of building activities.

### Atlantic Cement Company, Inc.

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Cement Sales (000 tons) .....	454	1,645	405	1,413
Average price per ton .....	\$ 46.55	\$ 47.75	\$ 45.58	\$ 45.19
Net Income (\$000) .....	\$ 713	\$ 5,214	\$ 1,336	\$ 4,153

Foote Mineral Company's earnings for the quarter and the total year 1980 reflect the recession that has depressed the U.S. automobile and steel industries. Favorable earnings for the quarter and year were reported from lithium operations.

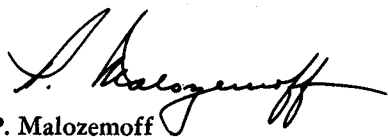
### Foote Mineral Company

	1980		1979	
	Fourth Quarter	Year	Fourth Quarter	Year
Total Sales .....	\$44,172	\$166,405	\$40,511	\$171,043
Net Income (\$000) .....	\$ 1,236	\$ 6,261	\$ 1,300	\$ 9,359
Newmont's share (\$000) .....	\$ 1,010	\$ 5,222	\$ 1,038	\$ 8,017

## LONG-TERM DEBT

At the end of 1980, Newmont's long-term debt, including current instalments totaled \$155,676,000, reduced from \$234,348,000 at year-end 1979. The ratio of long-term debt, including current debt instalments, to total capitalization was 14 percent at the end of 1980, compared to 23 percent at 1979 year-end.

For the Board of Directors,

  
P. Malozemoff

*Chairman of the Board and Chief Executive Officer*

January 21, 1981

Newmont Mining Corporation and Subsidiaries

**STATEMENT OF CONSOLIDATED INCOME**

(Unaudited—in thousands except earnings per share)

	Three Months Ended		Years Ended	
	December 31, 1980	December 31, 1979	December 31, 1980	December 31, 1979
Sales .....	\$186,016	\$240,467	\$883,202	\$867,578
Add (deduct)				
Cost of sales .....	(162,461)	(158,639)	(641,911)	(589,012)
Depreciation, depletion and amortization .....	(12,196)	(13,609)	(46,617)	(51,404)
Exploration expense .....	(6,760)	(1,805)	(22,463)	(13,763)
Income from operations .....	4,599	66,414	172,211	213,399
Dividends, interest and other income .....	13,206	6,994	51,249	28,896
Interest expense .....	3,714	(7,125)	(13,634)	(29,077)
Corporate expense .....	(3,424)	(2,946)	(14,000)	(10,487)
Pretax income .....	18,095	63,337	195,826	202,731
Provision for income taxes .....	(3,680)	(14,359)	(49,230)	(62,939)
Equity in net income of affiliated companies .....	22,846	16,135	58,905	43,885
Minority interest in net income of subsidiaries .....	(924)	(1,201)	(6,523)	(4,914)
Net income .....	<u>\$ 36,337</u>	<u>\$ 63,912</u>	<u>\$198,978</u>	<u>\$178,763</u>
Net income per share				
Primary .....	<u>\$1.41</u>	<u>\$2.51</u>	<u>\$7.71</u>	<u>\$7.05</u>
Fully diluted .....	<u>\$1.41</u>	<u>\$2.39</u>	<u>\$7.47</u>	<u>\$6.73</u>
Weighted average number of shares of common stock and common stock equivalents outstanding	25,613	24,976	25,640	25,063

Newmont Mining Corporation and Subsidiaries

# **CONSOLIDATED BALANCE SHEET**

(Unaudited—in thousands)

## **ASSETS**

	December 31, 1980	December 31, 1979
Cash and short-term investments	\$ 95,345	\$ 89,257
Accounts receivable	124,745	104,850
Inventories—ores, metals and non-metallic products	137,962	143,038
Inventories—materials and supplies	69,834	61,546
Other current assets	4,122	2,861
Total current assets	432,008	401,552
Investments	286,806	239,678
Net property, plant and mine development	728,008	661,898
Other assets	6,558	6,555
Total assets	\$1,453,380	\$1,309,683

## **LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities	\$ 222,049	\$ 185,942
Deferred income taxes	126,404	108,909
Long-term debt, less current installments	143,964	207,676
Minority interest in subsidiaries	36,589	31,284
Stockholders' equity	924,374	775,872
Total liabilities and stockholders' equity	\$1,453,380	\$1,309,683

## **STATEMENT OF**

# **CONSOLIDATED CHANGES IN FINANCIAL POSITION**

(Unaudited—in thousands)

## **Source of Funds**

	December 31, 1980	December 31, 1979
Net income	\$ 198,978	\$ 178,763
Add items not affecting working capital	35,922	59,791
Working capital provided from operations	234,900	238,554
Other	2,821	12,410
	\$ 237,721	\$ 250,964

## **Application of Funds**

Additions to property, plant and mine development	\$ 112,727	\$ 95,841
Cash dividends paid	33,297	39,617
Reduction of long-term debt	63,712	92,891
Other	13,636	2,420
Increase (decrease) in working capital	(3,651)	20,195
	\$ 237,721	\$ 250,964

## **Analysis of Increase (Decrease) in Working Capital**

Cash and short-term investments	\$ 6,088	\$ 2,923
Accounts receivable	19,895	24,832
Inventories	3,212	34,613
Other current assets	1,261	(6,719)
Current liabilities	(36,107)	(35,454)
	\$ (3,651)	\$ 20,195

Newmont Mining Corporation  
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